



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CENTERVILLE, OHIO

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018**

***THE CITY OF CENTERVILLE,
OHIO***

MONTGOMERY AND GREENE COUNTIES

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
December 31, 2018

Prepared by:
Department of Finance

Tyler Roark, CPA
Director of Finance



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MONTGOMERY AND GREENE COUNTIES, OHIO

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Introductory Section





Brooks A. Compton, Mayor
Wayne S. Davis, City Manager

August 29, 2019

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

We are pleased to present the City of Centerville (the City) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2018. The responsibility for both the accuracy of the presented data, and the completeness and fairness of presentation, including all disclosures, rests with the management of the City, particularly the office of the Finance Director. This report is prepared in conformance with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. We believe the data is fairly presented in all material aspects and that it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial affairs have been included.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

THE CITY

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

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

Economic Condition and Outlook

The City has a population of 23,999 according to the U.S. Census Bureau's 2010 census and is home to approximately 800 businesses across a variety of sectors.

Over the past decade, Centerville has experienced an uptick in residential development across housing products. This includes single-family homes in Yankee Trace and new developments like the Grove and Woodland Greens. More recently, the multi-family developments like the Allure and Gateway Lofts apartments have emerged to provide additional housing options. The City has also experienced investment from independent and senior living developers like Randall Residence.

Built on a diversified base of small businesses, Centerville is well positioned for the future. Several major employers announced or completed significant investments in recent years, including Miami Valley Hospital, which completed a \$60 million expansion that added 100 new jobs and 170,000 square feet to the hospital, and Bethany Lutheran Village which invested \$42 million into their retirement community.

Additionally, the City continues to see a healthy and vibrant commercial and retail corridor in the Architectural Preservation District (APD) or "Uptown Centerville" area along State Routes 48 and 725. Beginning in 2019, the City initiated a visioning process for the APD, which resulted in an action plan addressing issues like walkability, traffic, business development, branding, and events. Approved as an amendment to the *Create the Vision* comprehensive plan, City staff will be looking for opportunities to implement the strategies outlined in the Uptown Action Plan.

The City continues to promote development of the Cornerstone of Centerville, a 200-acre mixed-used development. Anchored by Costco, Kroger, and Cabela's, the development has continued to benefit from additional retail and restaurant tenants occupying spaces in the Village of Cornerstone. These include first-in-region eateries like Cheddars, CoreLife, and Bagger Dave's, as well as a 12,500 square foot Cooper's Hawk Winery and Restaurant set to open in August 2019. In addition, Home 2 Suites opened a 100-room hotel in October 2018, allowing Cornerstone of Centerville to host visitors from all across the Dayton region.

In 2019, the City reiterated its focus on incentivizing redevelopment of existing commercial property through its Community Reinvestment Area (CRA) program. The CRA provides an incentive for property owners and developers to reinvest in the City by granting a temporary property tax abatement on the increase in value that results from the renovation or expansion of existing buildings and the construction of new structures. The CRA program fosters reinvestment in the developed areas of our city and promotes the long-term health of our residential neighborhoods and businesses.

Looking toward the future, the City is poised to sustain and likely increase its 2018 level of commercial development and redevelopment. The City will continue to leverage the assets available through the *BusinessFirst!* regional business retention and expansion (BRE) program, and provide resources to the existing companies in the community. According to the International Economic Development Council (IEDC), 80-90 percent of the job growth in your community comes from expansion of existing businesses. In 2018, the City partnered with local, regional, and state-level resource partners to assist existing businesses to access financial resources, optimize operations, train workers, and create and retain jobs.

***Letter of Transmittal
For the Year Ended December 31, 2018***

Major Initiatives

- Development of Cornerstone of Centerville
- Implementation of the Uptown Action Plan
- The municipal property tax rate remained at its lowest rate for the 40th consecutive year.
- The City maintained its municipal bond rating of Aa2 from Moody's Investor Services. This rating helps to lower the interest rate on any future bonds the City may issue.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance of the following:

1. The City's assets are protected against loss and unauthorized use or disposition.
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation.
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Finance Department.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

The City adopts an annual budget before December 31 for the upcoming fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is adopted at the department level for the General Fund and the Golf Course Operating Fund at the personnel and non-personnel classifications, and at the fund level at the personnel and non-personnel classifications for remaining City funds. Any modifications to a fund's appropriations require approval of City Council. Lower levels within each department or fund are accounted for and reported internally. Such lower levels are referred to as objects of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year, which coincides with the calendar year. In addition, a five-year capital improvement program is adopted on an annual basis. This program serves as a plan for long-range infrastructure improvements and capital purchases.

***Letter of Transmittal
For the Year Ended December 31, 2018***

OTHER INFORMATION

Independent Audit

State statute requires an annual audit by the State Auditor's Office or, at the State Auditor's discretion, by an independent certified public accounting firm. The City and the State Auditor's Office selected the firm of Plattenburg & Associates, Inc. to perform the 2018 audit of the City. Plattenburg & Associates, Inc. issued an unmodified ("clean") opinion on the City of Centerville's financial statements for the year ended December 31, 2018. The opinion of the Auditor appears in the financial section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Centerville, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2017. This was the 18th consecutive year that Centerville has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility.

Acknowledgements

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

Respectfully submitted,

Wayne S. Davis
Wayne S. Davis
City Manager

Tyler Roark
Tyler Roark, CPA
Finance Director

CITY OF CENTERVILLE, OHIO

***List of Principal Officials
For the Year Ended December 31, 2018***

ELECTED OFFICIALS

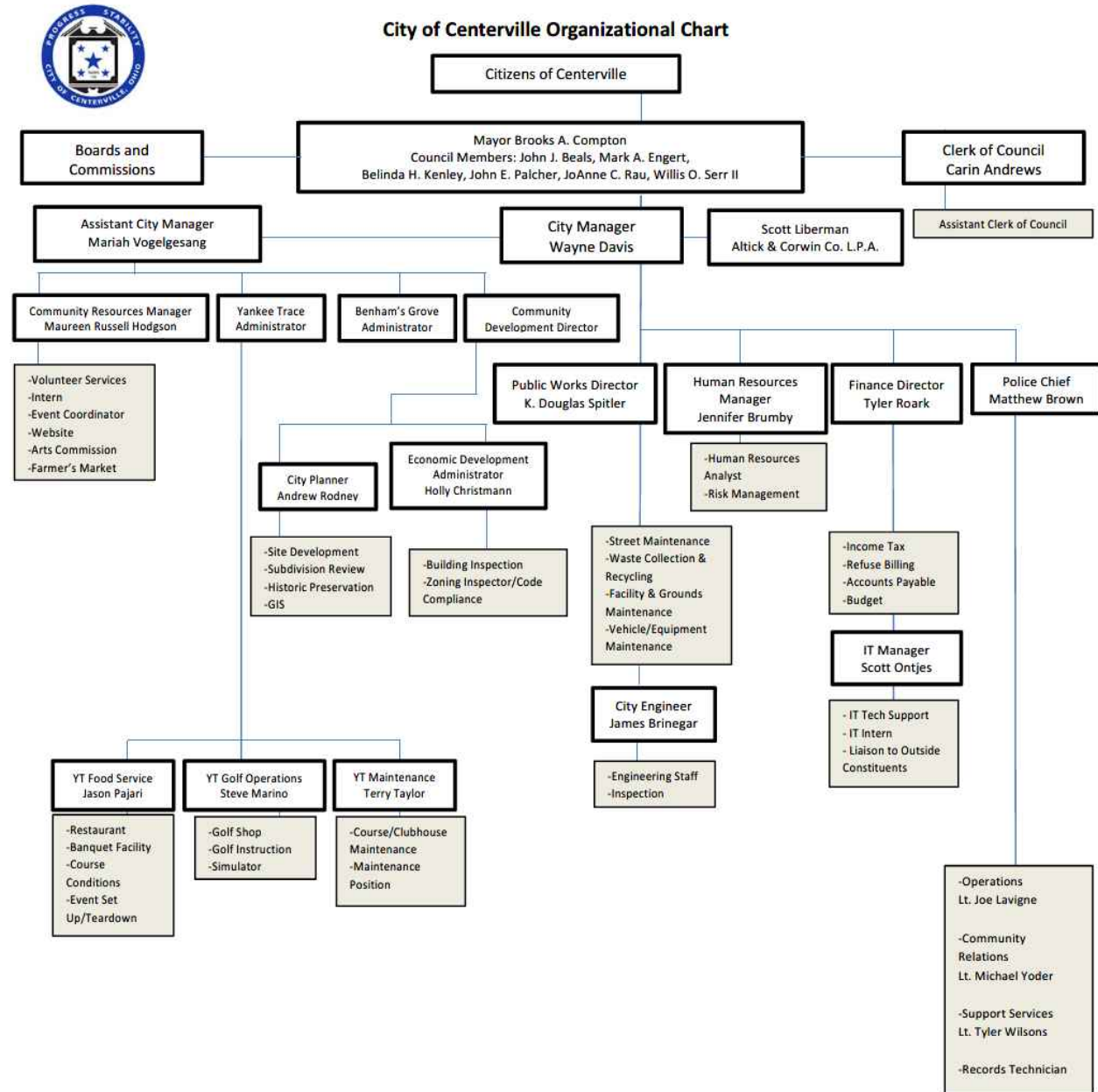
Mayor and Councilmember	Brooks A. Compton
Deputy Mayor and Councilmember.....	Belinda S. Kenley
Councilmember.....	Mark A. Engert
Councilmember.....	John J. Beals
Councilmember.....	Willis O. Serr
Councilmember.....	John E. Palcher
Councilmember.....	JoAnne C. Rau

APPOINTED OFFICIALS

City Manager	Wayne S. Davis
Clerk of Council.....	Carin R. Andrews
Chief of Police	Matt Brown
Finance Director	Tyler Roark
Public Works Director	K. Douglas Spitler
City Engineer	James G. Brinegar
City Planner	Andrew E. Rodney
Economic Development Administrator	Holly Christmann
Information Technology Manager	Scott R. Ontjes
Head Golf Professional	Steven T. Marino
Golf Maintenance Superintendent	Terry L. Taylor
Director of Food Service.....	Jason M. Pajari
Human Resources Manager	Jennifer Brumby
Assistant City Manager.....	Mariah Vogelgesang

CITY OF CENTERVILLE, OHIO

**City Organizational Chart
For the Year Ended December 31, 2018**



**Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting**



Government Finance Officers Association

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

Presented to

**City of Centerville
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO



Financial Section





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, Ohio (the City) as of and for the year ended December 31, 2018, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for General Fund and Street Construction and Maintenance Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension information and other postemployment information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2019, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.

Plattenburg & Associates, Inc.

