



Dave Yost • Auditor of State



**CITY OF GERMANTOWN  
MONTGOMERY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Germantown  
Montgomery County  
75 North Walnut Street  
Germantown, Ohio 45327

To the Mayor and City Council:

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

We have audited the accompanying modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Germantown, Montgomery County, Ohio (the City) as of and for the years ended December 31, 2014 and 2013, 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 the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Germantown, Montgomery County, Ohio, as of December 31, 2014 and 2013, and the respective changes in modified cash financial position for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

Ohio Administrative Code § 117-2-03(B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 13 to the financial statements, during 2013, the City has elected to change its financial presentation to a modified cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental Information*

Our audit was conducted to opine on the financial statements taken as a whole.

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

*Other Information*

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 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.

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 28, 2016

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

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This discussion and analysis of the City of Germantown, Ohio's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014, within the limitations of the City's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

**Highlights**

Key highlights for 2014 are as follows:

- The City's total net position increased \$647,168.
- Net position of governmental activities increased \$337,887, net position of business-type activities increased by \$309,281.
- The General Fund reported a net change in fund balance of (\$91,206).
- Business-type operations reflected operating income of \$77,883.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the City's modified cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the City as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the City as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The City has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the City's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts

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

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payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the City as a Whole**

The statement of net position and the statement of activities reflect how the City did financially during 2014, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the City at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the City's general receipts.

These statements report the City's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the City's financial health. Over time, increases or decreases in the City's cash position is one indicator of whether the City's financial health is improving or deteriorating. When evaluating the City's financial condition, you should also consider other nonfinancial factors as well such as the City's property tax base, the condition of the City's capital assets and infrastructure, the extent of the City's debt obligations, the reliance on non-local financial resources for operations and the need for continued maintenance and possibly growth in the major local receipt sources such as property and income taxes.

In the statement of net position and the statement of activities, we divide the City into two types of activities:

**Governmental activities** - Most of the City's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Business-type activities** - The City has many business-type activities, including water, sewer, refuse, stormwater, swimming pool, utility deposit and recreation. Business-type activities are financed by a fees charged to the customers receiving the service.

**Reporting the City's Most Significant Funds**

Fund financial statements provide detailed information about the City's major funds – not the City as a whole. The City establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the City are split into three categories: governmental, proprietary and fiduciary. The City does not have any fiduciary funds.

**Governmental Funds** - Most of the City's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the City's governmental operations and the basic services it provides. Governmental fund information helps determine

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

whether there are more or less financial resources that can be spent to finance the City's programs. The City's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The City's major governmental funds are the General Fund, Emergency Medical Services Fund, the Fire Services Fund, and Street Capital Improvement. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The City has seven enterprise funds: water, sewer, refuse, stormwater, swimming pool, utility deposit and recreation.

**The City as a Whole**

Table 1 provides a summary of the City's net position for 2014 compared to 2013 on a modified cash basis:

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Equity in Pooled Cash and Investments	\$3,898,521	\$3,560,634	\$1,164,758	\$855,477	\$5,063,279	\$4,416,111
Total Assets	3,898,521	3,560,634	1,164,758	855,477	5,063,279	4,416,111
Net Position:						
Restricted for:						
Senior Citizen	171,642	211,723	0	0	171,642	211,723
Street Improvements	128,950	96,380	0	0	128,950	96,380
Motor Vehicle License and Permissive Taxes	464,829	244,195	0	0	464,829	244,195
Street Lights	107,666	121,465	0	0	107,666	121,465
Emergency Medical and Fire Services	837,018	1,200,889	0	0	837,018	1,200,889
Fire Services	709,804	0	0	0	709,804	0
Law Enforcement	0	13,411				13,411
State Highway	0	31,840				31,840
Debt Service	199	199	0	0	199	199
Capital Projects	128,114	289,756	0	0	128,114	289,756
Permanent Fund	15,599	15,581	0	0	15,599	15,581
Other Purposes	72,711	0	0	0	72,711	0
Unrestricted	1,261,989	1,335,195	\$1,164,758	855,477	2,426,747	2,190,672
Total Net Position	\$3,898,521	\$3,560,634	\$1,164,758	\$855,477	\$5,063,279	\$4,416,111

As mentioned previously, net position of governmental activities increased during 2014. This increase was mainly due to the issuance of \$2,521,445 in long term debt combined between Governmental Activities and Business-Type Activities.

Table 2 reflects the changes in net position on a modified cash basis in 2014 and 2013 for governmental activities.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Program Receipts:</b>						
Charges for Services	\$309,560	\$379,683	\$1,814,231	\$1,890,873	\$2,123,791	\$2,270,556
Operating Grants & Contributions	1,450,464	1,288,067	105,722	88,093	1,556,186	1,376,160
Capital Grants & Contributions	0	249,899	49,913	259,208	49,913	509,107
<b>Total Program Receipts</b>	<b>1,760,024</b>	<b>1,917,649</b>	<b>1,969,866</b>	<b>2,238,174</b>	<b>3,729,890</b>	<b>4,155,823</b>
<b>General Receipts:</b>						
Income Taxes	1,109,684	1,054,514	0	0	1,109,684	1,054,514
Property Taxes	548,148	565,868	0	0	548,148	565,868
Grants & Entitlements, Not Restricted	133,337	215,060	0	0	133,337	215,060
Payments In Lieu of Taxes	281,974	251,177	0	0	281,974	251,177
Interest	28,168	31,320	0	0	28,168	31,320
Miscellaneous Receipts	1,285,097	1,656,485	14,618	1,575,199	1,299,715	3,231,684
<b>Total General Receipts</b>	<b>3,386,408</b>	<b>3,774,424</b>	<b>14,618</b>	<b>1,575,199</b>	<b>3,401,026</b>	<b>5,349,623</b>
<b>Total Receipts</b>	<b>5,146,432</b>	<b>5,692,073</b>	<b>1,984,484</b>	<b>3,813,373</b>	<b>7,130,916</b>	<b>9,505,446</b>
<b>Disbursements:</b>						
General Government	561,468	504,945	0	0	561,468	504,945
Public Safety	1,910,495	1,867,380	0	0	1,910,495	1,867,380
Community Environment	71,323	66,598	0	0	71,323	66,598
Transportation	622,080	1,458,679	0	0	622,080	1,458,679
Other	154	132	0	0	154	132
Capital Outlay	29,940	78,047	0	0	29,940	78,047
Debt Service	1,538,085	1,122,752	0	0	1,538,085	1,122,752
Water	0	0	331,525	419,947	331,525	419,947
Sewer	0	0	697,833	586,233	697,833	586,233
Refuse	0	0	527,284	450,209	527,284	450,209
Stormwater	0	0	59,224	51,033	59,224	51,033
Swimming Pool	0	0	93,492	86,620	93,492	86,620
Recreation	0	0	40,845	51,651	40,845	51,651
Miscellaneous Disbursements	0	0	0	2,413,548	0	2,413,548
<b>Total Disbursements</b>	<b>4,733,545</b>	<b>5,098,533</b>	<b>1,750,203</b>	<b>4,059,241</b>	<b>6,483,748</b>	<b>9,157,774</b>
<b>Increase (Decrease) in Net Position</b>						
before Advances	412,887	593,540	234,281	(245,868)	647,168	347,672
Advances In	45,000	0	75,000	40,000	120,000	40,000
Advances (Out)	(120,000)	(40,000)	0	0	(120,000)	(40,000)
<b>Change in Net Position</b>	<b>337,887</b>	<b>553,540</b>	<b>309,281</b>	<b>(205,868)</b>	<b>647,168</b>	<b>347,672</b>
<b>Net Position - Beginning of Year</b>	<b>3,560,634</b>	<b>3,007,094</b>	<b>855,477</b>	<b>1,061,345</b>	<b>4,416,111</b>	<b>4,068,439</b>
<b>Net Position - End of Year</b>	<b>\$3,898,521</b>	<b>\$3,560,634</b>	<b>\$1,164,758</b>	<b>\$855,477</b>	<b>\$5,063,279</b>	<b>\$4,416,111</b>

Governmental Activities program receipts represent only 34% of total receipts and are primarily comprised of Operating Grants.

Governmental Activities general receipts represent 66% of the City's total receipts, and of this amount, over 16% are from taxes receipts. Other receipts are somewhat unpredictable receipt sources mainly because it includes debt proceeds.

Disbursements for General Government represent the overhead costs of running the City and the

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

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support services provided for the other City activities.

Public Safety is the cost of fire protection and police protection; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

Receipts generated by the Property Tax represent approximately 16% of the City's governmental activities general receipts.

General Government includes legislative and executive disbursements. The City provides general government services, maintenance of City roads and fire services. Capital Grants and Contributions decreased mainly due to all of the grants being receipted in 2013. Transportation disbursements decreased mainly due to a decrease in street repairs.

**The City's Funds**

The City has four major governmental funds: the General, Emergency Medical Services, Fire Services and Street Capital Improvement Funds. Assets of these funds comprised \$2,595,360 (67%) of the total governmental fund assets.

**General Fund:** Fund balance at December 31, 2014 was \$961,989 a decrease in fund balance of \$91,206 from 2013. The general fund had a decrease in fund balance mainly due to a decrease in taxes revenue received.

**Emergency Medical Services Fund:** Fund balance at December 31, 2014 was \$837,018, an increase of \$235,873 from 2013. The increase was mainly due to there being a transfer out of \$200,000 in 2013.

**Fire Services Fund:** Fund balance at December 31, 2014 was \$709,804, an increase in fund balance of \$110,060 from 2013. The increase was mainly due to there being a transfer out of \$100,000 in 2013.

**Street Capital Improvement Fund:** Fund balance at December 31, 2014 was \$86,549, a decrease in fund balance of \$164,087 from 2013. The decrease was mainly due to an decrease in grants monies received.

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

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**Debt**

The City had \$7,340,387 in long-term debt with \$697,829 due in one year.

	<u>2014</u>	<u>2013</u>
<b>OPWC</b>		
<b>Governmental Activities:</b>		
E. Market St. Hill CIP	\$23,842	\$30,654
N. Walnut St Reconstruction	12,893	18,051
Cherry Street Improvement Phase 1	25,878	33,272
Cherry Street Improvement Phase 2	29,997	38,567
Dayton Pike Resurfacing	36,821	45,004
Cherry Street Improvement Phase 3	200,797	207,721
<b>Business Activities:</b>		
W. Market St. Improvements Phase 1	724,457	737,167
Hillcrest Drive Sewer System	58,801	65,018
Sanitary Sewer Rehab Phase 1	91,445	0
Dayton Pike Water Storage Tank	1,247,483	1,320,864
Water Distribution Booster System	77,973	84,667
	<u>2,530,387</u>	<u>2,580,985</u>
<b>Bonds Payable</b>		
<b>Governmental Activities:</b>		
Municipal Building Rehabilitation Bonds	535,000	565,000
Public Infrastructure Improvement Notes (Hickory Pointe Project)	555,000	800,000
St Rt / Hickory Pointe	345,000	0
Cherry Street Improvements	185,000	0
East Market Street Improvments	180,000	0
West Market Street Imp Phase 1	460,000	0
<b>Business Activities:</b>		
Dry Run Sewer Improvement Bonds	720,000	765,000
Weaver Road Bonds	0	5,000
Water Meters	415,000	0
East Market Street Improvments	410,000	0
Water Chemical Feed / Silt Removal	235,000	0
Engineering Water and Sewer	200,000	0
	<u>4,240,000</u>	<u>2,135,000</u>
<b>Mortgage Revenue Bonds</b>		
<b>Business Activities:</b>		
Mortgage Revenue Water Bond	570,000	627,000
	<u>570,000</u>	<u>627,000</u>
<b>Total Long-Term Debt</b>	<u>\$7,340,387</u>	<u>\$5,342,985</u>

See Note 7 to the notes to the basic financial statements for further details on the City's long-term debt.

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

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**General Fund Budgeting Highlights**

The City's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2014, the City amended its General Fund budget once to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to better than property tax and intergovernmental collections. The difference between final budgeted receipts and actual receipts was \$3,187, due mostly to a slight understatement of income taxes.

Final disbursements were budgeted at \$2,699,787 while actual disbursements were \$2,551,799. These variations in the budget were due to the overstating of general government disbursements.

**For the Future**

The challenge for all local governments is to provide quality services to the public while staying within the restrictions imposed by limited and, in some cases, shrinking funding. The City relies heavily on property and income taxes. The City continues to monitor levels of spending in all areas.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to reflect the City's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Finance Director at 75 North Walnut Street, Germantown, OH 45327.