Dayton, Ohio
August 29, 2019



***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

Management's discussion and analysis of the City of Centerville's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2018. The intent of management's discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

- ❑ In total, net position increased \$3.9 million. Net position of governmental activities increased \$2.8 million which represents a 4.8% increase from 2017. Net position of business-type activities increased \$1 million or 6.2 % from 2017.
- ❑ General revenues accounted for \$22.9 million in revenue or 74.9% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for 25.1% of total revenues of \$30.6 million.
- ❑ Total net position of governmental activities increased by \$2.8 million in total. Both revenues and expenses increased from 2017. Income tax collections continued to increase in 2018 and helped to offset the increase in expenses resulting in the increased net position.
- ❑ The City had \$22.2 million in expenses related to governmental activities; \$2.8 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes) of \$22.9 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$22.7 million in revenues and \$19.1 million in expenditures and other financing uses. The general fund's fund balance increased \$3.5 million.
- ❑ Net position for enterprise funds increased by \$1 million. Both revenues and expenses decreased from 2017. Additional transfers from governmental activities and the surplus of revenues over expenses accounted for the increase in 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information* and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities and deferred inflows/outflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position (the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's program's and services are reported here including police, street maintenance, parks and recreation and general administration.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's waste collection and golf course are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF CENTERVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match with the exception of enterprise funds' share of internal service allocation on the business-type activities statement.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary balances are reported in the separate Statement of Assets and Liabilities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2018 compared to 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
	Current and other assets	\$42,848,975	\$38,947,508	\$2,621,117	\$2,289,198	\$45,470,092
Capital assets, Net	60,909,841	59,299,483	18,147,568	17,872,991	79,057,409	77,172,474
Total assets	<u>103,758,816</u>	<u>98,246,991</u>	<u>20,768,685</u>	<u>20,162,189</u>	<u>124,527,501</u>	<u>118,409,180</u>
Deferred Outflows of Resources	3,630,561	4,422,317	462,869	1,029,880	4,093,430	5,452,197
Net Pension Liability	13,882,070	16,288,289	1,542,472	2,276,677	15,424,542	18,564,966
Net OPEB Liability	11,753,894	10,138,757	1,087,616	1,011,200	12,841,510	11,149,957
Long-term debt outstanding	13,312,728	14,478,359	62,250	990,387	13,374,978	15,468,746
Other liabilities	2,248,282	1,216,114	737,054	552,654	2,985,336	1,768,768
Total liabilities	<u>41,196,974</u>	<u>42,121,519</u>	<u>3,429,392</u>	<u>4,830,918</u>	<u>44,626,366</u>	<u>46,952,437</u>
Deferred Inflows of Resources	4,712,510	1,908,896	450,165	24,866	5,162,675	1,933,762
Net investment in capital assets	47,644,077	46,043,736	18,147,568	17,190,452	65,791,645	63,234,188
Restricted	10,084,968	10,502,230	0	351,200	10,084,968	10,853,430
Unrestricted	3,750,848	2,092,927	(795,571)	(1,205,367)	2,955,277	887,560
Total net position	<u>\$61,479,893</u>	<u>\$58,638,893</u>	<u>\$17,351,997</u>	<u>\$16,336,285</u>	<u>\$78,831,890</u>	<u>\$74,975,178</u>

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from \$68,719,715 to \$58,638,893 for Governmental Activities and from \$17,334,262 to \$16,336,285 for Business-type Activities.

CITY OF CENTERVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Unaudited

Changes in Net Position – The following table shows the changes in net position for 2018 compared to 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services and Sales	\$1,217,726	\$1,283,838	\$4,874,999	\$5,117,750	\$6,092,725	\$6,401,588
Operating Grants and Contributions	1,040,535	1,198,160	0	0	1,040,535	1,198,160
Capital Grants and Contributions	541,532	17,035	0	0	541,532	17,035
Total Program Revenues	2,799,793	2,499,033	4,874,999	5,117,750	7,674,792	7,616,783
General revenues:						
Income Taxes	18,995,065	17,441,959	0	0	18,995,065	17,441,959
Property Taxes	1,506,251	1,402,517	0	0	1,506,251	1,402,517
Payment in Lieu of Taxes	1,030,405	678,145	0	0	1,030,405	678,145
Intergovernmental, unrestricted	1,069,691	1,231,456	0	0	1,069,691	1,231,456
Investment Earnings	205,005	248,138	27,353	18,560	232,358	266,698
Miscellaneous	62,397	288,393	0	53,228	62,397	341,621
Total General Revenues	22,868,814	21,290,608	27,353	71,788	22,896,167	21,362,396
Total Revenues	25,668,607	23,789,641	4,902,352	5,189,538	30,570,959	28,979,179
Program Expenses						
General Government	5,704,742	5,436,245	0	0	5,704,742	5,436,245
Public Safety	8,613,827	8,035,874	0	0	8,613,827	8,035,874
Community Development	303,734	300,901	0	0	303,734	300,901
Recreation	226,152	260,331	0	0	226,152	260,331
Transportation	6,939,137	5,737,482	0	0	6,939,137	5,737,482
Interest and Fiscal Charges	425,015	441,147	0	0	425,015	441,147
Waste Collection	0	0	1,434,443	1,350,813	1,434,443	1,350,813
Golf Course	0	0	3,067,197	3,403,774	3,067,197	3,403,774
Total Expenses	22,212,607	20,211,980	4,501,640	4,754,587	26,714,247	24,966,567
Change in Net Position before transfers	3,456,000	3,577,661	400,712	434,951	3,856,712	4,012,612
Transfers	(615,000)	(100,000)	615,000	100,000	0	0
Total Change in Net Position	2,841,000	3,477,661	1,015,712	534,951	3,856,712	4,012,612
Beginning Net Position, Restated	58,638,893	N/A	16,336,285	N/A	74,975,178	N/A
Ending Net Position	\$61,479,893	\$58,638,893	\$17,351,997	\$16,336,285	\$78,831,890	\$74,975,178

***Management’s Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

Governmental Activities

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$57,935 for Governmental Activities and \$13,224 for Business-type Activities computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$939,021 for Governmental Activities and \$90,348 for Business-type Activities.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2018 program expenses under GASB 75	\$22,212,607	\$4,501,640
OPEB expense under GASB 75	(939,021)	(90,348)
2018 contractually required contribution	18,052	0
Adjusted 2018 program expenses	21,291,638	4,411,292
Total 2017 program expenses under GASB 45	20,211,980	4,754,587
Change in program expenses not related to OPEB	\$1,079,658	(\$343,295)

Net position of the City’s governmental activities increased by \$2,841,000. Revenues increased by \$1,878,966 in 2018 compared to 2017 and expenses and transfers increased by \$2,515,627. Increases in income taxes and revenues in lieu of taxes accounted for the majority of the revenue increase. Income tax increases are mostly due to withholdings and individuals as the second year of the 0.50% income tax rate increase saw the first full tax year of collections. 2018 was the second year of receiving payment in lieu of tax revenue from the Cornerstone Tax Increment Financing (TIF) district. Transportation expenses increased by \$1,201,655 in 2018, which accounted for roughly half of the increase in overall expenses. As a result of the 0.50% income tax rate mentioned above, the City committed to an increase in infrastructure investment through the Annual Street and Sidewalk Resurfacing Program, which is included in the five-year Capital Improvement Program (CIP).

The City receives an income tax, which is based on 2.25% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

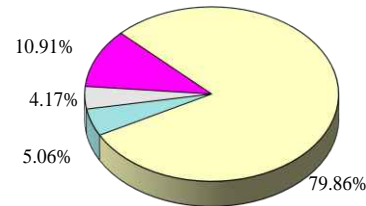
CITY OF CENTERVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Unaudited

Property taxes and income taxes made up 5.9% and 74% respectively of revenues for governmental activities for the City in 2018. The City's reliance upon tax revenues is demonstrated by the following graph indicating 79.86% of total revenues from general tax revenues:

Revenue Sources	2018	Percent of Total
Intergovernmental, unrestricted	\$1,069,691	4.17%
Program Revenues	2,799,793	10.91%
General Tax Revenues	20,501,316	79.86%
General Other	1,297,807	5.06%
Total Revenue	\$25,668,607	100.00%



Business-Type Activities

Net position of the business-type activities increased by \$1,015,712. This increase was the result revenues outpacing expenses due in part to the Golf Course debt being retired in 2018 combined with increased transfers from governmental activities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$29,023,549, which is an increase from last year's balance of \$25,441,741. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2018 and 2017:

	Fund Balance December 31, 2018	Fund Balance December 31, 2017	Increase (Decrease)
General	\$20,936,840	\$17,397,598	\$3,539,242
Street Construction and Maintenance	1,511,850	1,454,947	56,903
Special Assessment Debt Retirement	471,977	461,193	10,784
Capital Improvement	3,532,937	3,394,187	138,750
Other Governmental	2,569,945	2,733,816	(163,871)
Total	\$29,023,549	\$25,441,741	\$3,581,808

General Fund – The City's General Fund balance increase is due mainly to increased income tax revenue collections per the 0.50% income rate increased passed by the voters. 2018 experienced the first full year of realizing income tax collections at the new 2.25% rate. General Fund expenses also increased but at a much lower percentage than the revenue increase.

CITY OF CENTERVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Unaudited

	2018 <u>Revenues</u>	2017 <u>Revenues</u>	Increase <u>(Decrease)</u>
Property and Other Taxes	\$1,499,340	\$1,412,843	\$86,497
Income Taxes	19,226,039	17,979,905	1,246,134
Charges for Services	629,197	648,371	(19,174)
Investment Earnings	92,215	137,671	(45,456)
Intergovernmental Revenue	749,285	735,472	13,813
Special Assessments	3,542	4,590	(1,048)
Fines, Licenses and Permits	456,161	626,319	(170,158)
All Other Revenue	0	51,915	(51,915)
Total	<u>\$22,655,779</u>	<u>\$21,597,086</u>	<u>\$1,058,693</u>

General Fund revenues increased compared with 2017 levels. The increase in income tax revenues of \$1,246,134 more than offset the decreases in the majority of the other revenue categories. Property taxes also increased approximately 6.10% or \$86,497 in 2018 due to a 5.60% increase in assessed valuation in the City for the 2017 tax year collected in 2018.

	2018 <u>Expenditures</u>	2017 <u>Expenditures</u>	Increase <u>(Decrease)</u>
General Government	\$4,603,232	\$4,373,367	\$229,865
Public Safety	7,062,326	6,708,867	353,459
Community Development	262,640	264,579	(1,939)
Recreation	153,430	183,387	(29,957)
Capital Outlay	373,898	142,194	231,704
Total	<u>\$12,455,526</u>	<u>\$11,672,394</u>	<u>\$783,132</u>

General Fund expenditures increased by \$783,132 or 6.7% over the prior year predominantly due to increased costs in the security of persons, general government and capital outlay functions. The City continues to place an emphasis on increased funding in capital infrastructure per the five-year Strategic Plan adopted by City Council.

Street Construction and Maintenance Fund – The fund increased in 2018 primarily due to slightly lower expenditures in 2018. The SCM&R Fund is partially supported by the General Fund each year through transfers.

Special Assessment Debt Retirement Fund – This fund is used to account for the receipt of special assessment collections and subsequent payment of principal and interest on the special assessment debt. This fund experiences minimal variability on a yearly basis, as was the case with 2018.

Capital Improvement Fund - The fund balance of this fund will vary from year to year based upon the City's capital project schedules. The General Fund provides transfers each year to make sure funding is adequate to complete the projects. The change in fund balance for 2018 was minimal.

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

CITY OF CENTERVILLE, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

During the course of 2018 the City amended its General Fund budget one time, which was not significant.

For the General Fund, final budget basis revenue of \$20.08 million did not change from the original budget estimates. The General Fund had an adequate fund balance to cover all expenditures.

The large variances between budgeted and actual expenditures represent fiscally conservative spending and budgeting practices for the City.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018 the City had \$79,057,409 net of accumulated depreciation invested in land, buildings and improvements, equipment and infrastructure. Of this total, \$60,909,841 was related to governmental activities and \$18,147,568 to the business-type activities. The following table shows 2018 and 2017 balances:

	Governmental Activities		Changes
	2018	2017	
Land	\$8,090,850	\$7,893,295	\$197,555
Total Non-Depreciable Capital Assets	8,090,850	7,893,295	197,555
Buildings and Improvements	14,709,015	14,560,859	148,156
Equipment	11,934,357	10,992,876	941,481
Infrastructure	78,181,423	74,427,827	3,753,596
Less: Accumulated Depreciation	(52,005,804)	(48,575,374)	(3,430,430)
Total Depreciable Capital Assets, Net	52,818,991	51,406,188	1,412,803
Totals	\$60,909,841	\$59,299,483	\$1,610,358

	Business-Type Activities		Changes
	2018	2017	
Land	\$15,098,026	\$15,098,026	\$0
Total Non-Depreciable Capital Assets	15,098,026	15,098,026	0
Buildings and Improvements	4,292,238	4,037,103	255,135
Equipment	3,243,210	2,966,395	276,815
Less: Accumulated Depreciation	(4,485,906)	(4,228,533)	(257,373)
Total Depreciable Capital Assets, Net	3,049,542	2,774,965	274,577
Totals	\$18,147,568	\$17,872,991	\$274,577

The primary increase occurred in infrastructure and equipment for governmental activities. The City's Annual Street and Sidewalk Resurfacing Program accounted for the majority of the increase in infrastructure. The increase in equipment is predominantly the result of the Fiber Ring project, a computer aided dispatch system, and the software upgrades such as the City's new Enterprise Resource Planning (ERP) system. Driving range improvements and the new indoor Simulator room at the Yankee Trace golf course, and a new refuse packer truck for waste collection accounted for the majority of the increase in business-type activities.

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

Debt

At December 31, 2018, the City had \$13.34 million in bonds and loans outstanding, \$606,633 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2018 and 2017:

	<u>2018</u>	<u>Restated 2017</u>
Governmental Activities:		
General Obligation Bonds	\$8,195,357	\$8,414,010
Special Assessment Bonds	4,317,949	4,639,568
OPWC Loans	831,150	478,570
Net Pension Liability	13,882,070	16,288,289
Net OPEB Liability	11,753,894	10,138,757
Compensated Absences	858,068	946,211
Total Governmental Activities	<u>39,838,488</u>	<u>40,905,405</u>
Business-Type Activities:		
General Obligation Bonds	0	817,073
Net Pension Liability	1,542,472	2,276,677
Net OPEB Liability	1,087,616	1,011,200
Compensated Absences	162,062	173,314
Total Business-Type Activities	<u>2,792,150</u>	<u>4,278,264</u>
Totals	<u>\$42,630,638</u>	<u>\$45,183,669</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Centerville lies, is limited to ten mills. At December 31, 2018, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The City's budget for 2019 is very conservative and guided by the five-year Strategic Plan. The City has a solid residential and business tax base, which continues to grow and expand, and our income tax revenue has increased significantly and projects to increase again in 2019. The 2019 expenditures increased from 2018 levels mainly due to an increase in capital projects and infrastructure improvements as per City Council's direction in the five-year strategic plan. City Council wants to continue to maintain the current service levels to the residents of the City and they will continue to monitor the revenue stream for 2019 and if necessary, adjust expenditures accordingly.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 937-433-7151 or writing to City of Centerville Finance Department, 100 West Spring Valley Road, Centerville, Ohio 45458.



CITY OF CENTERVILLE, OHIO

**Statement of Net Position
December 31, 2018**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$ 28,840,337	\$ 2,258,488	\$ 31,098,825
Receivables:			
Taxes	6,223,698	0	6,223,698
Accounts	78,139	232,329	310,468
Intergovernmental	804,442	0	804,442
Interest	94,248	0	94,248
Special Assessments	6,698,249	0	6,698,249
Internal Balances	(15,867)	15,867	0
Inventory of Supplies at Cost	99,722	106,276	205,998
Prepaid Items	26,007	8,157	34,164
Non-Depreciable Capital Assets	8,090,850	15,098,026	23,188,876
Depreciable Capital Assets, Net	52,818,991	3,049,542	55,868,533
Total Assets	103,758,816	20,768,685	124,527,501
Deferred Outflows of Resources:			
Deferred Charge on Refunding	78,692	0	78,692
Pension	2,447,316	382,557	2,829,873
OPEB	1,104,553	80,312	1,184,865
Total Deferred Outflows of Resources	3,630,561	462,869	4,093,430
Liabilities:			
Accounts Payable	1,012,454	17,649	1,030,103
Accrued Wages and Benefits Payable	230,819	27,662	258,481
Intergovernmental Payable	48,089	30,091	78,180
Claims Payable	30,642	0	30,642
Deposit Liability	0	211,918	211,918
Unearned Revenue	0	349,922	349,922
Accrued Interest Payable	36,482	0	36,482
Noncurrent liabilities:			
Due within one year	889,796	99,812	989,608
Due in more than one year:			
Net Pension Liability	13,882,070	1,542,472	15,424,542
Net OPEB Liability	11,753,894	1,087,616	12,841,510
Other Amounts	13,312,728	62,250	13,374,978
Total Liabilities	41,196,974	3,429,392	44,626,366
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,478,589	0	2,478,589
Pension	1,881,471	369,145	2,250,616
OPEB	352,450	81,020	433,470
Total Deferred Inflows of Resources	4,712,510	450,165	5,162,675

CITY OF CENTERVILLE, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	47,644,077	18,147,568	65,791,645
Restricted For:			
Capital Projects	244,386	0	244,386
Debt Service	7,332,710	0	7,332,710
Street Improvements	1,886,418	0	1,886,418
Public Safety	621,454	0	621,454
Unrestricted	3,750,848	(795,571)	2,955,277
Total Net Position	<u>\$ 61,479,893</u>	<u>\$ 17,351,997</u>	<u>\$ 78,831,890</u>

See accompanying notes to the basic financial statements

CITY OF CENTERVILLE, OHIO

**Statement of Activities
For the Year Ended December 31, 2018**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 5,704,742	\$ 786,766	\$ 0	\$ 55,018
Public Safety	8,613,827	115,387	0	0
Community Development	303,734	0	0	0
Recreation	226,152	157,804	0	44,229
Transportation	6,939,137	157,769	1,040,535	442,285
Interest and Fiscal Charges	425,015	0	0	0
Total Governmental Activities	<u>22,212,607</u>	<u>1,217,726</u>	<u>1,040,535</u>	<u>541,532</u>
Business-Type Activities:				
Waste Collection	1,434,443	1,339,257	0	0
Golf Course	3,067,197	3,535,742	0	0
Total Business-Type Activities	<u>4,501,640</u>	<u>4,874,999</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 26,714,247</u>	<u>\$ 6,092,725</u>	<u>\$ 1,040,535</u>	<u>\$ 541,532</u>

General Revenues:

Income Taxes
Property Taxes Levied for General Purposes
Unrestricted Shared Revenues
Revenue in Lieu of Taxes
Investment Earnings
Other Revenues
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year, Restated
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF CENTERVILLE, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,862,958)	\$ 0	\$ (4,862,958)
(8,498,440)	0	(8,498,440)
(303,734)	0	(303,734)
(24,119)	0	(24,119)
(5,298,548)	0	(5,298,548)
(425,015)	0	(425,015)
<u>(19,412,814)</u>	<u>0</u>	<u>(19,412,814)</u>
0	(95,186)	(95,186)
0	468,545	468,545
0	373,359	373,359
<u>(19,412,814)</u>	<u>373,359</u>	<u>(19,039,455)</u>
18,995,065	0	18,995,065
1,506,251	0	1,506,251
1,069,691	0	1,069,691
1,030,405	0	1,030,405
205,005	27,353	232,358
62,397	0	62,397
(615,000)	615,000	0
<u>22,253,814</u>	<u>642,353</u>	<u>22,896,167</u>
2,841,000	1,015,712	3,856,712
58,638,893	16,336,285	74,975,178
<u>\$ 61,479,893</u>	<u>\$ 17,351,997</u>	<u>\$ 78,831,890</u>

CITY OF CENTERVILLE, OHIO

**Balance Sheet
Governmental Funds
December 31, 2018**

	General	Street Construction and Maintenance	Special Assessment Debt Retirement	Capital Improvements
Assets:				
Equity in Pooled Cash and Investments	\$ 19,290,235	\$ 1,344,479	\$ 471,977	\$ 3,965,423
Receivables:				
Taxes	5,073,698	0	0	0
Accounts	78,139	0	0	0
Intergovernmental	256,902	488,186	0	19,772
Interest	94,248	0	0	0
Special Assessments	0	0	6,698,249	0
Interfund Receivable	4,044	0	0	0
Inventory of Supplies, at Cost	3,470	74,373	0	0
Prepaid Items	24,641	1,366	0	0
Total Assets	\$ 24,825,377	\$ 1,908,404	\$ 7,170,226	\$ 3,985,195
Liabilities:				
Accounts Payable	\$ 106,230	\$ 18,593	\$ 0	\$ 432,486
Accrued Wages and Benefits Payable	191,724	39,095	0	0
Intergovernmental Payable	26,100	1,900	0	0
Total Liabilities	324,054	59,588	0	432,486
Deferred Inflows of Resources:				
Unavailable Amounts	2,235,894	336,966	6,698,249	19,772
Property Tax Levy for Next Fiscal Year	1,328,589	0	0	0
Total Deferred Inflows of Resources	3,564,483	336,966	6,698,249	19,772
Fund Balances:				
Nonspendable	28,111	75,739	0	0
Restricted	0	1,436,111	471,977	0
Assigned	255,543	0	0	3,532,937
Unassigned	20,653,186	0	0	0
Total Fund Balances	20,936,840	1,511,850	471,977	3,532,937
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,825,377	\$ 1,908,404	\$ 7,170,226	\$ 3,985,195

See accompanying notes to the basic financial statements

CITY OF CENTERVILLE, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 2,727,523	\$ 27,799,637
1,150,000	6,223,698
0	78,139
39,582	804,442
0	94,248
0	6,698,249
0	4,044
21,879	99,722
0	26,007
<u>\$ 3,938,984</u>	<u>\$ 41,828,186</u>
\$ 171,629	\$ 728,938
0	230,819
20,089	48,089
<u>191,718</u>	<u>1,007,846</u>
27,321	9,318,202
1,150,000	2,478,589
<u>1,177,321</u>	<u>11,796,791</u>
21,879	125,729
1,310,050	3,218,138
1,329,061	5,117,541
(91,045)	20,562,141
<u>2,569,945</u>	<u>29,023,549</u>
<u>\$ 3,938,984</u>	<u>\$ 41,828,186</u>

CITY OF CENTERVILLE, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2018***

Total Governmental Fund Balances		\$ 29,023,549
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		
Capital Assets used in the operation of Governmental Funds	59,572,870	
Capital Assets used in the operation of Internal Service Funds	1,336,971	
Capital Assets used in the operation of Governmental Activities		60,909,841
 Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		
Income Taxes Receivable - accrual basis	1,975,337	
Property Taxes Receivable - accrual basis	18,630	
Special Assessments Receivable - accrual basis	6,698,249	
Interest Receivable - accrual basis	56,887	
Grants Receivable - accrual basis	569,099	
Total		9,318,202
 Internal service funds are used by management to charge back costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities statement of net position.		
Internal service net position	2,063,513	
Capital assets used in the operation of Internal Service Funds	(1,336,971)	
Allocation to Business-Type Activities	(19,911)	
		706,631
 The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liability and related deferred inflows / outflows are not reported in governmental funds:		
Deferred Outflows - Pension	2,447,316	
Deferred Outflows - OPEB	1,104,553	
Deferred Inflows - Pension	(1,881,471)	
Deferred Inflows - OPEB	(352,450)	
Net Pension Liability	(13,882,070)	
Net OPEB Liability	(11,753,894)	
Total		(24,318,016)
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Amounts Due Within One Year	(889,796)	
Amounts Due in More Than One Year	(13,312,728)	
Accrued Interest on Long-Term Debt	(36,482)	
Deferred Charge on Debt Refunding	78,692	
Total		(14,160,314)
 <i>Net Position of Governmental Activities</i>		 <u><u>\$ 61,479,893</u></u>

See accompanying notes to the basic financial statements



CITY OF CENTERVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018**

	General	Street Construction and Maintenance	Special Assessment Debt Retirement	Capital Improvements
Revenues:				
Property and Other Taxes	\$ 1,499,340	\$ 0	\$ 0	\$ 0
Income Taxes	19,226,039	0	0	0
Charges for Services	629,197	769	0	0
Investment Earnings	92,215	15,881	10,528	58,860
Intergovernmental Revenues	749,285	962,494	0	312,221
Special Assessments	3,542	0	491,428	0
Fines, Licenses and Permits	456,161	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Other Revenues	0	0	0	494,242
Total Revenue	22,655,779	979,144	501,956	865,323
Expenditures:				
Current:				
General Government	4,603,232	0	24,519	0
Public Safety	7,062,326	0	0	0
Community Development	262,640	0	0	0
Recreation	153,430	0	0	0
Transportation	0	2,505,661	0	0
Capital Outlay	373,898	0	0	5,120,522
Debt Service:				
Principal Retirement	0	0	315,000	0
Interest and Fiscal Charges	0	0	151,653	0
Total Expenditures	12,455,526	2,505,661	491,172	5,120,522
Excess (Deficiency) of Revenues Over Expenditures	10,200,253	(1,526,517)	10,784	(4,255,199)
Other Financing Sources (Uses):				
OPWC Loan	0	0	0	393,949
Transfers In	0	1,600,000	0	4,000,000
Transfers Out	(6,661,052)	0	0	0
Total Other Financing Sources (Uses)	(6,661,052)	1,600,000	0	4,393,949
Net Change in Fund Balances	3,539,201	73,483	10,784	138,750
Fund Balances at Beginning of Year	17,397,598	1,454,947	461,193	3,394,187
Change in Inventory	41	(16,580)	0	0
Fund Balances End of Year	\$ 20,936,840	\$ 1,511,850	\$ 471,977	\$ 3,532,937