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City of Germantown, Ohio  
Statement of Net Position - Modified Cash Basis  
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	<u>\$3,898,521</u>	<u>\$1,164,758</u>	<u>\$5,063,279</u>
Total Assets	<u>3,898,521</u>	<u>1,164,758</u>	<u>5,063,279</u>
Net Position:			
Restricted for:			
Senior Citizen	171,642	0	171,642
Street Improvements	128,950	0	128,950
Motor Vehicle License and Permissive Taxes	464,829	0	464,829
Street Lights	107,666	0	107,666
Emergency Medical Services	837,018	0	837,018
Fire Services	709,804	0	709,804
Debt Service	199	0	199
Capital Projects	128,114	0	128,114
Permanent Fund	15,599	0	15,599
Other Purposes	72,711	0	72,711
Unrestricted	<u>1,261,989</u>	<u>1,164,758</u>	<u>2,426,747</u>
Total Net Position	<u><u>\$3,898,521</u></u>	<u><u>\$1,164,758</u></u>	<u><u>\$5,063,279</u></u>

See accompanying notes to the basic financial statements.

City of Germantown, Ohio  
Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended December 31, 2014

	Cash	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
<b>Governmental Activities:</b>							
General Government	\$561,468	\$32,517	\$215	\$0	(\$528,736)	\$0	(\$528,736)
Public Safety	1,910,495	145,114	1,085,942	0	(679,439)	0	(679,439)
Community Environment	71,323	27,207	0	0	(44,116)	0	(44,116)
Recreation	0	7,000	0	0	7,000	0	7,000
Transportation	622,080	97,722	364,307	0	(160,051)	0	(160,051)
Other	154	0	0	0	(154)	0	(154)
Capital Outlay	29,940	0	0	0	(29,940)	0	(29,940)
<b>Debt Service:</b>							
Principal	1,457,041	0	0	0	(1,457,041)	0	(1,457,041)
Interest and Other Charges	81,044	0	0	0	(81,044)	0	(81,044)
<b>Total Governmental Activities</b>	<b>4,733,545</b>	<b>309,560</b>	<b>1,450,464</b>	<b>0</b>	<b>(2,973,521)</b>	<b>0</b>	<b>(2,973,521)</b>
<b>Business-Type Activities:</b>							
Water	331,525	506,875	2,722	0	0	178,072	178,072
Sewer	697,833	747,624	0	49,913	0	99,704	99,704
Refuse	527,284	450,142	0	0	0	(77,142)	(77,142)
Stormwater	59,224	54,491	0	0	0	(4,733)	(4,733)
Swimming Pool	93,492	50,849	38,000	0	0	(4,643)	(4,643)
Recreation	40,845	4,250	65,000	0	0	28,405	28,405
<b>Total Business-Type Activities</b>	<b>1,750,203</b>	<b>1,814,231</b>	<b>105,722</b>	<b>49,913</b>	<b>0</b>	<b>219,663</b>	<b>219,663</b>
<b>Totals</b>	<b>\$6,483,748</b>	<b>\$2,123,791</b>	<b>\$1,556,186</b>	<b>\$49,913</b>	<b>(2,973,521)</b>	<b>219,663</b>	<b>(2,753,858)</b>
<b>General Receipts:</b>							
Income Taxes					1,109,684	0	1,109,684
Property Taxes Levied for:							
General Purposes					288,067	0	288,067
Special Revenue Purposes					260,081	0	260,081
Grants and Entitlements, Not Restricted					133,337	0	133,337
Payments in Lieu of Taxes					281,974	0	281,974
Investment Earnings					28,168	0	28,168
Other Receipts					115,097	13,855	128,952
Other Financing Sources					1,170,000	0	1,170,000
Non-Operating Receipts					0	1,351,445	1,351,445
Non-Operating Disbursements					0	(1,350,682)	(1,350,682)
Advances In					45,000	75,000	120,000
Advances (Out)					(120,000)	0	(120,000)
<b>Total General Receipts and Advances</b>					<b>3,311,408</b>	<b>89,618</b>	<b>3,401,026</b>
<b>Change in Net Position</b>					<b>337,887</b>	<b>309,281</b>	<b>647,168</b>
<b>Net Position - Beginning of Year</b>					<b>3,560,634</b>	<b>855,477</b>	<b>4,416,111</b>
<b>Net Position - End of Year</b>					<b>\$3,898,521</b>	<b>\$1,164,758</b>	<b>\$5,063,279</b>

See accompanying notes to the basic financial statements.

City of Germantown, Ohio  
Statement of Assets and Fund Balances - Modified Cash Basis  
Governmental Funds  
December 31, 2014

	General	Emergency Medical Services	Fire Services	Street Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Investments	\$961,989	\$837,018	\$709,804	\$86,549	\$1,303,161	\$3,898,521
Total Assets	<u>961,989</u>	<u>837,018</u>	<u>709,804</u>	<u>86,549</u>	<u>1,303,161</u>	<u>3,898,521</u>
Fund Balances:						
Nonspendable	0	0	0	0	15,599	15,599
Restricted	0	837,018	709,804	86,549	987,562	2,620,933
Assigned	111,446	0	0	0	300,000	411,446
Unassigned	850,543	0	0	0	0	850,543
Total Fund Balances	<u>\$961,989</u>	<u>\$837,018</u>	<u>\$709,804</u>	<u>\$86,549</u>	<u>\$1,303,161</u>	<u>\$3,898,521</u>

See accompanying notes to the basic financial statements.

City of Germantown, Ohio  
Statement of Receipts, Disbursements  
and Changes in Fund Balance - Modified Cash Basis  
Governmental Funds  
For the Fiscal Year Ended December 31, 2014

	General	Emergency Medical Services	Fire Services	Street Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>						
Property Taxes	\$288,067	\$0	\$0	\$0	\$260,081	\$548,148
Income Taxes	1,109,684	0	0	0	0	1,109,684
Charges for Services	0	143,984	0	0	1,130	145,114
Investment Earnings	28,150	0	0	0	18	28,168
Intergovernmental	133,337	342,712	354,000	70,398	683,354	1,583,801
Special Assessments	0	0	0	0	91,370	91,370
Fines, Licenses & Permits	59,724	0	0	0	13,352	73,076
Payments in Lieu of Taxes	0	0	0	0	281,974	281,974
Other Receipts	83,279	18,146	4,239	0	9,433	115,097
<b>Total Receipts</b>	<b>1,702,241</b>	<b>504,842</b>	<b>358,239</b>	<b>70,398</b>	<b>1,340,712</b>	<b>3,976,432</b>
<b>Disbursements:</b>						
<b>Current:</b>						
General Government	561,468	0	0	0	0	561,468
Public Safety	889,543	268,969	248,179	0	503,804	1,910,495
Community Environment	71,323	0	0	0	0	71,323
Transportation	0	0	0	296,313	325,767	622,080
Other	0	0	0	0	154	154
Capital Outlay	0	0	0	0	29,940	29,940
<b>Debt Service:</b>						
Principal	762,041	0	0	450,000	245,000	1,457,041
Interest and Other Charges	34,265	0	0	9,959	36,820	81,044
<b>Total Disbursements</b>	<b>2,318,640</b>	<b>268,969</b>	<b>248,179</b>	<b>756,272</b>	<b>1,141,485</b>	<b>4,733,545</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>(616,399)</b>	<b>235,873</b>	<b>110,060</b>	<b>(685,874)</b>	<b>199,227</b>	<b>(757,113)</b>
<b>Other Financing Sources (Uses):</b>						
Issuance of Debt	710,000	0	0	460,000	0	1,170,000
Advances In	0	0	0	0	45,000	45,000
Advances (Out)	(120,000)	0	0	0	0	(120,000)
Transfers In	0	0	0	61,787	3,020	64,807
Transfers (Out)	(64,807)	0	0	0	0	(64,807)
<b>Total Other Financing Sources (Uses)</b>	<b>525,193</b>	<b>0</b>	<b>0</b>	<b>521,787</b>	<b>48,020</b>	<b>1,095,000</b>
<b>Net Change in Fund Balance</b>	<b>(91,206)</b>	<b>235,873</b>	<b>110,060</b>	<b>(164,087)</b>	<b>247,247</b>	<b>337,887</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,053,195</b>	<b>601,145</b>	<b>599,744</b>	<b>250,636</b>	<b>1,055,914</b>	<b>3,560,634</b>
<b>Fund Balance - End of Year</b>	<b>\$961,989</b>	<b>\$837,018</b>	<b>\$709,804</b>	<b>\$86,549</b>	<b>\$1,303,161</b>	<b>\$3,898,521</b>

See accompanying notes to the basic financial statements.

City of Germantown, Ohio  
Statement of Fund Net Position - Modified Cash Basis  
Proprietary Funds  
December 31, 2014

	Business-Type Activities -Enterprise Funds				Total Business-Type Activities
	Water	Sewer	Refuse	Other Enterprise Funds	
Current Assets:					
Equity in Pooled Cash and Investments	<u>\$458,241</u>	<u>\$545,503</u>	<u>\$11,851</u>	<u>\$149,163</u>	<u>\$1,164,758</u>
Total Current Assets	<u>458,241</u>	<u>545,503</u>	<u>11,851</u>	<u>149,163</u>	<u>1,164,758</u>
Net Position:					
Unrestricted	<u>458,241</u>	<u>545,503</u>	<u>11,851</u>	<u>149,163</u>	<u>1,164,758</u>
Total Net Position	<u>\$458,241</u>	<u>\$545,503</u>	<u>\$11,851</u>	<u>\$149,163</u>	<u>\$1,164,758</u>

See accompanying notes to the basic financial statements.

City of Germantown, Ohio  
Statement of Receipts, Disbursements  
and Changes in Fund Net Position - Modified Cash Basis  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2014

	Business-Type Activities -Enterprise Funds				Total Business-Type Activities
	Water	Sewer	Refuse	Other Enterprise Funds	
Operating Receipts:					
Charges for Services	\$506,875	\$747,624	\$450,142	\$109,590	\$1,814,231
Other Receipts	9,200	0	0	4,655	13,855
Total Operating Receipts	516,075	747,624	450,142	114,245	1,828,086
Operating Expenses:					
Personal Services	160,791	108,120	11,981	85,701	366,593
Contractual Services	138,062	580,311	418,640	75,447	1,212,460
Materials and Supplies	32,522	9,402	96,663	31,747	170,334
Other Expense	150	0	0	666	816
Total Operating Expenses	331,525	697,833	527,284	193,561	1,750,203
Operating Income (Loss)	184,550	49,791	(77,142)	(79,316)	77,883
Non-Operating Receipts (Expenses):					
Capital Outlay	(15,057)	(146,693)	0	(30,039)	(191,789)
Principal Retirement	(885,784)	(138,217)	0	0	(1,024,001)
Interest and Other Fiscal Charges	(79,161)	(52,601)	0	(3,130)	(134,892)
Issuance of Debt	1,120,000	231,445	0	0	1,351,445
Operating Grants	2,722	0	0	103,000	105,722
Total Non-Operating Receipts (Expenses)	142,720	(106,066)	0	69,831	106,485
Income (Loss) Before Contributions and Transfers	327,270	(56,275)	(77,142)	(9,485)	184,368
Capital Grants and Contributions	0	49,913	0	0	49,913
Advances In	0	0	75,000	0	75,000
Change in Net Position	327,270	(6,362)	(2,142)	(9,485)	309,281
Net Position - Beginning of Year	130,971	551,865	13,993	158,648	855,477
Net Position - End of Year	\$458,241	\$545,503	\$11,851	\$149,163	\$1,164,758

See accompanying notes to the basic financial statements.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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**Note 1 – Description of the Entity**

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**Description of the Entity**

The City of Germantown, Montgomery County, (the City) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Pursuant to the provisions of Article XVIII of the Constitution of Ohio, the voters of the City adopted a charter for the government of the City in 2010. The form of government provided in the charter is known as the Mayor-Council-Manager. Council is made up of seven members elected by the qualified voters of the City at large; six are council members elected and one is separately elected Mayor. Council appoints a City Manager who is responsible to Council for the administration of all City affairs. The City provides water and sewer utilities, refuse services, park operations, pool operations, police, fire and emergency medical services.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City, this includes general operations, water, sewer, refuse, recreation, police, fire and emergency medical services.

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

The City participates in the Public Entities Pool of Ohio (PEP). PEP is a public entity risk pool, which operates as a jointly governed organization. PEP provides property and casualty coverage for its members. Note 10 to the financial statements provide additional information regarding PEP.