See accompanying notes to the basic financial statements

CITY OF CENTERVILLE, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 1,499,340
0	19,226,039
0	629,966
48,007	225,491
78,041	2,102,041
50,104	545,074
659	456,820
1,030,405	1,030,405
186,981	681,223
<u>1,394,197</u>	<u>26,396,399</u>
389,400	5,017,151
39,019	7,101,345
0	262,640
0	153,430
82,331	2,587,992
958,601	6,453,021
246,369	561,369
285,658	437,311
<u>2,001,378</u>	<u>22,574,259</u>
(607,181)	3,822,140
0	393,949
491,522	6,091,522
(45,470)	(6,706,522)
<u>446,052</u>	<u>(221,051)</u>
(161,129)	3,601,089
2,733,816	25,441,741
(2,742)	(19,281)
<u>\$ 2,569,945</u>	<u>\$ 29,023,549</u>

CITY OF CENTERVILLE, OHIO

**Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Year Ended December 31, 2018**

Net Change in Fund Balances - Total Governmental Funds		\$ 3,601,089
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		1,500,522
Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(727,792)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,321,499
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension expense in the statement of activities.		(2,964,322)
The issuance of long-term debt (e.g. loans, bonds) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.		
	OPWC Loan Initiated	(393,949)
	Principal Retirement	561,369
		167,420
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		1,861
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
	Compensated Absences	88,143
	Amortization of Bond Principal	20,272
	Amortization of Deferred Charge on Refunding	(9,837)
	Change in Inventory	(19,281)
		79,297
Internal Service Funds are used to management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service funds are allocated amongst the governmental activities.		
	Change in Net Position - Internal Service Funds	(160,786)
	Change in portion of Internal Service Fund Net Position allocated to Business-Type Activities	22,212
		(138,574)
Change in Net Position of Governmental Activities		\$ 2,841,000

See accompanying notes to the basic financial statements

CITY OF CENTERVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Taxes	\$ 1,385,000	\$ 1,385,000	\$ 1,491,705	\$ 106,705
Income Taxes	16,945,000	16,945,000	19,275,517	2,330,517
Charges for Services	612,600	612,600	626,411	13,811
Investment Earnings	100,000	100,000	231,207	131,207
Intergovernmental Revenue	691,500	691,500	725,130	33,630
Special Assessments	10,000	10,000	3,542	(6,458)
Fines, Licenses and Permits	302,750	302,750	399,364	96,614
Other Revenues	21,240	21,240	59,268	38,028
Total Revenues	<u>20,068,090</u>	<u>20,068,090</u>	<u>22,812,144</u>	<u>2,744,054</u>
Expenditures:				
Current:				
General Government	5,585,666	6,030,666	4,740,741	1,289,925
Public Safety	7,227,451	7,377,451	7,064,174	313,277
Community Development	293,091	293,091	271,259	21,832
Recreation	269,647	269,647	217,201	52,446
Capital Outlay	746,701	746,701	481,235	265,466
Total Expenditures	<u>14,122,556</u>	<u>14,717,556</u>	<u>12,774,610</u>	<u>1,942,946</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,945,534	5,350,534	10,037,534	4,687,000
Other Financing Sources (Uses):				
Transfers Out	(6,146,052)	(6,146,052)	(6,661,052)	(515,000)
Advances In	10,803	10,803	0	(10,803)
Total Other Financing Sources (Uses):	<u>(6,135,249)</u>	<u>(6,135,249)</u>	<u>(6,661,052)</u>	<u>(525,803)</u>
Net Change in Fund Balance	(189,715)	(784,715)	3,376,482	4,161,197
Fund Balance at Beginning of Year	15,959,479	15,959,479	15,959,479	0
Prior Year Encumbrances	393,750	393,750	393,750	0
Fund Balance at End of Year	<u>\$ 16,163,514</u>	<u>\$ 15,568,514</u>	<u>\$ 19,729,711</u>	<u>\$ 4,161,197</u>

See accompanying notes to the basic financial statements

CITY OF CENTERVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Street Construction and Maintenance Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 1,000	\$ 1,000	\$ 769	\$ (231)
Investment Earnings	5,000	5,000	15,881	10,881
Intergovernmental Revenue	954,232	954,232	964,344	10,112
Total Revenues	<u>960,232</u>	<u>960,232</u>	<u>980,994</u>	<u>20,762</u>
Expenditures:				
Current:				
Transportation	2,747,908	2,757,908	2,509,693	248,215
Total Expenditures	<u>2,747,908</u>	<u>2,757,908</u>	<u>2,509,693</u>	<u>248,215</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,787,676)	(1,797,676)	(1,528,699)	268,977
Other Financing Sources (Uses):				
Transfers In	1,600,000	1,600,000	1,600,000	0
Total Other Financing Sources (Uses):	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>0</u>
Net Change in Fund Balance	(187,676)	(197,676)	71,301	268,977
Fund Balance at Beginning of Year	1,246,887	1,246,887	1,246,887	0
Prior Year Encumbrances	18,529	18,529	18,529	0
Fund Balance at End of Year	<u>\$ 1,077,740</u>	<u>\$ 1,067,740</u>	<u>\$ 1,336,717</u>	<u>\$ 268,977</u>

See accompanying notes to the basic financial statements



CITY OF CENTERVILLE, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2018**

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Waste Collection	Golf Course	Total	
Assets:				
Current assets:				
Equity in Pooled Cash and Investments	\$ 1,143,484	\$ 1,115,004	\$ 2,258,488	\$ 1,040,700
Receivables:				
Accounts	172,635	59,694	232,329	0
Inventory of Supplies at Cost	6,081	100,195	106,276	0
Prepaid Items	588	7,569	8,157	0
Total current assets	<u>1,322,788</u>	<u>1,282,462</u>	<u>2,605,250</u>	<u>1,040,700</u>
Noncurrent assets:				
Capital assets:				
Non-Depreciable Capital Assets	0	15,098,026	15,098,026	0
Depreciable Capital Assets, net	0	3,049,542	3,049,542	1,336,971
Total capital assets	<u>0</u>	<u>18,147,568</u>	<u>18,147,568</u>	<u>1,336,971</u>
Total noncurrent assets	<u>0</u>	<u>18,147,568</u>	<u>18,147,568</u>	<u>1,336,971</u>
Total assets	<u>1,322,788</u>	<u>19,430,030</u>	<u>20,752,818</u>	<u>2,377,671</u>
Deferred Outflows of Resources:				
Pension	143,676	238,881	382,557	0
OPEB	30,169	50,143	80,312	0
Total Deferred Outflows of Resources	<u>173,845</u>	<u>289,024</u>	<u>462,869</u>	<u>0</u>

CITY OF CENTERVILLE, OHIO

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Waste Collection	Golf Course	Total	
Liabilities:				
Current liabilities:				
Accounts Payable	7,085	10,564	17,649	283,516
Accrued Wages and Benefits Payable	10,338	17,324	27,662	0
Intergovernmental Payable	18,006	12,085	30,091	0
Claims Payable	0	0	0	30,642
Deposit Liability	0	211,918	211,918	0
Unearned Revenue	349,922	0	349,922	0
Interfund Payable	0	4,044	4,044	0
Compensated Absences Payable - Current	64,931	34,881	99,812	0
Total Current Liabilities	<u>450,282</u>	<u>290,816</u>	<u>741,098</u>	<u>314,158</u>
Noncurrent Liabilities:				
Compensated Absences Payable	24,355	37,895	62,250	0
Net Pension Liability	579,423	963,049	1,542,472	0
Net OPEB Liability	408,558	679,058	1,087,616	0
Total noncurrent liabilities	<u>1,012,336</u>	<u>1,680,002</u>	<u>2,692,338</u>	<u>0</u>
Total Liabilities	<u>1,462,618</u>	<u>1,970,818</u>	<u>3,433,436</u>	<u>314,158</u>
Deferred Inflows of Resources:				
Pension	138,495	230,650	369,145	0
OPEB	30,435	50,585	81,020	0
Total Deferred Inflows of Resources	<u>168,930</u>	<u>281,235</u>	<u>450,165</u>	<u>0</u>
Net Position:				
Net Investment in Capital Assets	0	18,147,568	18,147,568	1,336,971
Unrestricted	(134,915)	(680,567)	(815,482)	726,542
Total Net Position	<u>\$ (134,915)</u>	<u>\$ 17,467,001</u>	<u>17,332,086</u>	<u>\$ 2,063,513</u>
			Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.	19,911
			Net Position of Business-type Activities	<u>\$ 17,351,997</u>

See accompanying notes to the basic financial statements

CITY OF CENTERVILLE, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018**

	Business-type activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Waste Collection	Golf Course	Total Enterprise Funds	
Operating Revenues:				
Charges for Services	\$ 1,339,171	\$ 3,530,681	\$ 4,869,852	\$ 1,651,134
Other Operating Revenues	86	5,061	5,147	44,656
Total Operating Revenues	<u>1,339,257</u>	<u>3,535,742</u>	<u>4,874,999</u>	<u>1,695,790</u>
Operating Expenses:				
Personal Services	911,677	1,365,929	2,277,606	0
Purchased Services	304,284	469,220	773,504	19,884
Materials and Supplies	142,807	592,669	735,476	0
Depreciation	0	257,373	257,373	342,201
Other Expense	67,696	252,079	319,775	0
Claims	0	0	0	1,506,079
Total Operating Expenses	<u>1,426,464</u>	<u>2,937,270</u>	<u>4,363,734</u>	<u>1,868,164</u>
Operating Income (Loss)	(87,207)	598,472	511,265	(172,374)
Non-Operating Revenue (Expenses):				
Interest and Fiscal Charges	0	(115,694)	(115,694)	0
Investment Earnings	14,479	12,874	27,353	11,588
Total Non-Operating Revenues (Expenses)	<u>14,479</u>	<u>(102,820)</u>	<u>(88,341)</u>	<u>11,588</u>
Income (Loss) Before Contributions and Transfers	(72,728)	495,652	422,924	(160,786)
Transfers-In	0	615,000	615,000	0
Change in Net Position	(72,728)	1,110,652	1,037,924	(160,786)
Net Position Beginning of Year, Restated	(62,187)	16,356,349	16,294,162	2,224,299
Net Position End of Year	<u>\$ (134,915)</u>	<u>\$ 17,467,001</u>	<u>17,332,086</u>	<u>\$ 2,063,513</u>
			Change in Net Position - Total Enterprise Funds	1,037,924
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	(22,212)
			Change in Net Position - Business-type Activities	<u>\$ 1,015,712</u>

See accompanying notes to the basic financial statements



CITY OF CENTERVILLE, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018**

	Business-Type Activities Enterprise Funds			Governmental- Activities
	Waste Collection	Golf Course	Total	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,398,146	\$3,502,148	\$4,900,294	\$0
Cash Received from Interfund Services	0	0	0	1,651,134
Other Operating Receipts	86	5,061	5,147	48,088
Cash Payments for Goods and Services	(517,380)	(1,328,695)	(1,846,075)	(18,368)
Cash Payments for Claims	0	0	0	(1,475,437)
Cash Payments to Employees	(791,985)	(1,288,062)	(2,080,047)	0
Net Cash Provided by Operating Activities	<u>88,867</u>	<u>890,452</u>	<u>979,319</u>	<u>205,417</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	0	615,000	615,000	0
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>615,000</u>	<u>615,000</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	0	(546,940)	(546,940)	(170,037)
Principal Paid on General Obligation Bonds	0	(770,000)	(770,000)	0
Interest Paid on All Debt	0	(30,800)	(30,800)	0
Net Cash Used by Capital and Related Financing Activities	<u>0</u>	<u>(1,347,740)</u>	<u>(1,347,740)</u>	<u>(170,037)</u>
<u>Cash Flows from Investing Activities:</u>				
Receipt of Interest	14,479	12,874	27,353	11,588
Net Cash Provided by Investing Activities	<u>14,479</u>	<u>12,874</u>	<u>27,353</u>	<u>11,588</u>
Net Increase in Cash and Cash Equivalents	103,346	170,586	273,932	46,968
Cash and Cash Equivalents at Beginning of Year	1,040,138	944,418	1,984,556	993,732
Cash and Cash Equivalents at End of Year	<u>\$1,143,484</u>	<u>\$1,115,004</u>	<u>\$2,258,488</u>	<u>\$1,040,700</u>