**Note 2 – Summary of Significant Accounting Policies**

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These financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles general accepted in the United States of America (GAAP). Generally accepted accounting principles include all the relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

Ohio Administrative Code, Section 117-2-03 (B), requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City

**Fund Accounting**

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are grouped into the category governmental.

**Governmental Funds**

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

The following are the City's major governmental funds:

**General Fund** – This fund is the operating fund of the City and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Emergency Medical Services** – To account for the activities of the Emergency Medical Services Department of the City.

**Fire Services** – To account for the activities of the Fire Department of the City.

**Street Capital Improvement** – To accumulate construction costs for the City's Street Capital Improvement capital projects fund.

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

**Proprietary Funds**

Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City does not have an internal service fund.

**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:

**Water Fund** – This fund accounts for provision of water treatment and distribution to the residents and commercial users of the water system.



**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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**Sewer Fund** - The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

**Refuse Fund** - The refuse fund accounts for the provision of refuse service to the residents and commercial users located within the City.

**Basis of Presentation**

**Government-wide Financial Statements**

The statement of net position - modified cash basis and the statement of activities - modified cash basis display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the City's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the City. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the modified cash basis or draws from the general receipts of the City.

**Fund Financial Statements**

The fund financial statements report more detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column. Fiduciary funds are reported by fund type.

**Equity in Pooled Cash and Investments**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts during the fiscal year amounted to \$28,150 credited to the general fund.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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**Inventory and Prepaid Items**

The City reports disbursements for inventory and prepaid items when paid. These items are not reflected in the accompanying financial statements under the modified cash basis of accounting.

**Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected in the accompanying financial statements under the modified cash basis of accounting.

**Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting used by the City.

**Interfund Activity**

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services and improve assets. Operating subsidies are recorded as operating transfers. The classification of amounts recorded as subsidies, advances or equity contributions is based on the intent of the City at the time of the transaction.

**Employer Contributions to Cost-Sharing Plans**

The City recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described later in the notes, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Fund Balance**

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, City Council.

Assigned – resources that are intended to be used for specific purposes as approved through the City's formal purchasing procedure by the Finance Director.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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

The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when disbursements have incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**Net Position**

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The City first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash position are available.

**Note 3 – Equity in Pooled Cash and Investments**

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**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2014, \$2,016,276 of the City’s bank balance of \$5,144,211 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the City’s name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**Investments**

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
Money Market Funds	\$14,275	0.00

Interest Rate Risk - In accordance with the investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years, unless matched to a specified obligation or debt of the City.

Credit Risk – It is the City’s policy to limit its investments that are obligations of the U.S. Government or

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The City's investments in money market funds were not rated by Standard and Poor's.

Concentration of Credit Risk – The City's investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 100% of the City's investments in in money market funds.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's securities are either insured and registered in the name of the City, or at least registered in the name of the City.

**Note 4 – Property Tax**

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Property taxes include amounts levied against all real and public utility property located in the City. Property tax receipts received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes, which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The assessed values of real property and public utility tangible property upon which 2014 property tax receipts were based are as follows:

Real Property	\$87,954,190
Public Utility Personal	<u>1,554,400</u>
Total Valuation	<u><u>\$89,508,590</u></u>

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

**Note 5 – Local Income Tax**

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The City levies a municipal income tax of 1.25% percent on substantially all earned income arising from employment, residency, or business activities within the City as well as certain income of residents earned outside of the City.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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

**Note 6 – Short-Term Debt**

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Short-term debt outstanding at December 31, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
St Route 4 Note	\$335,000	\$0	(\$335,000)	\$0
Cherry St. Improvement Notes	180,000	0	(180,000)	0
E. Market Street Note	174,000	0	(174,000)	0
W. Market Street Improvement Phase 1 Note	450,000	0	(450,000)	0
	<u>1,139,000</u>	<u>0</u>	<u>(1,139,000)</u>	<u>0</u>
<b>Business Activities:</b>				
Water Meters Notes	412,000	0	(412,000)	0
E. Market Street Note	319,000	0	(319,000)	0
E. Market Street Note	87,000	0	(87,000)	0
	<u>\$818,000</u>	<u>\$0</u>	<u>(\$818,000)</u>	<u>\$0</u>

The City paid off the short term debt that was used to fund the St Route 4 project. The debt was repaid from the general fund.

The City paid off short term debt that was used to fund the Cherry St. Improvement project. The debt was repaid from the general fund.

The City paid off short term debt short term debt that was used to fund the East/West Market Street project. The debt was repaid from the general, water, and sewer funds.

The City paid off short term debt that was used to fund the Water Meters project. The debt was repaid from the water fund.

The City issued new short term debt to fund the West Market Street Improvement-Phase 1 project. The debt will be repaid from revenues of the City's street capital improvement fund.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

**Note 7 – Long-Term Debt**

Long-term debt outstanding at December 31, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>OPWC Debt</b>					
<b>Governmental Activities:</b>					
CD08J - East Market Street Phase 1	30,654	0	(6,812)	23,842	6,815
CD02J - North Walnut Street Improvement	18,051	0	(5,158)	12,893	5,157
CD04J -- Cherry Street Improvement Phase 1	33,272	0	(7,394)	25,878	7,394
CD06J -- Cherry Street Improvement Phase 2	38,567	0	(8,570)	29,997	8,570
CD09P -- Cherry Street Improvement Phase 3	207,721	0	(6,924)	200,797	6,921
CD02L - Dayton Pike Resurfacing	45,004	0	(8,183)	36,821	8,182
<b>Business-Type Activities:</b>					
CD14L - Dayton Pike Water Storage Tower	1,320,864	0	(73,381)	1,247,483	73,381
CD11Q - Sanitary Sewer Rehab Phase 1	0	91,445	0	91,445	3,048
CD22Q - West Market Street Phase 1	737,167	0	(12,710)	724,457	25,418
CT08F - Water Booster Station	84,667	0	(6,694)	77,973	6,695
CT08D - Hillcrest Sewer Station	65,018	0	(6,217)	58,801	6,248
<b>Total OPWC Debt</b>	<b>2,580,985</b>	<b>91,445</b>	<b>(142,043)</b>	<b>2,530,387</b>	<b>157,829</b>
<b>Other Long-Term Debt:</b>					
<b>Governmental Activities:</b>					
Municipal Building Rehabilitation Bonds	565,000	0	(30,000)	535,000	30,000
Hickory Pointe Project - Public Infrastructure	800,000	0	(245,000)	555,000	270,000
St Rt / Hickory Pointe	0	345,000	0	345,000	20,000
Cherry Street Improvements	0	185,000	0	185,000	10,000
East Market Street Improvements	0	180,000	0	180,000	10,850
West Market Street Imp Phase 1	0	460,000	0	460,000	25,000
<b>Business-Type Activities</b>					
Weaver Road Bonds	5,000	0	(5,000)	0	0
Dry Run Sewer Improvement Bonds	765,000	0	(45,000)	720,000	40,000
Water Meters	0	415,000	0	415,000	25,000
East Market Street Improvements	0	410,000	0	410,000	24,150
Water Chemical Feed Building / Silt Removal	0	235,000	0	235,000	15,000
Engineering Water and Sewer	0	200,000	0	200,000	10,000
<b>Business-Type Activities</b>					
Mortgage Revenue Water Bond	627,000	0	(57,000)	570,000	60,000
Total Long-Term Liabilities - Bonds	<u>2,762,000</u>	<u>2,430,000</u>	<u>(382,000)</u>	<u>4,810,000</u>	<u>540,000</u>
Total Governmental Activities	<u>\$5,342,985</u>	<u>\$2,521,445</u>	<u>(\$524,043)</u>	<u>\$7,340,387</u>	<u>\$697,829</u>

Outstanding OPWC noted (Project #CD08J) consist of a loan to fund the East Market Street Hill Phase I Project. The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD02J) consist of a loan to fund the North Walnut Street Reconstruction Project. The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD04J) consist of a loan to fund the Cherry Street Phase I Project. The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD06J) consist of a loan to fund the Cherry Street Phase II Project. The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD09P) consist of a loan to fund the Cherry Street Phase III Project.

**City of Germantown, Ohio**  
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**For The Year Ended December 31, 2014**

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The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD02L) consist of a loan to fund the Dayton Pike Resurfacing Project. The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD14L) consist of a loan to fund the Dayton Pike Water Storage Tank Project. The debt will be repaid from revenues of the City's water fund.

Outstanding OPWC notes (Project #CD11Q) consist of a loan to fund the Sanitary Sewer Rehabilitation-Phase I. The debt will be repaid from revenues of the City's sewer system.

Outstanding OPWC notes (Project #CD22Q) consist of a loan to fund the West Market Street Phase I Project. The debt will be repaid from revenues of the City's water system.

Outstanding OPWC notes (Project #CT08F) consist of a loan to fund the Water Booster Station Improvements. The debt will be repaid from revenues of the City's water system.

Outstanding OPWC notes (Project #CT08D) consist of a loan to fund the Hillcrest Drive Sewer Improvement. The debt will be repaid from revenues of the City's sewer system.

All OPWC notes are interest free, except for Project #CT08F and Project #CT08D, which are 1% interest.

Municipal Building Rehabilitation Bonds consist of bonds issued for the purpose of constructing a new municipal building. General Obligations are direct obligations of the City for which the City's full faith and credit are pledged and are payable from taxes levied on all taxable property in the City.

Hickory Pointe and St. / Rt. Hickory Pointe Bonds consist of general obligation bonds issued for the Hickory Pointe public infrastructure improvements. The Hickory Pointe bonds will be repaid from payment in lieu of taxes revenues from the hickory pointe TIF district fund and St. / Rt. Hickory Pointe Bonds will be paid from the street capital improvement fund and sewer fund.

Weaver Road Bonds consist of general obligation bonds issued for Weaver Road improvements. The debt will be repaid from revenues of the City's water system.

Dry Run Sewer Improvement Bonds were issued as a result of the Sanitary Sewer Improvement Bonds being partially refunded in 2007. These bonds were for the improvement of the City's sewer system. Property and revenue of the City's sewer system has been pledged to repay this debt.

Cherry Street Improvements Bonds were issued to make improvements on Cherry Street. These bonds will be paid from the general fund.

Water Meter Bonds were issued to make improvements to the water meters throughout the City. These bonds will be paid from water fund.

East Market Street Improvement Bonds were issued to make improvements on the water and sewer systems on East Market Street. These bonds will be paid from the general, water and sewer funds.

West Market Street Improvements-Phase 1 Bonds were issued to make various improvements on West Market Street. These bonds will be paid from the street capital improvement fund.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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Water Chemical Feed Building / Silt Removal Bonds were issued to build a chemical feed building and also to remove silt for the water system of the City. These bonds will be paid from the water fund.

Engineering Water and Sewer Bonds were issued to help with the engineering aspect of the water and sewer systems throughout the City. These bonds will be paid from the water and sewer funds.

Mortgage Revenue Bonds are for the improvement of the water system for the City. Property and revenue of the City's water system has been pledged to repay this debt.

On February 2014, all outstanding BAN's were replaced by long term General Obligation Bonds.

The outstanding Weaver Road improvements bonds were paid off in 2014.

Amortization of the above debt, including interest, is scheduled as follows:

Year	General Obligation Bonds		Mortgage Revenue Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$480,000	\$161,286	\$60,000	\$28,500	\$157,976	\$1,271
2016	505,000	141,147	63,000	25,500	158,111	1,139
2017	225,000	119,850	66,000	22,350	155,662	1,007
2018	235,000	111,532	69,000	19,050	141,829	874
2019	245,000	102,833	72,000	15,600	126,485	738
2020-2024	1,380,000	369,329	240,000	24,400	606,815	1,667
2025-2029	1,170,000	100,222	0	0	550,914	19
2030-2034	0	0	0	0	323,723	0
2035-2039	0	0	0	0	176,960	0
2040-2044	0	0	0	0	131,912	0
	<u>\$4,240,000</u>	<u>\$1,106,199</u>	<u>\$570,000</u>	<u>\$135,400</u>	<u>\$2,530,387</u>	<u>\$6,715</u>

**Note 8 – Pension Plans**

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**Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277



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**Notes to Basic Financial Statements**  
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East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at [www.opers.org](http://www.opers.org).

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2014, 2013 and 2012 were \$114,060, \$113,153 and \$110,572, respectively. The full amount has been contributed for 2014, 2013 and 2012.

**Ohio Police and Fire Pension Fund**

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at [www.op-f.org](http://www.op-f.org).

From January 1, 2014 through July 1, 2014, plan members are required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members are required to contribute 11.5% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2014, 2013 and 2012 were \$117,591, \$114,840, \$115,232, respectively. The full amount has been contributed for 2014, 2013 and 2012.

**Note 9 – Post Employment Benefits**

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**Ohio Public Employees Retirement System**

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

**City of Germantown, Ohio**  
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The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at [www.opers.org](http://www.opers.org).

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 3.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees 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.

Information from City's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$16,288 for 2014, \$8,079 for 2013, and \$31,590 for 2012. The full amount has been contributed for 2014, 2013 and 2012.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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period.

**Ohio Police and Fire Pension Fund**

Plan Description

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F 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 OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2014 thru December 31, 2014. For the year ended December 31, 2014, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2014 was \$3,057; and was \$18,030 for year ending December 31, 2013; and was approximately \$32,280 for the year ending December 31, 2012, and were allocated to the healthcare plan. The actual contributions for 2014, 2013 and 2012 were 100%

**Note 10 – Risk Management**

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The City is exposed to various risks of property and casualty losses, and injuries to employees. The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. The PEP's Financial Data is presented below.

PEP Financial Data

As December 31, 2014 and 2013

Casualty & Property  
Coverage

	2014	2013		
Assets	\$35,402,177	\$34,411,883		
Liabilities	(12,363,257)	(12,760,194)		
Net Position – Unrestricted	\$23,038,920	\$21,651,689		
	2014	2013		
# of members	475	475		
	2014	2013		
Unpaid claims to be billed in the future	Approx. million	\$13.3	Approx. million	\$11.1

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

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The Casualty Coverage assets and retained earnings above include approximately \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2013. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment. The District's share of these unpaid claims is approximately \$66,000.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2013 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Note 11 – Interfund Transfers**

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Transfer activity for the years ending December 31, 2014:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Advance In</u>	<u>Advance Out</u>
Major Funds:				
General Fund	\$0	(\$64,807)	\$0	(\$120,000)
Street Capital Improvements	61,787	0	0	0
Refuse Fund	0	0	75,000	0
Other Governmental Funds	<u>3,020</u>	<u>0</u>	<u>45,000</u>	<u>0</u>
Total All Funds	<u>\$64,807</u>	<u>(\$64,807)</u>	<u>\$120,000</u>	<u>(\$120,000)</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfers out of the General Fund into the Street Capital Improvements Fund and Other Governmental Funds were made to provide additional resources for current operations and street (capital) improvements throughout the City. The General Fund had an unpaid interfund cash advance, in the amount of \$120,000 for a short-term loan made to Refuse Fund and Other Governmental Funds. This is expected to be repaid to the General Fund.

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**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2014**

**Note 12 – Fund Balances**

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

Fund Balances	General	Emergency Medical Services	Fire Services	Street Capital Improvements	Other Governmental Funds	Total
<b>Nonspendable</b>						
Unclaimed Monies	\$0	\$0	\$0	\$0	\$0	\$0
Permanent Endowment	0	0	0	0	15,599	15,599
<b>Total Nonspendable</b>	0	0	0	0	15,599	15,599
<b>Restricted for:</b>						
Emergency Medical Services	0	837,018	0	0	0	837,018
Fire Services	0	0	709,804	0	0	709,804
Drug Enforcement	0	0	0	0	728	728
Federal Law Enforcement	0	0	0	0	12,188	12,188
Senior Citizens	0	0	0	0	171,642	171,642
DUI Education and Enforcement	0	0	0	0	6,486	6,486
Street Improvements	0	0	0	86,549	128,950	215,499
State Highway	0	0	0	0	28,922	28,922
Motor Vehicle License Tax	0	0	0	0	123,219	123,219
Permissive Tax	0	0	0	0	341,610	341,610
Police Levy	0	0	0	0	21,367	21,367
Street Lights	0	0	0	0	107,666	107,666
Police Professional Training	0	0	0	0	3,020	3,020
Capital Improvements	0	0	0	0	41,230	41,230
TIF	0	0	0	0	335	335
Debt Service	0	0	0	0	199	199
<b>Total Restricted</b>	0	837,018	709,804	86,549	987,562	2,620,933
<b>Assigned to:</b>						
Encumbrances	48,352	0	0	0	0	48,352
Next Year's Budget	63,094	0	0	0	0	63,094
Capital Improvements	0	0	0	0	300,000	300,000
<b>Total Assigned</b>	111,446	0	0	0	300,000	411,446
<b>Unassigned (Deficit)</b>	850,543	0	0	0	0	850,543
<b>Total Fund Balance</b>	<b>\$961,989</b>	<b>\$837,018</b>	<b>\$709,804</b>	<b>\$86,549</b>	<b>\$1,303,161</b>	<b>\$3,898,521</b>

City of Germantown, Ohio  
Schedule of Receipts, Disbursements and Changes in  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Receipts:				
Property Taxes	\$274,171	\$288,606	\$288,067	(\$539)
Income Taxes	1,056,154	1,111,761	1,109,684	(2,077)
Investment Earnings	26,792	28,203	28,150	(53)
Intergovernmental	126,905	133,587	133,337	(250)
Fines, Licenses & Permits	56,843	59,836	59,724	(112)
Other Receipts	79,262	83,435	83,279	(156)
<b>Total Receipts</b>	<b>1,620,127</b>	<b>1,705,428</b>	<b>1,702,241</b>	<b>(3,187)</b>
Disbursements:				
Current:				
General Government	670,154	668,905	612,799	56,106
Public Safety	973,345	971,218	889,584	81,634
Community Environment	77,298	77,592	71,323	6,269
Debt Service:				
Principal	762,041	762,041	762,041	0
Interest and Other Charges	34,265	34,265	34,265	0
<b>Total Disbursements</b>	<b>2,517,103</b>	<b>2,514,021</b>	<b>2,370,012</b>	<b>144,009</b>
Excess of Revenues Over (Under) Expenditures	(896,976)	(808,593)	(667,771)	140,822
Other Financing Sources (Uses):				
Issuance of Debt	675,750	711,329	710,000	(1,329)
Advances (Out)	(121,306)	(120,225)	(120,000)	225
Transfers (Out)	(62,459)	(65,541)	(61,787)	3,754
<b>Total Other Financing Sources (Uses)</b>	<b>491,985</b>	<b>525,563</b>	<b>528,213</b>	<b>2,650</b>
Net Change in Fund Balance	(404,991)	(283,030)	(139,558)	143,472
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,052,845	1,052,845	1,052,845	0
<b>Fund Balance End of Year</b>	<b>\$647,854</b>	<b>\$769,815</b>	<b>\$913,287</b>	<b>\$143,472</b>

See accompanying notes to the required supplementary information.

City of Germantown, Ohio  
 Schedule of Receipts, Disbursements and Changes in  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2014

	Emergency Medical Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Receipts:				
Charges for Services	121,501	\$121,501	\$143,984	\$22,483
Intergovernmental	\$289,198	289,198	342,712	53,514
Other Receipts	15,313	15,313	18,146	2,833
<b>Total Receipts</b>	<b>426,012</b>	<b>426,012</b>	<b>504,842</b>	<b>78,830</b>
Disbursements:				
Current:				
Public Safety	531,313	531,313	291,671	239,642
<b>Total Disbursements</b>	<b>531,313</b>	<b>531,313</b>	<b>291,671</b>	<b>239,642</b>
<b>Net Change in Fund Balance</b>	<b>(105,301)</b>	<b>(105,301)</b>	<b>213,171</b>	<b>318,472</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	601,145	601,145	601,145	0
<b>Fund Balance End of Year</b>	<b>\$495,844</b>	<b>\$495,844</b>	<b>\$814,316</b>	<b>\$318,472</b>

See accompanying notes to the required supplementary information.



City of Germantown, Ohio  
Schedule of Receipts, Disbursements and Changes in  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2014

	Fire Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Receipts:				
Intergovernmental	\$254,255	\$254,255	\$354,000	\$99,745
Other Receipts	3,045	3,045	4,239	1,194
<b>Total Receipts</b>	<b>257,300</b>	<b>257,300</b>	<b>358,239</b>	<b>100,939</b>
Disbursements:				
Current:				
Public Safety	635,211	635,211	291,415	343,796
<b>Total Disbursements</b>	<b>635,211</b>	<b>635,211</b>	<b>291,415</b>	<b>343,796</b>
<b>Net Change in Fund Balance</b>	<b>(377,911)</b>	<b>(377,911)</b>	<b>66,824</b>	<b>444,735</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	599,744	599,744	599,744	0
<b>Fund Balance End of Year</b>	<b>\$221,833</b>	<b>\$221,833</b>	<b>\$666,568</b>	<b>\$444,735</b>

See accompanying notes to the required supplementary information.

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

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**Note 1 – Budgetary Process**

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The City’s funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council’s authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the program or budget center level for the General fund and the fund level for all other budgeted funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the City. 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 issued during the year.

The appropriation 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 appropriation 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 Council during the year.

While the City is reporting financial position, results of operations and changes in fund balance on the modified cash basis of accounting, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and modified cash basis is as follows:

Encumbrances are treated as disbursements (budget) rather than as an assignment of fund balance (modified cash).

The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the general, emergency medical services and fire services funds

	<u>General</u>	<u>Emergency Medical Services</u>	<u>Fire Services</u>
Modified Cash Basis	(\$91,206)	\$235,873	\$110,060
Adjustment for Encumbrances	<u>(48,352)</u>	<u>(22,702)</u>	<u>(43,236)</u>
Budget Basis	<u><u>(\$139,558)</u></u>	<u><u>\$213,171</u></u>	<u><u>\$66,824</u></u>

**City of Germantown, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2013**  
**Unaudited**

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This discussion and analysis of the City of Germantown, Ohio's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2013, within the limitations of the City's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

### **Highlights**

Key highlights for 2013 are as follows:

- The City's total net position increased \$347,672.
- Net position of governmental activities increased \$553,540, net position of business-type activities decreased by \$205,868.
- The General Fund reported a net change in fund balance of (\$258,476).
- Business-type operations reflected operating income of \$265,212.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the City's modified cash basis of accounting.

### **Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the City as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the City as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The City has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the City's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as

**City of Germantown, Ohio**  
**Management's Discussion and Analysis**  
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**Unaudited**

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accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

### **Reporting the City as a Whole**

The statement of net position and the statement of activities reflect how the City did financially during 2013, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the City at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the City's general receipts.

These statements report the City's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the City's financial health. Over time, increases or decreases in the City's cash position is one indicator of whether the City's financial health is improving or deteriorating. When evaluating the City's financial condition, you should also consider other nonfinancial factors as well such as the City's property tax base, the condition of the City's capital assets and infrastructure, the extent of the City's debt obligations, the reliance on non-local financial resources for operations and the need for continued maintenance and possibly growth in the major local receipt sources such as property and income taxes.

In the statement of net position and the statement of activities, we divide the City into two types of activities:

**Governmental activities** - Most of the City's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Business-type activities** - The City has many business-type activities, including water, sewer, refuse, stormwater, swimming pool, utility deposit and recreation. Business-type activities are financed by a fees charged to the customers receiving the service.

### **Reporting the City's Most Significant Funds**

Fund financial statements provide detailed information about the City's major funds – not the City as a whole. The City establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the City are split into three categories: governmental, proprietary and fiduciary. The City does not have any fiduciary funds.

**Governmental Funds** - Most of the City's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the City's governmental operations and the basic services it provides. Governmental fund information helps determine

**City of Germantown, Ohio**  
**Management's Discussion and Analysis**  
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whether there are more or less financial resources that can be spent to finance the City's programs. The City's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The City's major governmental funds are the General Fund, Emergency Medical Services Fund, Fire Services Fund and the Street Capital Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The City has seven enterprise funds: water, sewer, refuse, stormwater, swimming pool, utility deposit and recreation.

**The City as a Whole**

Table 1 provides a summary of the City's net position for 2013 compared to 2012 on a modified cash basis:

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Equity in Pooled Cash and Investments	\$3,560,634	\$3,007,094	\$855,477	\$1,061,345	\$4,416,111	\$4,068,439
Total Assets	3,560,634	3,007,094	855,477	1,061,345	4,416,111	4,068,439
Net Position:						
Restricted	2,225,439	1,770,494	0	0	2,225,439	1,770,494
Unrestricted	1,335,195	1,236,600	855,477	1,064,345	2,190,672	2,300,945
Total Net Position	\$3,560,634	\$3,007,094	\$855,477	\$1,064,345	\$4,416,111	\$4,071,439

As mentioned previously, net position of governmental activities increased during 2013. This increase was mainly due to the City issuance of \$207,721 in long-term debt and \$1,139,000 in short-term notes.