CITY OF CENTERVILLE, OHIO

	Business-Type Activities Enterprise Funds			Governmental- Activities
	Waste Collection	Golf Course	Total	Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	(\$87,207)	\$598,472	\$511,265	(\$172,374)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	0	257,373	257,373	342,201
Changes in Assets and Liabilities:				
(Increase) in Accounts Receivable	(19,646)	(59,694)	(79,340)	0
Decrease in Intergovernmental Receivable	0	0	0	3,432
(Increase) Decrease in Inventory	2,538	(1,391)	1,147	0
(Increase) in Prepaid Items	(40)	(1,966)	(2,006)	0
Decrease in Deferred Outflows - Pension	161,931	337,635	499,566	0
(Increase) in Deferred Outflows - OPEB	(25,588)	(41,501)	(67,089)	0
Increase (Decrease) in Accounts Payable	(22,407)	(19,992)	(42,399)	1,516
Increase in Accrued Wages and Benefits	2,454	2,217	4,671	0
Increase in Intergovernmental Payable	18,006	12,085	30,091	0
Increase in Claims Payable	0	0	0	30,642
Increase in Deposits Liability	0	31,161	31,161	0
Increase in Unearned Revenues	78,621	0	78,621	0
Increase (Decrease) in Compensated Absences	505	(11,757)	(11,252)	0
Increase in Deferred Inflows - Pension	129,880	214,399	344,279	0
Increase in Deferred Inflows - OPEB	30,435	50,585	81,020	0
(Decrease) in Net Pension Liability	(209,320)	(524,885)	(734,205)	0
Increase in Net OPEB Liability	28,705	47,711	76,416	0
Total Adjustments	176,074	291,980	468,054	377,791
Net Cash Provided (Used) by Operating Activities	\$88,867	\$890,452	\$979,319	\$205,417

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2018, the Central Vehicle Purchase Fund (Internal Service) had an outstanding liability of \$282,000 for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF CENTERVILLE, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2018***

	<u>Agency Fund</u>
Assets:	
Equity in Pooled Cash and Investments	\$ 447,278
Total Assets	<u>\$ 447,278</u>
Liabilities:	
Undistributed Monies	\$ 447,278
Total Liabilities	<u>\$ 447,278</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2018 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations are Component Units"* as amended by GASB Statement No. 61, *"The Financial Reporting Entity Omnibus"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

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

The Miami Valley Risk Management Association (MVRMA) is a jointly governed organization established as a joint self-insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. For more information see Note 15.

The Ohio Benefits Cooperative (OBC) is a jointly governed organization established as a joint self-insurance pool for the purpose of enabling the subscribing political subdivisions to obtain medical, dental, and life insurances and providing a formalized, jointly administered self-insurance fund for its members. For more information see Note 15.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows of resources, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Funds

The governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

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

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

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

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

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

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

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

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

Fiduciary Funds

Agency Fund – Agency funds are used to account for assets held by a government unit as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's agency fund accounts for assets held by the City for 1) security rental deposits for rental of City property, 2) bonds from property owners for street improvements, 3) payroll withholdings, and 4) other miscellaneous activities. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Position. Interfund and internal service fund activities are generally eliminated to avoid the “doubling-up” effect on revenues and expenses. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities and all deferred outflows/inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Special assessment installments including related interest, which are measurable but not available at December 31, are recorded as deferred revenue. Only the portion of special assessments due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Property taxes measurable as of December 31, 2018 but which are not intended to finance 2018 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources.

The accrual basis of accounting is utilized for reporting purposes by the government-wide statements, the enterprise funds and the agency funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

E. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is at the personal services and other expenditures level, within each department in the General Fund and Golf Course Fund and at the personal services and other expenditures level for all other funds. Budgetary modifications may only be made by ordinance of the City Council.

The major documents prepared are the certificate of estimated resources and the appropriation resolution, both of which are prepared on the budgetary basis of accounting. Montgomery County does not require jurisdictions within the County to prepare a tax budget, therefore, this is not part of the City's budgetary process. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the legal level of budgetary control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate at the time final appropriations were adopted.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

The appropriation resolution is subject to amendment by Council throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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.

1. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. On the budgetary basis, encumbrances are treated as expenditures and on a GAAP basis, they are treated as an assignment of balance.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General and Street Construction and Maintenance Funds:

	Net Change in Fund Balance	
	General Fund	Street Construction and Maintenance Fund
GAAP Basis (as reported)	\$3,539,201	\$73,483
Increase (Decrease):		
Accrued Revenues at December 31, 2018 received during 2019	(1,665,926)	(151,220)
Accrued Revenues at December 31, 2017 received during 2018	1,824,812	153,070
Accrued Expenditures at December 31, 2018 paid during 2019	324,054	59,588
Accrued Expenditures at December 31, 2017 paid during 2018	(432,648)	(55,858)
2017 Prepays for 2018	(24,641)	(1,366)
2018 Prepays for 2019	13,035	1,366
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	(2,126)	0
Outstanding Encumbrances	(199,279)	(7,762)
Budget Basis	<u>\$3,376,482</u>	<u>\$71,301</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During 2018, cash and cash equivalents included amounts in demand deposits, money market accounts in UBS and MBS investment accounts with original maturities of less than three months.

To improve cash management, cash received by the City is pooled. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the Balance Sheet.

For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position/Balance Sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72, "Fair Value Measurement and Application," the City records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Following the Ohio Revised Code, the City has specified the funds to receive an allocation of interest earnings. Interest revenue during 2018 amounted to \$92,215 in the General Fund, and \$172,217 in other funds.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 5, "Equity in Pooled Cash and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market (first-in, first-out) in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased. Inventories of enterprise funds are expensed when used.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life threshold of one or more years.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Donated capital assets are recorded at acquisition value at the date received. Capital assets include land, buildings and improvements, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, sidewalks, and similar items.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business-Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Donated capital assets are recorded at acquisition value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation on newly acquired/constructed streets begins in the year following acquisition. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings and Improvements	20 - 45
Infrastructure	10 - 40
Equipment	3 - 20

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
Special Assessment Bonds	Special Assessment Debt Retirement Fund
General Obligation Bonds	TIF Debt Retirement Fund and Golf Course Fund
Compensated Absences	General Fund, Street Maintenance and Repair Fund,
Net Pension Liability	Waste Collection Fund and Golf Course Fund
OPWC Loans	Unvoted Debt Retirement Fund

L. Bond Discounts/Premiums

Bond discounts and premiums are amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, while premiums are presented as an increase in the face amount of the bonds payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for unpaid accumulated sick leave is limited to 240 days of accrued but unused sick leave. The City pays supplemental retirement if employees retire with 7.5 years of service and 600 hours of accumulated sick leave. Supplemental retirement is only available to retiring employees.

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, if a portion of unpaid compensated absences has matured as of year-end, it is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

N. Net Position

Net position represents the difference between assets and liabilities and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. Of the City's \$10,084,968 in restricted net position, none was restricted by enabling legislation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pension/OPEB

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

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

Q. Interfund Assets/Liabilities

Long-term interfund loans are classified as “interfund receivable/payable.” There was one outstanding interfund loan at December 31, 2018 for \$4,044 between the General Fund and the Golf Course Fund.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of resources that are intended to be used for specific purposes as approved through the City’s formal purchasing procedure by the Finance Director, as established by the City Council-approved purchasing policy

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted (committed, assigned and unassigned) resources are available for use, it is the City’s policy to use restricted resources first then unrestricted resources as they are needed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Estimates

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2018.

U. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows for the deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding is reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are reported for pension/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 10 and 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows.

In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, grants, investment earnings, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide and proprietary funds statement of net position. See Notes 10 and 11.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” Statement No. 85, “Omnibus 2017,” and Statement No. 86, “Certain Debt Extinguishment Issues.”

GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). There was no effect on beginning net position/fund balance resulting from the implementation of GASB Statement No. 85.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. There was no effect on beginning net position/fund balance resulting from the implementation of GASB Statement No. 85.

The implementation of GASB 75 had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business-type Activities	Waste Collection Fund	Golf Course Fund
Net position December 31, 2017	\$68,719,715	\$17,334,262	\$313,085	\$16,979,054
Adjustments:				
Net OPEB Liability	(10,138,757)	(1,011,200)	(379,853)	(631,347)
Deferred Outflow - Payments Subsequent to the Measurement Date	57,935	13,223	4,581	8,642
Restated Net Position December 31, 2017	<u>\$58,638,893</u>	<u>\$16,336,285</u>	<u>(\$62,187)</u>	<u>\$16,356,349</u>

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

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Street Construction and Maintenance	Special Assessment Debt Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid Items	\$24,641	\$1,366	\$0	\$0	\$0	\$26,007
Supplies Inventory	3,470	74,373	0	0	21,879	99,722
Total Nonspendable	<u>28,111</u>	<u>75,739</u>	<u>0</u>	<u>0</u>	<u>21,879</u>	<u>125,729</u>
Restricted:						
Street Construction and Maintenance	0	1,436,111	0	0	0	1,436,111
State Highway	0	0	0	0	156,020	156,020
Law Enforcement	0	0	0	0	283,432	283,432
Enforcement and Education	0	0	0	0	38,289	38,289
Drug Law	0	0	0	0	1,051	1,051
Police Grants	0	0	0	0	298,682	298,682
Special Assessment Debt Retirement	0	0	471,977	0	0	471,977
TIF Debt Retirement	0	0	0	0	197,145	197,145
Capital Improvements	0	0	0	0	335,431	335,431
Total Restricted	<u>0</u>	<u>1,436,111</u>	<u>471,977</u>	<u>0</u>	<u>1,310,050</u>	<u>3,218,138</u>
Assigned:						
Retirement Reserve	85,513	0	0	0	0	85,513
Unvoted Debt Retirement	0	0	0	0	2,368	2,368
Capital Improvements	0	0	0	3,532,937	0	3,532,937
Capital Equipment Purchases	0	0	0	0	935,497	935,497
TIF MVHS Capital Projects	0	0	0	0	391,196	391,196
Goods and Services	170,030	0	0	0	0	170,030
Total Assigned	<u>255,543</u>	<u>0</u>	<u>0</u>	<u>3,532,937</u>	<u>1,329,061</u>	<u>5,117,541</u>
Unassigned	20,653,186	0	0	0	(91,045)	20,562,141
Total Fund Balances	<u>\$20,936,840</u>	<u>\$1,511,850</u>	<u>\$471,977</u>	<u>\$3,532,937</u>	<u>\$2,569,945</u>	<u>\$29,023,549</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which depreciation exceeded capital outlay in the current period:

Capital Outlay	\$4,746,184
Depreciation Expense	<u>(3,245,662)</u>
	\$1,500,522

Governmental revenues not reported in the funds:

Decrease in Income Tax Revenue	(\$230,974)
Increase in Delinquent Property Tax	6,911
Increase in Intergovernmental, unrestricted	8,185
Decrease in Investment Earnings	(20,486)
Decrease in Special Assessment Revenue	<u>(491,428)</u>
	(\$727,792)

Contractually required contributions reported as deferred outflows:

Pension	\$1,303,447
OPEB	<u>18,052</u>
	\$1,321,499

Pension and OPEB expense:

Pension	(\$2,025,301)
OPEB	<u>(939,021)</u>
	(\$2,964,322)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 5 – EQUITY IN POOLED CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined Balance Sheet as "Equity in pooled cash and investments." Ohio law requires the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 5 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

A. Deposits

At year end the carrying amount of the City's deposits was \$7,592,351 and the bank balance was \$7,930,759. Federal depository insurance covered \$748,000 of the bank balance and \$7,182,759 was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

B. Investments

The City's investments at December 31, 2018 were as follows:

	Measurement Amount	Credit Rating	Fair Value Hierarchy	Concentration	Investment Maturities (in Years)		
				of Credit Risk	less than 1	1-3	3-5
Negotiable C/D's	\$12,316,145	AAA	Level 2	51.42%	\$3,215,857	\$7,038,561	\$2,061,727
FHLB	2,523,032	AA+	Level 2	10.53%	849,950	1,673,082	0
FHLMC	4,930,997	AA+	Level 2	20.59%	716,116	2,038,371	2,176,510
FNMA	2,104,197	AA+	Level 2	8.79%	395,020	1,709,177	0
FFCB	2,079,381	AA+	Level 2	8.68%	347,309	1,732,072	0
Total Investments	<u>\$23,953,752</u>			<u>100.00%</u>	<u>\$5,524,252</u>	<u>\$14,191,263</u>	<u>\$4,238,237</u>

Credit Rating – Standard and Poor's

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 5 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

Fair Value Hierarchy – The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable units. Level 3 inputs are significant unobservable inputs.

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

Credit Risk – It is the City’s policy to limit its investments that are not obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations..

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City’s securities are either insured and registered in the name of the City or at least registered in the name of the City. The City has no investment policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real property, public utility tangible personal property and tangible (used in business) property located in the City. Property taxes are levied each December 31st on the assessed value listed as of the prior January 1st. Assessed values are established for real property at 35% of appraised market value and for public utility tangible personal property at varying percentages, generally 25%. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. For Montgomery County, the first half payment is due the middle of February and the second half payment is due the middle of July.

The assessed values for the City at December 31, 2018, were as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$669,754,670
Tangible Personal Property	<u>17,106,080</u>
Total	\$686,860,750

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

B. Income Tax

The City levies a 2.25% income tax on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax on income earned outside the City; however, a credit is allowed for income taxes paid to other municipalities. Filing is mandatory for all residents. Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 7 - RECEIVABLES

Receivables at December 31, 2018 consisted of taxes, accounts receivable, accrued interest on investments, intergovernmental grants, interfund balances, and special assessments.

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

Special assessments expected to be collected in more than one year amounts to approximately \$6,698,249 of which none is considered delinquent.

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2018:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$6,661,052
Street Construction and Maintenance Fund	1,600,000	0
Capital Improvement Fund	4,000,000	0
Other Governmental Funds	491,522	45,470
Total Governmental Funds	6,091,522	6,706,522
Golf Course Fund	615,000	0
Total Proprietary Funds	615,000	0
Totals	\$6,706,522	\$6,706,522

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the income tax fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. All transfers are considered allowable in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2018:

<i>Historical Cost:</i>	Balance at December 31, 2017	Additions	Deletions	Balance at December 31, 2018
Class				
<i>Non-depreciable Capital assets:</i>				
Land	\$7,893,295	\$197,555	\$0	\$8,090,850
Total Non-depreciable Capital assets	<u>7,893,295</u>	<u>197,555</u>	<u>0</u>	<u>8,090,850</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	14,560,859	148,156	0	14,709,015
Equipment	10,992,876	1,098,914	(157,433)	11,934,357
Infrastructure	74,427,827	3,753,596	0	78,181,423
Total Depreciable Capital assets	<u>99,981,562</u>	<u>5,000,666</u>	<u>(157,433)</u>	<u>104,824,795</u>
Total Cost	<u>\$107,874,857</u>	<u>\$5,198,221</u>	<u>(\$157,433)</u>	<u>\$112,915,645</u>
 <i>Accumulated Depreciation:</i>				
Class	Balance at December 31, 2017	Additions	Deletions	Balance at December 31, 2018
Buildings and Improvements	(\$4,986,899)	(\$359,534)	\$0	(\$5,346,433)
Equipment	(7,565,990)	(751,240)	157,433	(8,159,797)
Infrastructure	(36,022,485)	(2,477,089)	0	(38,499,574)
Total Depreciation	<u>(\$48,575,374)</u>	<u>(\$3,587,863) *</u>	<u>\$157,433</u>	<u>(\$52,005,804)</u>
<i>Net Value:</i>	<u>\$59,299,483</u>			<u>\$60,909,841</u>

* Depreciation expenses were charged to governmental functions as follows:

General Government	\$211,299
Public Safety	237,201
Recreation	54,774
Transportation	<u>2,742,388</u>
Governmental Activities Expense	<u>3,245,662</u>
Central Vehicle Purchase Fund (Internal Service)	<u>342,201</u>
Total Depreciation Expense	<u>\$3,587,863</u>

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2018:

<i>Historical Cost:</i>	Balance at December 31, 2017	Additions	Deletions	Balance at December 31, 2018
Class				
<i>Non-depreciable Capital assets:</i>				
Land	\$15,098,026	\$0	\$0	\$15,098,026
Total Non-depreciable Capital Assets	15,098,026	0	0	15,098,026
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	4,037,103	255,135	0	4,292,238
Equipment	2,966,395	276,815	0	3,243,210
Total Depreciable Capital assets	7,003,498	531,950	0	7,535,448
Total Cost	<u>\$22,101,524</u>	<u>\$531,950</u>	<u>\$0</u>	<u>\$22,633,474</u>
<i>Accumulated Depreciation:</i>				
Class	Balance at December 31, 2017	Additions	Deletions	Balance at December 31, 2018
Buildings and Improvements	(\$1,935,748)	(\$101,061)	\$0	(\$2,036,809)
Equipment	(2,292,785)	(156,312)	0	(2,449,097)
Total Depreciation	<u>(\$4,228,533)</u>	<u>(\$257,373)</u>	<u>\$0</u>	<u>(\$4,485,906)</u>
<i>Net Value:</i>	<u>\$17,872,991</u>			<u>\$18,147,568</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$813,131 for 2018.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

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

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

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>
2018 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	
January 1, 2018 through December 31, 2018	12.25 %
2018 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	<u>0.50</u>
Total Employer	<u>19.50 %</u>
Employee:	
January 1, 2018 through December 31, 2018	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$685,965 for 2018.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$6,410,630	\$9,013,912	\$15,424,542
Proportion of the Net Pension Liability-2018	0.040863%	0.146867%	
Proportion of the Net Pension Liability-2017	<u>0.040931%</u>	<u>0.146356%</u>	
Percentage Change	<u>(0.000068%)</u>	<u>0.000511%</u>	
Pension Expense	\$1,372,755	\$957,835	\$2,330,590

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$766,113	\$392,784	\$1,158,897
Differences between expected and actual experience	6,545	136,792	143,337
Change in proportionate share	4,080	24,463	28,543
City contributions subsequent to the measurement date	813,131	685,965	1,499,096
Total Deferred Outflows of Resources	<u>\$1,589,869</u>	<u>\$1,240,004</u>	<u>\$2,829,873</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,376,276	\$311,812	\$1,688,088
Differences between expected and actual experience	126,335	16,306	142,641
Change in proportionate share	31,157	388,730	419,887
Total Deferred Inflows of Resources	<u>\$1,533,768</u>	<u>\$716,848</u>	<u>\$2,250,616</u>

\$1,499,096 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2019	\$552,507	\$136,271	\$688,778
2020	(137,963)	54,291	(83,672)
2021	(606,039)	(268,670)	(874,709)
2022	(565,535)	(206,021)	(771,556)
2023	0	96,041	96,041
2024	0	25,279	25,279
Total	<u>(\$757,030)</u>	<u>(\$162,809)</u>	<u>(\$919,839)</u>

Actuarial Assumptions - OPERS

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. Pre-retirement mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$11,383,642	\$6,410,630	\$2,264,633

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below:

Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent for increases based on the lesser of the increase in CPI and 3%.

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%. Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

	Age	Police	Fire
Healthy Mortality	67 or less	77%	68%
	68-77	105%	87%
	78 and up	115%	120%
Disabled Mortality	59 or less	35%	35%
	60-69	60%	45%
	70-79	75%	70%
	80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2017 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.

* levered 2x

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

Discount Rate The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$12,495,645	\$9,013,912	\$6,174,239

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The 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 health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

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 a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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 health care 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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the 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 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$18,052 for 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$4,520,213	\$8,321,297	\$12,841,510
Proportion of the Net OPEB Liability-2018	0.041625%	0.146867%	
Proportion of the Net OPEB Liability-2017	<u>0.041609%</u>	<u>0.146359%</u>	
Percentage Change	<u>0.0000160%</u>	<u>0.0005080%</u>	
OPEB Expense	\$374,522	\$654,847	\$1,029,369

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$329,120	\$811,982	\$1,141,102
Differences between expected and actual experience	3,521	0	3,521
Change in proportionate share	1,139	21,051	22,190
City contributions subsequent to the measurement date	0	18,052	18,052
Total Deferred Outflows of Resources	<u>\$333,780</u>	<u>\$851,085</u>	<u>\$1,184,865</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$336,726	\$54,774	\$391,500
Differences between expected and actual experience	0	41,970	41,970
Total Deferred Inflows of Resources	<u>\$336,726</u>	<u>\$96,744</u>	<u>\$433,470</u>

\$18,052 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2019	\$75,401	\$101,959	\$177,360
2020	75,401	101,959	177,360
2021	(69,566)	101,959	32,393
2022	(84,182)	101,961	17,779
2023	0	115,653	115,653
2024	0	115,653	115,653
2025	0	97,145	97,145
Total	<u>(\$2,946)</u>	<u>\$736,289</u>	<u>\$733,343</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$6,005,298	\$4,520,213	\$3,318,794

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$4,324,880	\$4,520,213	\$4,721,987

Changes between Measurement Date and Report Date In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016. The prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalentents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

* levered 2x

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$10,401,720	\$8,321,297	\$6,720,500

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	<u>Non-Medicare</u>	<u>Non-AARP</u>	<u>AARP</u>	<u>Rx Drug</u>	<u>Medicare Part B</u>
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$6,464,132	\$8,321,297	\$10,824,123

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City’s NOL is not known.

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2018 were as follows:

	Restated Balance December 31, 2017	Issued	(Retired)	Balance December 31, 2018	Amount Due Within One Year
Governmental Activities:					
General Obligation Bond:					
2014 TIF Project	\$8,100,000	\$0	(\$205,000)	\$7,895,000	\$225,000
2014 Premium on TIF Project	314,010	0	(13,653)	300,357	0
Total General Obligation Bonds	<u>8,414,010</u>	<u>0</u>	<u>(218,653)</u>	<u>8,195,357</u>	<u>225,000</u>
Special Assessment Bonds:					
2013 Refunding	4,580,000	0	(315,000)	4,265,000	330,000
2013 Premium on Refunding	59,568	0	(6,619)	52,949	0
Total Special Assessment Bonds	<u>4,639,568</u>	<u>0</u>	<u>(321,619)</u>	<u>4,317,949</u>	<u>330,000</u>
Ohio Public Works Commission Loans:					
1 Cent Station Rd.	478,570	0	(41,369)	437,201	41,784
Clyo Road Resurfacing	0	393,949	0	393,949	9,849
Total OPWC Loans	<u>478,570</u>	<u>393,949</u>	<u>(41,369)</u>	<u>831,150</u>	<u>51,633</u>
Net Pension Liability:					
Ohio Public Employees Retirement System	7,018,057	0	(2,149,899)	4,868,158	0
Ohio Police and Fire Pension System	9,270,232	0	(256,320)	9,013,912	0
Total Net Pension Liability	<u>16,288,289</u>	<u>0</u>	<u>(2,406,219)</u>	<u>13,882,070</u>	<u>0</u>
Net OPEB Liability:					
Ohio Public Employees Retirement System	3,191,424	241,173	0	3,432,597	0
Ohio Police and Fire Pension System	6,947,333	1,373,964	0	8,321,297	0
Total Net OPEB Liability	<u>10,138,757</u>	<u>1,615,137</u>	<u>0</u>	<u>11,753,894</u>	<u>0</u>
Compensated Absences	946,211	220,265	(308,408)	858,068	283,163
Total Governmental Activities	<u>\$40,905,405</u>	<u>\$2,229,351</u>	<u>(\$3,296,268)</u>	<u>\$39,838,488</u>	<u>\$889,796</u>
Business-Type Activities:					
General Obligation Bond:					
2013 Refunding - #1	\$770,000	\$0	(\$770,000)	\$0	\$0
2013 Premium on Refunding #1	47,073	0	(47,073)	0	0
Total General Obligation Bonds	<u>817,073</u>	<u>0</u>	<u>(817,073)</u>	<u>0</u>	<u>0</u>
Net Pension Liability:					
Ohio Public Employees Retirement System	2,276,677	0	(734,205)	1,542,472	0
Net OPEB Liability:					
Ohio Public Employees Retirement System	1,011,200	76,416	0	1,087,616	0
Compensated Absences	173,314	106,143	(117,395)	162,062	99,812
Total Business-Type Activities	<u>\$4,278,264</u>	<u>\$182,559</u>	<u>(\$1,668,673)</u>	<u>\$2,792,150</u>	<u>\$99,812</u>

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the government. The City issued \$8.245 million of limited tax general obligation bonds in 2015 for the purpose constructing new infrastructure to be paid from Tax Increment Financing (TIF) related to the Cornerstone of Centerville development. The plan is to utilize “payment in lieu of taxes” from the TIF to pay debt service. The City issued \$3.7 million of refunding general obligation bonds in Business-Type Activities in 2013, maturing through 2018, for the purpose of acquiring golf course structures.