Table 2 shows the changes in net position for the year ended December 31, 2013. Since this is the first year the City has GASB34 Look-Alike statements, revenue and expense comparisons to the prior year are not available. For fiscal year 2014 and going forward, when prior year information is available, a comparative analysis of government wide data will be presented in Table 2.

**City of Germantown, Ohio**  
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**For the Year Ended December 31, 2013**  
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**Table 2**  
**Changes in Net Position**

	Governmental Activities	Business-Type Activities	Total
	2013	2013	2013
<b>Program Receipts:</b>			
Charges for Services	\$379,683	\$1,890,873	\$2,270,556
Operating Grants & Contributions	1,288,067	88,093	1,376,160
Capital Grants & Contributions	249,899	259,208	509,107
<b>Total Program Receipts</b>	<b>1,917,649</b>	<b>2,238,174</b>	<b>4,155,823</b>
<b>General Receipts:</b>			
Income Taxes	1,054,514	0	1,054,514
Property Taxes	565,868	0	565,868
Grants & Entitlements, Not Restricted	215,060	0	215,060
Payments In Lieu of Taxes	251,177	0	251,177
Interest	31,320	0	31,320
Miscellaneous Receipts	1,656,485	1,575,199	3,231,684
<b>Total General Receipts</b>	<b>3,774,424</b>	<b>1,575,199</b>	<b>5,349,623</b>
<b>Total Receipts</b>	<b>5,692,073</b>	<b>3,813,373</b>	<b>9,505,446</b>
<b>Disbursements:</b>			
General Government	504,945	0	504,945
Public Safety	1,867,380	0	1,867,380
Community Environment	66,598	0	66,598
Transportation	1,458,679	0	1,458,679
Other	132	0	132
Capital Outlay	78,047	0	78,047
Debt Service	1,122,752	0	1,122,752
Water	0	419,947	419,947
Sewer	0	586,233	586,233
Refuse	0	450,209	450,209
Stormwater	0	51,033	51,033
Swimming Pool	0	86,620	86,620
Recreation	0	51,651	51,651
Miscellaneous Disbursements	0	2,413,548	2,413,548
<b>Total Disbursements</b>	<b>5,098,533</b>	<b>4,059,241</b>	<b>9,157,774</b>
Increase (Decrease) in Net Position before Advances	593,540	(245,868)	347,672
Advances In	0	40,000	40,000
Advances (Out)	(40,000)	0	(40,000)
<b>Change in Net Position</b>	<b>553,540</b>	<b>(205,868)</b>	<b>347,672</b>
Net Position - Beginning of Year	3,007,094	1,061,345	4,068,439
<b>Net Position - End of Year</b>	<b>\$3,560,634</b>	<b>\$855,477</b>	<b>\$4,416,111</b>

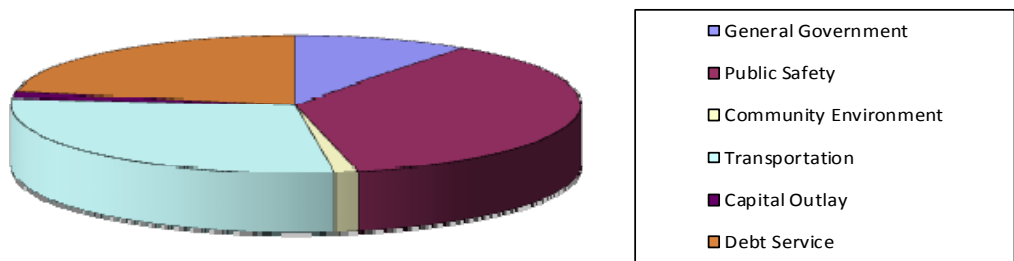
**Governmental Activities**

Revenues generated by the Property and Income Tax represent approximately 45% of the City's governmental activities general receipts.

**City of Germantown, Ohio  
 Management’s Discussion and Analysis  
 For the Year Ended December 31, 2013  
 Unaudited**

Governmental Activities  
 Program Disbursements for 2013

	<u>Percentage</u>
General Government	9.9%
Public Safety	36.6%
Community Environment	1.3%
Transportation	28.7%
Capital Outlay	1.5%
Debt Service	22.0%
<b>Total</b>	<b>100.0%</b>



**The City’s Funds**

The City has four major governmental funds: the General, Emergency Medical Services, Fire Services and Street Capital Improvement Funds. Assets of these funds comprised \$2,504,720 (70%) of the total governmental fund assets.

**General Fund:** Fund balance at December 31, 2013 was \$1,053,195 a decrease in fund balance of \$258,476 from 2012. The general fund had a decrease in fund balance mainly due to a decrease in taxes revenue received.

**Emergency Medical Services Fund:** Fund balance at December 31, 2013 was \$601,145, an increase of \$51,536 from 2012. The increase was mainly due to an increase in intergovernmental revenues from 2012.

**Fire Services Fund:** Fund balance at December 31, 2013 was \$599,744, an increase in fund balance of \$50,729 from 2012. The balance remained relatively constant from the prior year.

**Street Capital Improvement Fund:** Fund balance at December 31, 2013 was \$250,636, an increase in fund balance of \$348,859 from 2012. The increase was mainly due the proceeds received from a debt issuance.

**General Fund Budgeting Highlights**

The City’s budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

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**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2013**  
**Unaudited**

During 2013, the City amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to better than property tax and intergovernmental collections. The difference between final budgeted receipts and actual receipts was \$186,815, due mostly to an understatement of property and income taxes.

Final disbursements were budgeted at \$3,101,321 while actual disbursements were \$2,886,881. These variations in the budget were due to the overstating of general government and public safety disbursements.

**Debt**

The City had \$5,342,985 in long-term debt with \$524,043 due in one year.

	<u>2013</u>	<u>2012</u>
<b>OPWC</b>		
<b>Governmental Activities:</b>		
E. Market St. Hill CIP	\$30,654	\$37,466
N. Walnut St Reconstruction	18,051	23,208
Cherry Street Improvement Phase 1	33,272	40,666
Cherry Street Improvement Phase 2	38,567	47,137
Dayton Pike Resurfacing	45,004	53,186
Cherry Street Improvement Phase 3	207,721	0
<b>Business Activities:</b>		
W. Market St. Improvements Phase 1	737,167	0
Hillcrest Drive Sewer System	65,018	71,204
Dayton Pike Water Storage Tank	1,320,864	1,394,246
Water Distribution Booster System	84,667	91,311
	<u>2,580,985</u>	<u>1,758,424</u>
<b>Bonds Payable</b>		
<b>Governmental Activities:</b>		
Municipal Building Rehabilitation Bonds	565,000	595,000
Public Infrastructure Improvement Notes (Hickory Pointe Project)	800,000	1,005,000
<b>Business Activities:</b>		
Dry Run Sewer Improvement Bonds	765,000	805,000
Weaver Road Bonds	5,000	10,000
	<u>2,135,000</u>	<u>2,415,000</u>
<b>Mortgage Revenue Bonds</b>		
<b>Business Activities:</b>		
Mortgage Revenue Water Bond	627,000	681,000
	<u>627,000</u>	<u>681,000</u>
<b>Total Long-Term Debt</b>	<u>\$5,342,985</u>	<u>\$4,854,424</u>

See Note 7 to the notes to the basic financial statements for further details on the City's long-term debt.



**City of Germantown, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2013**  
**Unaudited**

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**For the Future**

The challenge for all local governments is to provide quality services to the public while staying within the restrictions imposed by limited and, in some cases, shrinking funding. The City relies heavily on property taxes. The City continues to monitor levels of spending in all areas.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to reflect the City's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Finance Director at 75 North Walnut Street, Germantown, OH 45327.

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City of Germantown, Ohio  
Statement of Net Position- Modified Cash Basis  
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$3,560,634	\$855,477	\$4,416,111
<b>Total Assets</b>	<b>3,560,634</b>	<b>855,477</b>	<b>4,416,111</b>
<b>Net Position:</b>			
<b>Restricted for:</b>			
Senior Citizen	211,723	0	211,723
Street Improvements	96,380	0	96,380
Motor Vehicle License and Permissive Taxes	244,195	0	244,195
Street Lights	121,465	0	121,465
Emergency Medical and Fire Services	1,200,889	0	1,200,889
Law Enforcement	13,411	0	13,411
State Highway	31,840	0	31,840
Debt Service	199	0	199
Capital Projects	289,756	0	289,756
Permanent Fund	15,581	0	15,581
Unrestricted	1,335,195	855,477	2,190,672
<b>Total Net Position</b>	<b>\$3,560,634</b>	<b>\$855,477</b>	<b>\$4,416,111</b>

See accompanying notes to the basic financial statements.

City of Germantown, Ohio  
Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended December 31, 2013

	Cash Disbursements	Charges for Services and Sales	Program Receipts	
			Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$504,945	\$31,574	\$0	\$0
Public Safety	1,867,380	179,026	888,123	0
Community Environment	66,598	41,170	34,500	0
Recreation	0	35,000	0	0
Transportation	1,458,679	92,913	365,444	249,899
Other	132	0	0	0
Capital Outlay	78,047	0	0	0
<b>Debt Service:</b>				
Principal	1,041,115	0	0	0
Interest and Other Charges	81,637	0	0	0
<b>Total Governmental Activities</b>	<b>5,098,533</b>	<b>379,683</b>	<b>1,288,067</b>	<b>249,899</b>
<b>Business-Type Activities:</b>				
Water	419,947	571,911	3,093	245,722
Sewer	586,233	795,780	0	0
Refuse	450,209	408,992	0	0
Stormwater	51,033	49,710	0	0
Swimming Pool	86,620	60,155	20,000	13,486
Recreation	51,651	4,325	65,000	0
<b>Total Business-Type Activities</b>	<b>1,645,693</b>	<b>1,890,873</b>	<b>88,093</b>	<b>259,208</b>
<b>Totals</b>	<b>\$6,744,226</b>	<b>\$2,270,556</b>	<b>\$1,376,160</b>	<b>\$509,107</b>

General Receipts:  
Income Taxes  
Property Taxes Levied for:  
    General Purposes  
    Special Revenue Purposes  
Grants and Entitlements, Not Restricted  
Payment in Lieu of Taxes  
Investment Earnings  
Other Receipts  
Other Financing Sources  
Non-Operating Receipts  
Non-Operating Disbursements  
Advances In  
Advances (Out)

Total General Receipts and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$473,371)	\$0	(\$473,371)
(800,231)	0	(800,231)
9,072	0	9,072
35,000	0	35,000
(750,423)	0	(750,423)
(132)	0	(132)
(78,047)	0	(78,047)
(1,041,115)	0	(1,041,115)
(81,637)	0	(81,637)
<u>(3,180,884)</u>	<u>0</u>	<u>(3,180,884)</u>
0	400,779	400,779
0	209,547	209,547
0	(41,217)	(41,217)
0	(1,323)	(1,323)
0	7,021	7,021
0	17,674	17,674
<u>0</u>	<u>592,481</u>	<u>592,481</u>
<u>(3,180,884)</u>	<u>592,481</u>	<u>(2,588,403)</u>
1,054,514	0	1,054,514
297,650	0	297,650
268,218	0	268,218
215,060	0	215,060
251,177	0	251,177
31,320	0	31,320
209,764	20,032	229,796
1,446,721	0	1,446,721
0	1,555,167	1,555,167
0	(2,413,548)	(2,413,548)
0	40,000	40,000
(40,000)	0	(40,000)
<u>3,734,424</u>	<u>(798,349)</u>	<u>2,936,075</u>
553,540	(205,868)	347,672
<u>3,007,094</u>	<u>1,061,345</u>	<u>4,068,439</u>
<u>\$3,560,634</u>	<u>\$855,477</u>	<u>\$4,416,111</u>

City of Germantown, Ohio  
Statement of Assets and Fund Balances-Modified Cash Basis  
Governmental Funds  
December 31, 2013

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	General	Emergency Medical Services	Fire Services	Street Capital Improvement
Assets:				
Equity in Pooled Cash and Investments	<u>\$1,053,195</u>	<u>\$601,145</u>	<u>\$599,744</u>	<u>\$250,636</u>
Total Assets	<u>1,053,195</u>	<u>601,145</u>	<u>599,744</u>	<u>250,636</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	0	601,145	599,744	250,636
Assigned	283,685	0	0	0
Unassigned	<u>769,510</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$1,053,195</u>	<u>\$601,145</u>	<u>\$599,744</u>	<u>\$250,636</u>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
<u>\$1,055,914</u>	<u>\$3,560,634</u>
<u>1,055,914</u>	<u>3,560,634</u>
15,581	15,581
758,333	2,209,858
300,000	583,685
<u>(18,000)</u>	<u>751,510</u>
<u>\$1,055,914</u>	<u>\$3,560,634</u>