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

Ohio Public Works Commission (OPWC) Loans maturing through 2039 are due as part of their state capital improvement program for the City’s 1 Cent Station Road and Clyo Road Resurfacing project. The original amount of the loans was \$1,226,844.

A. Future Long-Term Financing Requirements

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2018, follow:

Years	General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2019	\$225,000	\$276,875	\$51,633	\$4,268
2020	265,000	272,375	61,901	3,849
2021	270,000	267,075	62,324	3,426
2022	275,000	261,675	62,751	2,999
2023	285,000	253,425	63,183	8,775
2024-2028	1,550,000	1,134,375	322,541	0
2029-2033	1,825,000	860,425	98,490	0
2034-2038	2,190,000	494,912	98,490	0
2039-2040	1,010,000	64,812	9,837	0
Totals	\$7,895,000	\$3,885,949	\$831,150	\$23,317

Years	Special Assessment Bonds	
	Principal	Interest
2019	\$330,000	\$139,052
2020	350,000	130,802
2021	350,000	122,052
2022	360,000	113,302
2023	355,000	103,402
2024-2028	1,890,000	334,800
2029-2032	630,000	43,628
Totals	\$4,265,000	\$987,038

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2018, the City had a legal debt margin for total debt of \$72,120,379 and a legal debt margin for unvoted debt of \$37,777,341.

To provide for the Bethany Lutheran Village Continuing Care Facility, the City issued three series of Health Care Revenue Bonds. These bonds are special limited obligations of the City, payable solely from and secured by a letter of credit. The bonds do not constitute a debt or pledge of the faith and credit of the City, the County or the State, and, accordingly, have not been reported in the accompanying financial statements. At December 31, 2018, Health Care Revenue Bonds outstanding aggregated \$80,895,000.

NOTE 13 – OPERATING LEASE-CITY AS LESSOR

The City is the lessor of a building under noncancellable leases with the Bureau of Motor Vehicles, State of Ohio and the Auto Title Division, Montgomery County, Ohio. Assets relating to the leases as of December 31, 2018 include buildings and improvements at a cost of \$214,284 and accumulated depreciation of \$117,733. The future minimum lease payments as of December 31, 2018 are as follows: 2019 for \$22,318.

NOTE 14 - RISK MANAGEMENT

A. Ohio Benefits Cooperative

The City is one of thirteen members of a joint insurance pool, Ohio Benefits Cooperative (OBC). The pool was established in 1994. This joint venture pooled resources to help control rapidly escalating benefit costs by providing group medical, dental, life, and AD&D for members and their employees. Municipalities, counties, townships, special districts and school districts are all eligible for membership in the OBC. The OBC is governed by a board of trustees, consisting of a representative appointed by each of the member jurisdictions. The board of trustees elects the officers, with each trustee having a single vote. There is no budget and financing of the OBC as it is a cooperative that pools the purchasing power of members to provide the best economic package for employers and taxpayers.

The City is a member of the Medical Purchasing Cooperative through OBC where Jefferson Health Plan is the administrative party through which to purchase insurance, stop loss insurance and other benefit services including the use of Anthem as a third party administrator processing claims. The Self-Insurance Medical Fund is accounted for as an internal service fund where assets are set aside for claim payments. A premium is charged to each fund that accounts for part-time or full-time employees. The total charge allocated to each of the funds is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 14 - RISK MANAGEMENT (Continued)

A. Ohio Benefits Cooperative (Continued)

The claims liability of \$30,642 reported in the fund at December 31, 2018 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in years 2017 and 2018 were:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Year End
2017	\$0	\$1,810,814	(\$1,810,814)	\$0
2018	0	1,536,721	(1,506,079)	30,642

B. Miami Valley Risk Management Association

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 2004 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2018, the pool has twenty one members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty one member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote.

Management is provided by an Executive Director, who is assisted by a Claims Manager, a full-time Loss Control Manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 14 - RISK MANAGEMENT (Continued)

B. Miami Valley Risk Management Association (Continued)

The individual MVRMA, Inc. members are not considered "participants having equity interest" as defined by GASB Statement No. 14 since members have no rights to any assets of MVRMA, Inc. other than possible residual claims upon dissolution. The risk of loss is transferred from the City to the pool. Therefore, MVRMA, Inc. is a multi-jurisdictional arrangement that has the characteristics of a joint venture but has additional features that distinguish it, for financial reporting purposes, from the traditional joint venture defined in GASB Statement No. 14.

The following is a summary of insurance coverages at year end:

Pollution Liability	\$1,000,000	per occurrence
Public Officials/Personal Injury	12,000,000	per occurrence
Property	1,000,000,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Flood	25,000,000	per occurrence and aggregate
Cyber Liability	2,000,000	per occurrence and aggregate
Earthquake (Property)	25,000,000	per occurrence and aggregate

The member deductible per occurrence for all types of claims is \$2,500.

MVRMA issues a stand-alone financial report that includes financial statements and required supplementary information for MVRMA, Inc. Interested parties may obtain a copy by making a written request to 4625 Presidential Way, Kettering, Ohio 45429-5706

The City continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

Ohio Benefits Cooperative. The City is one of thirteen members of a joint insurance pool, Ohio Benefits Cooperative (OBC). The pool was established in 1994. This joint venture pooled resources to help control rapidly escalating benefit costs by providing group medical, dental, life, and AD&D for members and their employees. Municipalities, counties, townships, special districts and school districts are all eligible for membership in the OBC.

The OBC is governed by a board of trustees, consisting of a representative appointed by each of the member jurisdictions. The board of trustees elects the officers, with each trustee having a single vote. There is no budget and financing of the OBC as it is a cooperative that pools the purchasing power of members to provide the best economic package for employers and taxpayers. There are no member contributions to the OBC, thus the City has no explicit and measurable equity interest in the OBC and no ongoing financial responsibility for the OBC. As such, there are no audited financial statements of the OBC.

Miami Valley Risk Management Association. The City is a member of the Miami Valley Risk Management Association (MVRMA) which is a jointly governed organization established as a joint insurance pool. As of December 31, 2018, the pool had twenty-one members. This organization covers all property, crime, liability, boiler and machinery and public liability insurance. It is intended to provide broad based coverage up to the limits with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate.

MVRMA is a corporation governed by a twenty-member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters, and the corporation maintains its own book of account. Budgeting and financing of MVRMA is subject to the approval of the board. As of December 31, 2018, the participant cities were: Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Indian Hill, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming.

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

The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. The following is a summary of the MVRMA audited financial statements presented in conformity with generally accepted principles as of and for the year ended December 31, 2017 (most recent information available):

Assets	\$18,767,708
Liabilities	7,686,696
Net Position	\$11,194,331

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

CITY OF CENTERVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 16 – CONTINGENT LIABILITIES

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

NOTE 17 – OTHER COMMITMENTS

At December 31, 2018, the City's cash basis commitments for encumbrances were as follows:

Fund	Year-End Commitment
General Fund	\$199,279
Street Constuction and Maintenance Fund	7,762
Capital Improvement Fund	987,007
Other Governmental Funds	469,588
Golf Course Fund	29,431
Internal Service Funds	355,651
Total	<u>\$2,048,718</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 18 – TAX ABATEMENT DISCLOSURES

As of December 31, 2018, the City of Centerville provides tax incentives under two programs, the Community Reinvestment Area (CRA) program and Economic Development Incentives.

The Ohio Community Reinvestment Area program is an economic development tool administered by the City that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Under Ohio Revised Code section 3765 to 3735.70, city, village or county can petition the Ohio Department of Development to confirm that investment in a particular geographical area. Once the Department has confirmed the investment in the area, the community may offer real estate tax exemptions to taxpayers who are willing to invest in the area. Up to 12 years may be exempt for commercial and industrial remodeling and up to 15 years may be exempt for new construction. State law requires reimbursement agreements with school districts for tax revenue losses for CRA in place after 1994. Payments in lieu of taxes paid by the property owner directly to the school districts as required by the agreement are not reduced from the total amount of taxes abated.

Economic Development Incentive is customized incentives that are for specific projects that are part of an overall incentive package in a competitive environment to attract business investment and employment growth. Five economic incentive agreements are currently in place between the City and local businesses.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2018:

<u>Tax Abatement Program</u>	<u>Total Amount of Taxes Abated for the Year 2018 (In Actual Dollars)</u>	<u>City's Share of Taxes Abated for the Year 2018 (In Actual Dollars)</u>
Community Reinvestment Act (CRA)	\$255,939	\$6,901
Economic Development Incentive	33,753	33,753
	<u>\$289,692</u>	<u>\$40,654</u>

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF CENTERVILLE, OHIO

***Schedule of the City's Proportionate Share of the Net Pension Liability
Last Five Years***

Ohio Public Employees Retirement System

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability	0.040811%	0.040811%	0.041475%
City's proportionate share of the net pension liability	\$4,811,085	\$4,922,263	\$7,183,993
City's covered payroll	\$6,032,792	\$5,020,008	\$6,022,242
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	79.75%	98.05%	119.29%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability	0.157122%	0.157122%	0.156904%
City's proportionate share of the net pension liability	\$7,652,329	\$8,139,570	\$10,093,744
City's covered payroll	\$4,769,460	\$3,460,763	\$3,638,705
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	160.44%	235.20%	277.40%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2014 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

CITY OF CENTERVILLE, OHIO

<u>2017</u>	<u>2018</u>
0.040931%	0.040863%
\$9,294,734	\$6,410,630
\$5,291,233	\$5,398,692
175.66%	118.74%
77.25%	84.66%

<u>2017</u>	<u>2018</u>
0.146359%	0.146867%
\$9,270,232	\$9,013,912
\$3,489,916	\$3,434,305
265.63%	262.47%
68.36%	70.91%

CITY OF CENTERVILLE, OHIO

***Schedule of City Pension Contributions
Last Six Years***

Ohio Public Employees Retirement System

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$784,263	\$602,401	\$722,669
Contributions in relation to the contractually required contribution	<u>784,263</u>	<u>602,401</u>	<u>722,669</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$6,032,792	\$5,020,008	\$6,022,242
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$759,775	\$657,545	\$691,354
Contributions in relation to the contractually required contribution	<u>759,775</u>	<u>657,545</u>	<u>691,354</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$4,769,460	\$3,460,763	\$3,638,705
Contributions as a percentage of covered payroll	15.93%	19.00%	19.00%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2013 is not available.

CITY OF CENTERVILLE, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$634,948	\$701,830	\$813,131
<u>634,948</u>	<u>701,830</u>	<u>813,131</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,291,233	\$5,398,692	\$5,808,079
12.00%	13.00%	14.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$663,084	\$652,518	\$685,965
<u>663,084</u>	<u>652,518</u>	<u>685,965</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,489,916	\$3,434,305	\$3,610,342
19.00%	19.00%	19.00%



CITY OF CENTERVILLE, OHIO

***Schedule of the City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
Last Two Years***

Ohio Public Employees Retirement System

Year	<u>2017</u>	<u>2018</u>
City's proportion of the net OPEB liability	0.041609%	0.041625%
City's proportionate share of the net OPEB liability	\$4,202,624	\$4,520,213
City's covered payroll	\$5,291,233	\$5,398,692
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	79.43%	83.73%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2017</u>	<u>2018</u>
City's proportion of the net OPEB liability	0.146359%	0.146867%
City's proportionate share of the net OPEB liability	\$6,947,333	\$8,321,297
City's covered payroll	\$3,489,916	\$3,434,305
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	199.07%	242.30%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability.