City of Germantown, Ohio  
Statement of Receipts, Disbursements  
and Changes in Fund Balance-Modified Cash Basis  
Governmental Funds  
For the Fiscal Year Ended December 31, 2013

	General	Emergency Medical Services	Fire Services	Street Capital Improvement
<b>Receipts:</b>				
Property Taxes	\$297,650	\$0	\$0	\$0
Income Taxes	1,054,514	0	0	0
Charges for Services	0	172,272	0	0
Investment Earnings	31,320	0	0	0
Intergovernmental	249,560	319,500	387,000	321,193
Special Assessments	0	0	0	0
Fines, Licenses & Permits	72,557	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Other Receipts	108,071	5,553	6,833	0
<b>Total Receipts</b>	<b>1,813,672</b>	<b>497,325</b>	<b>393,833</b>	<b>321,193</b>
<b>Disbursements:</b>				
<b>Current:</b>				
General Government	504,945	0	0	0
Public Safety	862,301	245,789	243,104	0
Community Environment	66,598	0	0	0
Transportation	0	0	0	1,137,904
Other	0	0	0	0
Capital Outlay	0	0	0	0
<b>Debt Service:</b>				
Principal	811,115	0	0	0
Interest and Other Charges	34,217	0	0	0
<b>Total Disbursements</b>	<b>2,279,176</b>	<b>245,789</b>	<b>243,104</b>	<b>1,137,904</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>(465,504)</b>	<b>251,536</b>	<b>150,729</b>	<b>(816,711)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	100,000	0	0	0
Issuance of Capital-Related Debt	0	0	0	657,721
Issuance of Notes	689,000	0	0	0
Advances (Out)	(40,000)	0	0	0
Transfers In	0	0	0	507,849
Transfers (Out)	(541,972)	(200,000)	(100,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>207,028</b>	<b>(200,000)</b>	<b>(100,000)</b>	<b>1,165,570</b>
<b>Net Change in Fund Balance</b>	<b>(258,476)</b>	<b>51,536</b>	<b>50,729</b>	<b>348,859</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,311,671</b>	<b>549,609</b>	<b>549,015</b>	<b>(98,223)</b>
<b>Fund Balance - End of Year</b>	<b>\$1,053,195</b>	<b>\$601,145</b>	<b>\$599,744</b>	<b>\$250,636</b>

See accompanying notes to the basic financial statements.



Other Governmental Funds	Total Governmental Funds
\$268,218	\$565,868
0	1,054,514
1,155	173,427
0	31,320
475,773	1,753,026
93,100	93,100
40,599	113,156
251,177	251,177
89,307	209,764
<u>1,219,329</u>	<u>4,245,352</u>
0	504,945
516,186	1,867,380
0	66,598
320,775	1,458,679
132	132
78,047	78,047
230,000	1,041,115
47,420	81,637
<u>1,192,560</u>	<u>5,098,533</u>
<u>26,769</u>	<u>(853,181)</u>
0	100,000
0	657,721
0	689,000
0	(40,000)
334,123	841,972
0	(841,972)
<u>334,123</u>	<u>1,406,721</u>
360,892	553,540
695,022	3,007,094
<u>\$1,055,914</u>	<u>\$3,560,634</u>

City of Germantown, Ohio  
Statement of Fund Net Assets-Modified Cash Basis  
Proprietary Funds  
December 31, 2013

	Business-Type Activities -Enterprise Funds			
	Water	Sewer	Refuse	Other Enterprise Funds
Current Assets:				
Equity in Pooled Cash and Investments	\$130,971	\$551,865	\$13,993	\$158,648
Total Assets	130,971	551,865	13,993	158,648
Net Position:				
Unrestricted	130,971	551,865	13,993	158,648
Total Net Position	\$130,971	\$551,865	\$13,993	\$158,648

See accompanying notes to the basic financial statements.

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Total Business-Type Activities
<hr/>
\$855,477
<hr/>
855,477
<hr/>
855,477
<hr/>
\$855,477
<hr/>

City of Germantown, Ohio  
Statement of Receipts, Disbursements  
and Changes in Fund Net Position - Modified Cash Basis  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2013

	Business-Type Activities -Enterprise Funds			
	Water	Sewer	Refuse	Other Enterprise Funds
Operating Receipts:				
Charges for Services	\$571,911	\$795,780	\$408,992	\$114,190
Other Receipts	7,339	9,413	0	3,280
Total Operating Receipts	579,250	805,193	408,992	117,470
Operating Disbursements:				
Salaries and Wages	78,616	84,317	8,398	68,040
Fringe Benefits	61,121	16,304	2,887	14,245
Purchased Services	210,490	476,652	338,840	56,833
Supplies and Materials	69,536	8,960	100,084	50,054
Other Disbursements	184	0	0	132
Total Operating Disbursements	419,947	586,233	450,209	189,304
Operating Income (Loss)	159,303	218,960	(41,217)	(71,834)
Non-Operating Receipts (Disbursements):				
Gain (Loss) on Disposal of Capital Assets	(610)	0	0	0
Issuance of Notes	731,000	87,000	0	0
Issuance of Capital-Related Debt	737,167	0	0	0
Operating Grants	3,093	0	0	85,000
Capital Outlay	(1,234,065)	(27,359)	(938)	(30,798)
Principal Retirement	(881,026)	(161,186)	0	0
Interest (Expense)	(40,400)	(37,166)	0	0
Total Non-Operating Receipts (Disbursements)	(684,841)	(138,711)	(938)	54,202
Income (Loss) Before Contributions and Transfers	(525,538)	80,249	(42,155)	(17,632)
Capital Grants and Contributions	245,722	0	0	13,486
Transfers In	297,880	11,575	0	0
Transfers (Out)	(297,880)	(11,575)	0	0
Advances In	0	0	0	40,000
Change in Net Position	(279,816)	80,249	(42,155)	35,854
Net Position - Beginning of Year	410,787	471,616	56,148	122,794
Net Position - End of Year	\$130,971	\$551,865	\$13,993	\$158,648

See accompanying notes to the basic financial statements.

<hr/> <hr/>	
<hr/>	
Total Business-Type Activities	
	<hr/>
\$1,890,873	
20,032	
	<hr/>
1,910,905	
	<hr/>
239,371	
94,557	
1,082,815	
228,634	
316	
	<hr/>
1,645,693	
	<hr/>
265,212	
	<hr/>
(610)	
818,000	
737,167	
88,093	
(1,293,160)	
(1,042,212)	
(77,566)	
	<hr/>
(770,288)	
	<hr/>
(505,076)	
	<hr/>
259,208	
309,455	
(309,455)	
40,000	
	<hr/>
(205,868)	
	<hr/>
1,061,345	
	<hr/>
\$855,477	
	<hr/>

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**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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**Note 1 – Description of the Entity**

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**Description of the Entity**

The City of Germantown, Montgomery County, (the City) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Pursuant to the provisions of Article XVIII of the Constitution of Ohio, the voters of the City adopted a charter for the government of the City in 2010. The form of government provided in the charter is known as the Mayor-Council-Manager. Council is made up of seven members elected by the qualified voters of the City at large; six are council members elected and one is separately elected Mayor. Council appoints a City Manager who is responsible to Council for the administration of all City affairs. The City provides water and sewer utilities, refuse services, park operations, pool operations, police, fire and emergency medical services.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City, this includes general operations, water, sewer, refuse, recreation, police, fire and emergency medical services.

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

The City participates in the Public Entities Pool of Ohio (PEP). PEP is a public entity risk pool, which operates as a jointly governed organization. PEP provides property and casualty coverage for its members. Note 10 to the financial statements provide additional information regarding PEP.

**Note 2 – Summary of Significant Accounting Policies**

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These financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles general accepted in the United States of America (GAAP). Generally accepted accounting principles include all the relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

Ohio Administrative Code, Section 117-2-03 (B), requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City

**Fund Accounting**

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are grouped into the category governmental.

**Governmental Funds**

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

The following are the City's major governmental funds:

**General Fund** – This fund is the operating fund of the City and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Emergency Medical Services** – To account for the activities of the Emergency Medical Services Department of the City.

**Fire Services** – To account for the activities of the Fire Department of the City.

**Street Capital Improvement** – To accumulate construction costs for the City's Street Capital Improvement capital projects fund.

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

**Proprietary Funds**

Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City does not have an internal service fund.

**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:

**Water Fund** – This fund accounts for provision of water treatment and distribution to the residents and commercial users of the water system.



**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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**Sewer Fund** - The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

**Refuse Fund** - The refuse fund accounts for the provision of refuse service to the residents and commercial users located within the City.

**Basis of Presentation**

**Government-wide Financial Statements**

The statement of net position - modified cash basis and the statement of activities - modified cash basis display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the City's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the City. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the modified cash basis or draws from the general receipts of the City.

**Fund Financial Statements**

The fund financial statements report more detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column. Fiduciary funds are reported by fund type.

**Equity in Pooled Cash and Investments**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during the fiscal year amounted to \$31,320 credited to the general fund.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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**Inventory and Prepaid Items**

The City reports disbursements for inventory and prepaid items when paid. These items are not reflected in the accompanying financial statements under the modified cash basis of accounting.

**Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected in the accompanying financial statements under the modified cash basis of accounting.

**Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting used by the City.

**Interfund Activity**

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services and improve assets. Operating subsidies are recorded as operating transfers. The classification of amounts recorded as subsidies, advances or equity contributions is based on the intent of the City at the time of the transaction.

**Employer Contributions to Cost-Sharing Plans**

The City recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described later in the notes, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Fund Cash Balance**

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the City classifies its fund cash balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, City Council.

Assigned – resources that are intended to be used for specific purposes as approved through the City's formal purchasing procedure by the Finance Director.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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

The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when disbursements have incurred for purposes for which any of the unrestricted fund cash balance classifications could be used.

**Net Cash Position**

Net cash position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The City first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash position are available.

**Note 3 – Equity in Pooled Cash and Investments**

---

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2013, \$1,337,350 of the City’s bank balance of \$4,356,090 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the City’s name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**Investments**

As of December 31, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$99,368	0.00

Interest Rate Risk - In accordance with the investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years, unless matched to a specified obligation or debt of the City.

Credit Risk – It is the City’s policy to limit its investments that are obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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quality rating issued by nationally recognized statistical rating organizations. The City's investments in money market funds was note rated by Standard and Poor's.

Concentration of Credit Risk – The City's investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 100% of the City's investments in in money market funds.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's securities are either insured and registered in the name of the City, or at least registered in the name of the City.

**Note 4 – Property Tax**

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Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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

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

The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Property	\$93,210,740
Public Utility Personal Property	<u>1,489,850</u>
Total Valuation	<u><u>\$94,700,590</u></u>

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

**Note 5 – Local Income Tax**

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The City levies a municipal income tax of 1.25% percent on substantially all earned income arising from employment, residency, or business activities within the City as well as certain income of residents earned outside of the City.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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

**Note 6 – Short-Term Debt**

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Short-term debt outstanding at December 31, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
N. Walnut St. Improvement Notes	\$10,000	\$0	(\$10,000)	\$0
Mower Tractor Notes	15,000	0	(15,000)	0
Warren Street Improvement Notes	10,000	0	(10,000)	0
E. Market Street Note	180,000	0	(180,000)	0
Cherry St. Improvement Notes	200,000	0	(200,000)	0
St Route 4 Note	355,000	0	(355,000)	0
St Route 4 Note	0	335,000	0	335,000
Cherry St. Improvement Notes	0	180,000	0	180,000
E. Market Street Note	0	174,000	0	174,000
W. Market Street Improvement Phase 1 Note	0	450,000	0	450,000
	<u>770,000</u>	<u>1,139,000</u>	<u>(770,000)</u>	<u>1,139,000</u>
<b>Business Activities:</b>				
S. Butler Street Sanitary Sewer Notes	15,000	0	(15,000)	0
Cherry St. Improvement Notes	10,000	0	(10,000)	0
Water Meters Notes	412,000	0	(412,000)	0
E. Market Street Note	330,000	0	(330,000)	0
E. Market Street Note	90,000	0	(90,000)	0
Water Meters Notes	0	412,000	0	412,000
E. Market Street Note	0	319,000	0	319,000
E. Market Street Note	0	87,000	0	87,000
	<u>857,000</u>	<u>818,000</u>	<u>(857,000)</u>	<u>818,000</u>

The City issued new short term debt to fund the St Route 4 project. The debt will be repaid from revenues of the City's general fund.

The City issued new short term debt to fund the Cherry St. Improvement project. The debt will be repaid from revenues of the City's general fund.

The City issued new short term debt to fund the East Market Street project. The debt will be repaid from revenues of the City's general fund, water fund, and sewer fund.

The City issued new short term debt to fund the Water Meters project. The debt will be repaid from revenues of the City's water fund.

The City issued new short term debt to fund the West Market Street Improvement-Phase 1 project. The debt will be repaid from revenues of the City's street capital improvement fund.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

**Note 7 – Long-Term Debt**

Long-term debt outstanding at December 31, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>OPWC Debt</b>					
<b>Governmental Activities:</b>					
CD08J - East Market Street Phase 1	\$37,466	\$0	(\$6,812)	\$30,654	\$6,812
CD02J - North Walnut Street Improvement	23,208	0	(5,157)	18,051	5,158
CD04J - Cherry Street Improvement Phase 1	40,666	0	(7,394)	33,272	7,394
CD06J - Cherry Street Improvement Phase 2	47,137	0	(8,570)	38,567	8,570
CD09P - Cherry Street Improvement Phase 3	0	207,721	0	207,721	6,924
CD02L - Dayton Pike Resurfacing	53,186	0	(8,182)	45,004	8,183
<b>Business-Type Activities:</b>					
CD14L - Dayton Pike Water Storage Tower	1,394,246	0	(73,382)	1,320,864	73,381
CD22Q - West Market Street Phase 1	0	737,167	0	737,167	12,710
CT08F - Water Booster Station	91,311	0	(6,644)	84,667	6,694
CT08D - Hillcrest Sewer System	71,204	0	(6,186)	65,018	6,217
<b>Total OPWC Debt</b>	<b>1,758,424</b>	<b>944,888</b>	<b>(122,327)</b>	<b>2,580,985</b>	<b>142,043</b>
<b>Other Long-Term Debt</b>					
<b>Governmental Activities:</b>					
Municipal Building Rehabilitation Bonds	595,000	0	(30,000)	565,000	30,000
Hickory Pointe Project - Public Infrastructure	1,005,000	0	(205,000)	800,000	245,000
<b>Business-Type Activities:</b>					
Weaver Road Bonds	10,000	0	(5,000)	5,000	5,000
Dry Run Sewer Improvement Bonds	805,000	0	(40,000)	765,000	45,000
<b>Mortgage Revenue Water Bond:</b>					
Mortgage Revenue Water Bond	681,000	0	(54,000)	627,000	57,000
<b>Total Other Long-Term Debt</b>	<b>3,096,000</b>	<b>0</b>	<b>(334,000)</b>	<b>2,762,000</b>	<b>382,000</b>
<b>Total Long-Term Debt</b>	<b>\$4,854,424</b>	<b>\$944,888</b>	<b>(\$456,327)</b>	<b>\$5,342,985</b>	<b>\$524,043</b>

Outstanding OPWC notes (Project #CD08J) consist of a loan to fund the East Market Street Hill Phase I Project. The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD02J) consist of a loan to fund the North Walnut Street Reconstruction Project. The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD04J) consist of a loan to fund the Cherry Street Phase I Project. The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD06J) consist of a loan to fund the Cherry Street Phase II Project. The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD09P) consist of a loan to fund the Cherry Street Phase III Project. The debt will be repaid from revenues of the City's general fund.

Outstanding OPWC notes (Project #CD02L) consist of a loan to fund the Dayton Pike Resurfacing Project. The debt will be repaid from revenues of the City's general fund.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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Outstanding OPWC notes (Project #CD14L) consist of a loan to fund the Dayton Pike Water Storage Tank Project. The debt will be repaid from revenues of the City's water fund.

Outstanding OPWC notes (Project #CD22Q) consist of a loan to fund the West Market Street Phase I Project. The debt will be repaid from revenues of the City's water system.

Outstanding OPWC notes (Project #CT08F) consist of a loan to fund the Water Booster Station Improvements. The debt will be repaid from revenues of the City's water system.

Outstanding OPWC notes (Project #CT08D) consist of a loan to fund the Hillcrest Drive Sewer Improvement. The debt will be repaid from revenues of the City's sewer system.

All OPWC notes are interest free, except for Project #CT08F and Project #CT08D, which are 1% interest.

Municipal Building Rehabilitation Bonds consist of bonds issued for the purpose of constructing a new municipal building. General Obligations are direct obligations of the City for which the City's full faith and credit are pledged and are payable from taxes levied on all taxable property in the City.

Hickory Pointe Bonds consist of general obligation bonds issued for the Hickory Pointe public infrastructure improvements. These bonds will be repaid from payment in lieu of taxes revenues from the City's Hickory Pointe TIF District fund.

Weaver Road Bonds consist of general obligation bonds issued for Weaver Road improvements. The debt will be repaid from revenues of the City's water system.

Dry Run Sewer Improvement Bonds were issued as a result of the Sanitary Sewer Improvement Bonds being partially refunded in 2007. These bonds were for the improvement of the City's sewer system. Property and revenue of the City's sewer system has been pledged to repay this debt.

Mortgage Revenue Bonds are for the improvement of the water system for the City. Property and revenue of the City's water system has been pledged to repay this debt.

Amortization of the above debt, including interest, is scheduled as follows:

Year	General Obligation Bonds		Mortgage Revenue Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$325,000	\$93,456	\$57,000	\$31,350	\$142,043	\$1,401
2015	340,000	78,910	60,000	28,500	154,929	1,271
2016	365,000	63,516	63,000	25,500	155,064	1,139
2017	80,000	46,963	66,000	22,350	152,615	1,007
2018	85,000	43,562	69,000	19,050	138,782	874
2019-2023	480,000	160,225	312,000	40,000	601,878	2,312
2024-2028	460,000	49,937	0	0	543,091	112
2029-2033	0	0	0	0	381,861	0
2034-2038	0	0	0	0	161,715	0
2039-2043	0	0	0	0	149,007	0
	<u>\$2,135,000</u>	<u>\$536,569</u>	<u>\$627,000</u>	<u>\$166,750</u>	<u>\$2,580,985</u>	<u>\$8,116</u>

**Note 8 – Pension Plans**

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**Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at [www.opers.org](http://www.opers.org).

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2013, 2012 and 2011 were \$113,153, \$110,572, and \$111,799 respectively. The full amount has been contributed for 2013, 2012 and 2011.

**Ohio Police and Fire Pension Fund**

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at [www.op-f.org](http://www.op-f.org).

Plan members are required to contribute 10.0% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2013, 2012 and 2011 were \$114,840, \$115,232, and \$118,469 respectively. The full amount has been contributed for 2013, 2012 and 2011.



**Note 9 – Post Employment Benefits**

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**Ohio Public Employees Retirement System**

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at [www.opers.org](http://www.opers.org).

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013. The OPERS

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$8,079 for 2013, \$31,590 for 2012, and \$31,941 for 2011. The full amount has been contributed for 2013, 2012 and 2011.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**Ohio Police and Fire Pension Fund**

Plan Description

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F 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 OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employee contributions allocated to health care was 4.69% of covered payroll for January 1, 2013 through May 31, 2013, and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2013 was \$18,030; and was \$32,280 for year ending December 31, 2012; and was approximately \$37,140 for the year ending December 31, 2011, and were allocated to the healthcare plan. The actual contributions for 2013, 2012 and 2011 were 100%.

**Note 10 – Risk Management**

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The City is exposed to various risks of property and casualty losses, and injuries to employees. The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. The PEP's Financial Data is presented below.

PEP Financial Data

As December 31, 2013 and 2012

Casualty & Property  
Coverage

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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	2013	2012
Assets	\$34,411,883	\$34,389,569
Liabilities	(12,760,194)	(14,208,353)
Net Assets – Unrestricted	\$21,651,689	\$20,181,216

	2013	2012
# of members	475	466

	2013	2012
Unpaid claims to be billed in the future	Approx.\$11.1 million	Approx. \$12.6 million

The Casualty Coverage assets and retained earnings above include approximately \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2013. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment. The District's share of these unpaid claims is approximately \$66,000.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2013 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Note 11 – Interfund Transfers**

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Transfer activity for the years ending December 31, 2013:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Advance In</u>	<u>Advance Out</u>
Major Funds:				
General Fund	\$0	(\$541,972)	\$0	(\$40,000)
Emergency Medical	0	(200,000)	0	0
Fire Services	0	(100,000)	0	0
Street Capital Improvements	507,849	0	0	0
Refuse Funds	0	0	0	0
Other Governmental Funds	334,123	0	0	0
Other Enterprise Funds		0	40,000	0
Total All Funds	<u>\$841,972</u>	<u>(\$841,972)</u>	<u>\$40,000</u>	<u>(\$40,000)</u>

All other Enterprise Fund activity is shown on the Statement of Receipts, Disbursements and Changes in Fund Net Position – Proprietary Funds.

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfers out of the General Fund, Emergency Medical, and Fire Services into the Street Capital Improvements Fund and Other Governmental Funds were made to provide additional resources for current operations and street (capital) improvements throughout the City. The General Fund had an unpaid interfund cash advance, in the amount of \$40,000 for a short-term loan made to Refuse Fund. This is expected to be repaid to the General Fund.

**Note 12 – Fund Balances**

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

Fund Balances	General	Emergency Medical Services	Fire Services	Street Capital Improvements	Other Governmental Funds	Total
<b>Nonspendable</b>						
Unclaimed Monies	\$0	\$0	\$0	\$0	\$0	\$0
Permanent Endowment	0	0	0	0	15,581	15,581
<b>Total Nonspendable</b>	0	0	0	0	15,581	15,581
<b>Restricted for:</b>						
Emergency Medical Services	0	601,145	0	0	0	601,145
Fire Services	0	0	599,744	0	0	599,744
Drug Enforcement	0	0	0	0	471	471
Law Enforcement Trust	0	0	0	0	3,184	3,184
Federal Law Enforcement	0	0	0	0	3,485	3,485
Senior Citizens	0	0	0	0	211,723	211,723
DUI Education and Enforcement	0	0	0	0	6,271	6,271
Street Improvements	0	0	0	250,636	96,380	347,016
State Highway	0	0	0	0	31,840	31,840
Motor Vehicle License Tax	0	0	0	0	104,136	104,136
Permissive Tax	0	0	0	0	140,059	140,059
Street Lights	0	0	0	0	121,465	121,465
Capital Improvements	0	0	0	0	39,120	39,120
Debt Service	0	0	0	0	199	199
<b>Total Restricted</b>	0	601,145	599,744	250,636	758,333	2,209,858
<b>Assigned to:</b>						
Next Year's Budget	283,685	0	0	0	0	283,685
Capital Improvements	0	0	0	0	300,000	300,000
<b>Total Assigned</b>	283,685	0	0	0	300,000	583,685
<b>Unassigned (Deficit)</b>	769,510	0	0	0	(18,000)	751,510
<b>Total Fund Balance</b>	<u>\$1,053,195</u>	<u>\$601,145</u>	<u>\$599,744</u>	<u>\$250,636</u>	<u>\$1,055,914</u>	<u>\$3,560,634</u>

**Note 13 – Change in Accounting Basis Financial Statements Presentation**

In the prior year, the City reported financial statements commonly referred to as regulatory basis financial statements. In FY 2013, the City changed its accounting basis and is presenting financial

**City of Germantown, Ohio**  
**Notes to Basic Financial Statements**  
**For The Year Ended December 31, 2013**

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statements commonly referred to as OCBOA ([other comprehensive basis of accounting](#)) financial statements using a cash basis of accounting. This change required immaterial adjustments to the previously reported balances.

City of Germantown  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Receipts:				
Property Taxes	\$261,061	\$265,055	\$297,650	\$32,595
Income Taxes	924,887	939,037	1,054,514	115,477
Investment Earnings	27,470	27,890	31,320	3,430
Intergovernmental	218,883	222,231	249,560	27,329
Fines, Licenses & Permits	63,638	64,611	72,557	7,946
Other Receipts	307	312	350	38
<b>Total Receipts</b>	<b>1,496,246</b>	<b>1,519,136</b>	<b>1,705,951</b>	<b>186,815</b>
Disbursements:				
Current:				
General Government	416,545	592,083	530,311	61,772
Public Safety	673,648	963,328	862,668	100,660
Community Environment	53,866	74,547	66,598	7,949
Debt Service:				
Principal	811,115	811,115	811,115	0
Interest and Other Charges	34,217	34,217	34,217	0
<b>Total Disbursements</b>	<b>1,989,391</b>	<b>2,475,290</b>	<b>2,304,909</b>	<b>170,381</b>
Excess of Revenues Over (Under) Expenditures	(493,145)	(956,154)	(598,958)	357,196
Other Financing Sources (Uses):				
Issuance of Debt	182,187	184,974	207,721	22,747
Issuance of Short-Term Notes	604,304	613,550	689,000	75,450
Advances (Out)	(34,524)	(35,620)	(40,000)	(4,380)
Transfers (Out)	(467,782)	(590,411)	(541,972)	48,439
<b>Total Other Financing Sources (Uses)</b>	<b>284,185</b>	<b>172,493</b>	<b>314,749</b>	<b>142,256</b>
Net Change in Fund Balance	(208,960)	(783,661)	(284,209)	499,452
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,311,671	1,311,671	1,311,671	0
<b>Fund Balance End of Year</b>	<b>\$1,102,711</b>	<b>\$528,010</b>	<b>\$1,027,462</b>	<b>\$499,452</b>

See accompanying notes to the required supplementary information.

City of Germantown  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2013

	Emergency Medical Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Receipts:				
Charges for Services	222,634	\$222,634	\$172,272	(\$50,362)
Intergovernmental	\$412,902	\$412,902	\$319,500	(\$93,402)
Other Receipts	7,176	7,176	5,553	(1,623)
<b>Total Receipts</b>	<b>642,712</b>	<b>642,712</b>	<b>497,325</b>	<b>(145,387)</b>
Disbursements:				
Current:				
Public Safety	303,204	303,204	262,435	40,769
<b>Total Disbursements</b>	<b>303,204</b>	<b>303,204</b>	<b>262,435</b>	<b>40,769</b>
Excess of Revenues Over (Under) Expenditures	339,508	339,508	234,890	(104,618)
Other Financing Sources (Uses):				
Transfers (Out)	(231,070)	(231,070)	(200,000)	31,070
<b>Total Other Financing Sources (Uses)</b>	<b>(231,070)</b>	<b>(231,070)</b>	<b>(200,000)</b>	<b>31,070</b>
Net Change in Fund Balance	108,438	108,438	34,890	(73,548)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	549,609	549,609	549,609	0
<b>Fund Balance End of Year</b>	<b>\$658,047</b>	<b>\$658,047</b>	<b>\$584,499</b>	<b>(\$73,548)</b>

See accompanying notes to the required supplementary information.



City of Germantown  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2013

	Fire Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Receipts:				
Intergovernmental	\$351,101	\$351,101	\$387,000	\$35,899
Other Receipts	6,199	6,199	6,833	634
<b>Total Receipts</b>	<b>357,300</b>	<b>357,300</b>	<b>393,833</b>	<b>36,533</b>
Disbursements:				
Current:				
Public Safety	463,853	463,853	256,261	207,592
<b>Total Disbursements</b>	<b>463,853</b>	<b>463,853</b>	<b>256,261</b>	<b>207,592</b>
Excess of Revenues Over (Under) Expenditures	(106,553)	(106,553)	137,572	244,125
Other Financing Sources (Uses):				
Transfers (Out)	(181,008)	(181,008)	(100,000)	81,008
<b>Total Other Financing Sources (Uses)</b>	<b>(181,008)</b>	<b>(181,008)</b>	<b>(100,000)</b>	<b>81,008</b>
<b>Net Change in Fund Balance</b>	<b>(287,561)</b>	<b>(287,561)</b>	<b>37,572</b>	<b>325,133</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	549,015	549,015	549,015	0
<b>Fund Balance End of Year</b>	<b>\$261,454</b>	<b>\$261,454</b>	<b>\$586,587</b>	<b>\$325,133</b>

See accompanying notes to the required supplementary information.

**City of Germantown, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Ended December 31, 2013**

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**Note 1 – Budgetary Process**

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The City’s funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the program or budget center level for the General fund and the fund level for all other budgeted funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City. 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 issued during the year.

The appropriation 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 appropriation 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 Council during the year.

While the City is reporting financial position, results of operations and changes in fund balance on the modified cash basis of accounting, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and modified cash basis is as follows:

Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (modified cash).

The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the general fund.

	General	Emergency Medical Services	Fire Services
	<u>          </u>	<u>          </u>	<u>          </u>
Modified Cash Basis	(\$258,476)	\$51,536	\$50,729
Adjustment for Encumbrances	(25,733)	(16,646)	(13,157)
Budget Basis	<u><u>(\$284,209)</u></u>	<u><u>\$34,890</u></u>	<u><u>\$37,572</u></u>



# 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 Germantown  
Montgomery County  
75 North Walnut Street  
Germantown, Ohio 45327

To the Mayor and City Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Germantown, Montgomery County, (the City) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 28, 2016, wherein we noted the City uses a special purpose framework other than generally accepted accounting principles.

### ***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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2014-001 through 2014-004 to be material weaknesses.

***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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-004 through 2014-007.

***Entity's Response to Findings***

The City's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

***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.



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

October 28, 2016

**CITY OF GERMANTOWN  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

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

**FINDING NUMBER 2014-001**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and perform analytical procedures to determine the reasonableness of financial data.

In 2013 the City incorrectly posted General Fund receipts totaling \$207,721 to Issuance of Capital Related Debt instead of \$107,721 to Miscellaneous Receipts and \$100,000 to Sale of Capital Assets. Adjustments were posted to the accompanying financial statements to correct these errors.

In addition, other errors were noted in the Managements Discussion & Analysis, and various footnotes, which have been corrected.

Failure to properly report receipts could result in inaccurate financial statements. The Finance Director should implement procedures to ensure all receipts are properly reported on the financial statements.

**Officials' Response:**

There has been a change in management with a new City Manager and Finance Director and we are working on each of the items and creating policies and procedures throughout the finance department.

**FINDING NUMBER 2014-002**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The City did not accurately apply Governmental Accounting Standards Board (GASB) Statement number 54 (GASB Codification 1800) when classifying December 31, 2013 fund balances. These misclassifications to Other Governmental Funds are noted below:

- Ending Unassigned Fund Balance was understated by \$18,001
- Ending Assigned Fund Balance was understated by \$300,000
- Ending Restricted Balance was overstated \$281,999

Adjustments to correct the errors above are reflected in the financial statements and notes.

When fund balances are not accurately classified, City officials and management do not have accurate information as to the amount of fund balances that are restricted or assigned for specific purposes. The City should develop and implement procedures to ensure accurate accounting for year-end fund balances. The City should also review Auditor of State Bulletin 2011-004 for guidelines in classifying fund balances in accordance with GASB Statement number 54.

**Officials' Response:** There has been a change in management with a new City Manager and Finance Director and we are working on each of the items and creating policies and procedures throughout the finance department.

### FINDING NUMBER 2014-003

#### Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

In 2013 there were 1369 utility customer account debit and credit adjustments totaling (\$237,172). In 2014 there were 1065 utility customer account debit and credit adjustments totaling (\$213,468). Council did not approve utility adjustments during the audit period. Adjustments were approved verbally by the Municipal Manager.

Failure to obtain and document supervisory approval of adjustments increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

The City should develop specific, written procedures for requesting, posting, and approving customer utility account adjustments. All adjustments should be printed and signed by Council showing their approval of the adjustments at the monthly Council meetings. The City should maintain documentation supporting the reason for the adjustment and reflect supervisory approval prior to posting the adjustment to the utility system.

Periodically, an individual independent of the adjustment process should reconcile authorized adjustments to those posted to the utility system to verify only authorized adjustments were posted to the utility system.

**Officials' Response:** There has been a change in management with a new City Manager and Finance Director and we are working on each of the items and creating policies and procedures throughout the finance department.

### FINDING NUMBER 2014-004

#### Noncompliance and Material Weakness

Ohio Rev. Code § 5705.42 states, in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. Additionally, as Auditor of State Bulletin 2002-004 indicates, the City should record each direct payment of Ohio Public Works Commission (OPWC) monies to the contractor as a memo receipt and corresponding memo expenditure.

OPWC made payments on behalf of the City to vendors for a Water Fund project in the amount of \$982,889 during 2013 [\$245,722 grant and \$737,167 loan]. OPWC made payments on behalf of the City to vendors for a Sewer Fund project in the amount of \$141,358 during 2014 [\$49,913 grant and \$91,445 loan]. The City did not record all of this on-behalf activity as receipts or expenditures on its financial statements. The City also did not appropriate these amounts.

In 2013 the City posted OPWC loan proceeds in the amount of \$207,721 as Intergovernmental Revenue rather than Loan Proceeds in the Street Capital Improvement Fund.

Adjustments were posted to the accompanying financial statements to correct the above errors. Failure to properly post receipts and expenditures to the accounting system resulted in material misstatements relating to financial data. The Finance Director should implement procedures to ensure all receipts and expenditures are properly posted.

**FINDING NUMBER 2014-004  
 (Continued)**

**Officials' Response:** There has been a change in management with a new City Manager and Finance Director and we are working on each of the items and creating policies and procedures throughout the finance department.

**FINDING NUMBER 2014-005**

**Noncompliance**

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Admin. Code 117-2-03 further clarifies the requirements of Ohio Rev. Code 117.38.

Ohio Admin. Code Section 117-2-03 (B) requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America. The accompanying financial statements omit certain assets, liabilities, fund equities, and disclosure that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City. As such, the City should prepare its annual financial report in accordance with generally accepted accounting principles.

**Officials' Response:** There has been a change in management with a new City Manager and Finance Director and we are working on each of the items and creating policies and procedures throughout the finance department.

**FINDING NUMBER 2014-006**

**Noncompliance**

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund.

The City had negative fund balances as follows:

FUND	MONTH END	FUND BALANCE
250 Street Capital Improvement Fund	June 2013	(\$10,617)
365 Warren St. Reconstruction Fund	June 2013	(722)
401 Hickory Point TIF District	June 2013	(14,561)
612 Water Fund	June 2013	(373,749)
357 S. Butter St. San Sewer	December 2013	(1,236)
522 Police Levy	December 2013	(18,001)
612 Water Fund	December 2013	(148,481)
357 S. Butter St. San Sewer	August 2014	(1,236)
624 Refuse Fund	August 2014	(54,476)
357 S. Butter St. San Sewer	December 2014	(1,236)
398 Weaver Rd Water Line	December 2014	(2,256)

The City should develop and implement procedures to monitor cash fund balances to avoid negative cash fund balances. When expenditures are anticipated to temporarily exceed available resources, the City should consider a transfer or advance from the General Fund.

**FINDING NUMBER 2014-006  
(Continued)**

**Officials' Response:** There has been a change in management with a new City Manager and Finance Director and we are working on each of the items and creating policies and procedures throughout the finance department.

**FINDING NUMBER 2014-007**

**Noncompliance**

Germantown Income Tax Ordinance § 181.05(a) states that each person 18 years of age or older who engages in business or other activity or whose income, salary, wage, commission or other compensation is subject to the tax imposed by this chapter, shall, whether or not a tax be due thereon, make and file a return on or before April 30 of the year following the effective date of this chapter, and on or before April 30 of each year thereafter.

We selected 15 residents with utility accounts (Water, Sewer and Sanitation) to verify that required tax returns had been filed. There was no indication that three of these residents filed their tax returns for 2013 and 2014. Further, the City did not implement procedures to verify that all qualifying residents filed an income tax return pursuant to Ordinance Section 181.05(a).

Procedures, such as comparing the income tax returns received to the utility customer listing or state income tax listing should be implemented to verify that all residents file returns by the April deadline. Implementation of such procedures would help detect tax evasions and delinquencies and should increase the tax revenue for the City.

**Officials' Response:** There has been a change in management with a new City Manager and Finance Director and we are working on each of the items and creating policies and procedures throughout the finance department.



**CITY OF GERMANTOWN  
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Financial Statement Posting Errors	No	Partially Corrected – Reissued as Findings 2014-001, 2014-002 and 2014-004
2012-002	Failure to properly reconcile monthly and perform close out procedures	Yes	
2012-003	Failure to properly post local government funding, estate tax and cable franchise fees.	Yes	
2012-004	Failure to prepare GAAP financial statements	No	Not Corrected – Reissued as Finding 2014-005
2012-005	Failure to ensure all residents submit required tax returns	No	Not Corrected – Reissued as Finding 2014-007
2012-006	Ohio Rev. Code Section 5705.41(D) Proper Encumbering	Yes	
2012-007	Ohio Rev. Code Section 5705.10(H) Negative Cash Fund Balances	No	Not Corrected – Reissued as Finding 2014-006.
2012-008	Ohio Rev. Code Section 5705.41(B) Expenditures exceeding Appropriations	No	Reissued as a Management Letter Comment

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# Dave Yost • Auditor of State

**CITY OF GERMANTOWN**

**MONTGOMERY COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 15, 2016**