CITY OF CENTERVILLE, OHIO

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Six Years***

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	\$60,328	\$100,400	\$120,445
Contributions in relation to the contractually required contribution	60,328	100,400	120,445
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$6,032,792	\$5,020,008	\$6,022,242
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	\$119,549	\$17,304	\$18,194
Contributions in relation to the contractually required contribution	119,549	17,304	18,194
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$4,769,460	\$3,460,763	\$3,638,705
Contributions as a percentage of covered payroll	2.51%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2013 is not available.

CITY OF CENTERVILLE, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$105,825	\$53,987	\$0
<u>105,825</u>	<u>53,987</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,291,233	\$5,398,692	\$5,808,079
2.00%	1.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$17,450	\$17,172	\$18,052
<u>17,450</u>	<u>17,172</u>	<u>18,052</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,489,916	\$3,434,305	\$3,610,342
0.50%	0.50%	0.50%

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2018***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date.

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2018***

NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

Changes between Measurement Date and Report Date: In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 3.79% to 3.24%.

Changes between Measurement Date and Report Date: In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES
INCLUDE THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS,
INTERNAL SERVICE FUNDS, AND FIDUCIARY FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

State Highway Fund

To account for the allocation of revenues derived from motor vehicle license fees and state gasoline taxes designated for maintenance and repair of state highways within the City.

Law Enforcement Fund

To account for the fines generated in the prosecution of those in possession of contraband and the proceeds gained from the sale of confiscated contraband in the City of Centerville. This money may be spent for any law enforcement activity.

Enforcement and Education Fund

To account for fines restricted to expenditure for the purpose of educating the public and enforcing the laws governing the operation of motor vehicle while under the influence of alcohol.

Drug Law Fund

To account for mandatory fines imposed for felonious drug offense convictions and sentences. This money may be used in any drug law enforcement activity.

Police Grants Fund

To account for federal and state grant monies received for police services.

Friends of Benham's Grove Fund

To account for the activities of the Friends of Benham's Grove. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Police Operations Project Fund

To account for various police related operations, including transactions relating to the construction of a new police facility. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Unvoted Debt Retirement Fund

To account for the payment of principal and interest on the City's unvoted general obligations.

TIF Debt Retirement Fund

To account for the payment of principal and interest on the City's general obligations related to Tax Increment Financing (TIF) debt.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition of equipment or construction of major capital projects not being financed by proprietary funds.

TIF Projects Fund

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

Cornerstone TIF Fire/EMS Fund

To account for expenditures made on capital infrastructure improvements constructed by the City, within the related tax-increment financing (TIF) district. Revenues consist of service payments received in lieu of property taxes levied on the value of private property improvements made in the TIF district. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

TIF MVHS Capital Projects Fund

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

Capital Equipment Purchase Fund

To account for the acquisition of major operating and office equipment.

Special Assessment Improvements Fund

To account for the revenues and expenditures relating to various special assessment projects throughout the City.

Internal Service Funds

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

Central Vehicle Purchase Fund

To account for the acquisition of motor vehicles by the City of Centerville.

Self-Insurance Medical Fund

To account for the payment of claims and fees relating to the City's employee medical insurance program.

Insurance Deductible Fund

To account for the payment of deductibles relating to the City's general insurance coverage.

CITY OF CENTERVILLE, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 778,649	\$ 199,513	\$ 1,749,361	\$ 2,727,523
Receivables:				
Taxes	0	1,150,000	0	1,150,000
Intergovernmental	39,582	0	0	39,582
Inventory of Supplies, at Cost	21,879	0	0	21,879
Total Assets	<u>\$ 840,110</u>	<u>\$ 1,349,513</u>	<u>\$ 1,749,361</u>	<u>\$ 3,938,984</u>
Liabilities:				
Accounts Payable	\$ 13,436	\$ 0	\$ 158,193	\$ 171,629
Intergovernmental Payable	0	0	20,089	20,089
Total Liabilities	<u>13,436</u>	<u>0</u>	<u>178,282</u>	<u>191,718</u>
Deferred Inflows of Resources:				
Unavailable Amounts	27,321	0	0	27,321
Property Tax Levy for Next Fiscal Year	0	1,150,000	0	1,150,000
Total Deferred Inflows of Resources	<u>27,321</u>	<u>1,150,000</u>	<u>0</u>	<u>1,177,321</u>
Fund Balances:				
Nonspendable	21,879	0	0	21,879
Restricted	777,474	197,145	335,431	1,310,050
Assigned	0	2,368	1,326,693	1,329,061
Unassigned	0	0	(91,045)	(91,045)
Total Fund Balances	<u>799,353</u>	<u>199,513</u>	<u>1,571,079</u>	<u>2,569,945</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 840,110</u>	<u>\$ 1,349,513</u>	<u>\$ 1,749,361</u>	<u>\$ 3,938,984</u>

CITY OF CENTERVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Investment Earnings	\$ 10,529	\$ 4,378	\$ 33,100	\$ 48,007
Intergovernmental Revenues	78,041	0	0	78,041
Special Assessments	0	0	50,104	50,104
Fines, Licenses and Permits	659	0	0	659
Revenue in Lieu of Taxes	0	939,055	91,350	1,030,405
Other Revenues	29,981	0	157,000	186,981
Total Revenue	119,210	943,433	331,554	1,394,197
Expenditures:				
Current:				
General Government	0	309,781	79,619	389,400
Public Safety	39,019	0	0	39,019
Transportation	82,331	0	0	82,331
Capital Outlay	0	0	958,601	958,601
Debt Service:				
Principal Retirement	0	246,369	0	246,369
Interest and Fiscal Charges	0	285,658	0	285,658
Total Expenditures	121,350	841,808	1,038,220	2,001,378
Excess (Deficiency) of Revenues Over Expenditures	(2,140)	101,625	(706,666)	(607,181)
Other Financing Sources (Uses):				
Transfers In	0	46,052	445,470	491,522
Transfers Out	0	(45,470)	0	(45,470)
Total Other Financing Sources (Uses)	0	582	445,470	446,052
Net Change in Fund Balances	(2,140)	102,207	(261,196)	(161,129)
Fund Balances at Beginning of Year	804,235	97,306	1,832,275	2,733,816
Change in Inventory	(2,742)	0	0	(2,742)
Fund Balances End of Year	\$ 799,353	\$ 199,513	\$ 1,571,079	\$ 2,569,945

CITY OF CENTERVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018**

	State Highway	Law Enforcement	Enforcement and Education	Drug Law
Assets:				
Equity in Pooled Cash and Investments	\$ 151,395	\$ 283,432	\$ 38,289	\$ 1,051
Receivables:				
Intergovernmental	39,582	0	0	0
Inventory of Supplies, at Cost	21,879	0	0	0
Total Assets	<u>\$ 212,856</u>	<u>\$ 283,432</u>	<u>\$ 38,289</u>	<u>\$ 1,051</u>
Liabilities:				
Accounts Payable	\$ 7,636	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>7,636</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:				
Unavailable Amounts	<u>27,321</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	21,879	0	0	0
Restricted	156,020	283,432	38,289	1,051
Total Fund Balances	<u>177,899</u>	<u>283,432</u>	<u>38,289</u>	<u>1,051</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 212,856</u>	<u>\$ 283,432</u>	<u>\$ 38,289</u>	<u>\$ 1,051</u>

CITY OF CENTERVILLE, OHIO

<u>Police Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 304,482	\$ 778,649
0	39,582
0	21,879
<u>\$ 304,482</u>	<u>\$ 840,110</u>
<u>\$ 5,800</u>	<u>\$ 13,436</u>
<u>5,800</u>	<u>13,436</u>
<u>0</u>	<u>27,321</u>
0	21,879
<u>298,682</u>	<u>777,474</u>
<u>298,682</u>	<u>799,353</u>
<u>\$ 304,482</u>	<u>\$ 840,110</u>

CITY OF CENTERVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	State Highway	Law Enforcement	Enforcement and Education	Drug Law
Revenues:				
Investment Earnings	\$ 1,917	\$ 3,916	\$ 555	\$ 14
Intergovernmental Revenues	78,041	0	0	0
Fines, Licenses and Permits	0	0	659	0
Other Revenues	0	29,981	0	0
Total Revenue	<u>79,958</u>	<u>33,897</u>	<u>1,214</u>	<u>14</u>
Expenditures:				
Current:				
Public Safety	0	4,896	0	0
Transportation	82,331	0	0	0
Total Expenditures	<u>82,331</u>	<u>4,896</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,373)	29,001	1,214	14
Fund Balances at Beginning of Year	183,014	254,431	37,075	1,037
Change in Inventory	(2,742)	0	0	0
Fund Balances End of Year	<u>\$ 177,899</u>	<u>\$ 283,432</u>	<u>\$ 38,289</u>	<u>\$ 1,051</u>

CITY OF CENTERVILLE, OHIO

<u>Police Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 4,127	\$ 10,529
0	78,041
0	659
0	29,981
<u>4,127</u>	<u>119,210</u>
34,123	39,019
0	82,331
<u>34,123</u>	<u>121,350</u>
(29,996)	(2,140)
328,678	804,235
0	(2,742)
<u>\$ 298,682</u>	<u>\$ 799,353</u>

CITY OF CENTERVILLE, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2018**

	Unvoted Debt Retirement	TIF Debt Retirement	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 2,368	\$ 197,145	\$ 199,513
Receivables:			
Taxes	0	1,150,000	1,150,000
Total Assets	<u>\$ 2,368</u>	<u>\$ 1,347,145</u>	<u>\$ 1,349,513</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	0	1,150,000	1,150,000
Total Deferred Inflows of Resources	<u>0</u>	<u>1,150,000</u>	<u>1,150,000</u>
Fund Balances:			
Restricted	0	197,145	197,145
Assigned	2,368	0	2,368
Unassigned	0	0	0
Total Fund Balances	<u>2,368</u>	<u>197,145</u>	<u>199,513</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,368</u>	<u>\$ 1,347,145</u>	<u>\$ 1,349,513</u>

CITY OF CENTERVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018***

	Unvoted Debt Retirement	TIF Debt Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$ 181	\$ 4,197	\$ 4,378
Revenue in Lieu of Taxes	0	939,055	939,055
Total Revenue	<u>181</u>	<u>943,252</u>	<u>943,433</u>
Expenditures:			
Current:			
General Government	0	309,781	309,781
Debt Service:			
Principal Retirement	41,369	205,000	246,369
Interest and Fiscal Charges	4,683	280,975	285,658
Total Expenditures	<u>46,052</u>	<u>795,756</u>	<u>841,808</u>
Excess (Deficiency) of Revenues Over Expenditures	(45,871)	147,496	101,625
Other Financing Sources (Uses):			
Transfers In	46,052	0	46,052
Transfers Out	0	(45,470)	(45,470)
Total Other Financing Sources (Uses)	<u>46,052</u>	<u>(45,470)</u>	<u>582</u>
Net Change in Fund Balances	181	102,026	102,207
Fund Balances at Beginning of Year	<u>2,187</u>	<u>95,119</u>	<u>97,306</u>
Fund Balances End of Year	<u>\$ 2,368</u>	<u>\$ 197,145</u>	<u>\$ 199,513</u>

CITY OF CENTERVILLE, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018**

	TIF Projects	TIF MVHS Capital Projects	Capital Equipment Purchase	Special Assessment Improvements	Total Nonmajor Capital Projects Funds
Assets:					
Equity in Pooled Cash and Investments	\$ 47,906	\$ 391,196	\$ 974,828	\$ 335,431	\$ 1,749,361
Total Assets	<u>\$ 47,906</u>	<u>\$ 391,196</u>	<u>\$ 974,828</u>	<u>\$ 335,431</u>	<u>\$ 1,749,361</u>
Liabilities:					
Accounts Payable	\$ 118,862	\$ 0	\$ 39,331	\$ 0	\$ 158,193
Intergovernmental Payable	20,089	0	0	0	20,089
Total Liabilities	<u>138,951</u>	<u>0</u>	<u>39,331</u>	<u>0</u>	<u>178,282</u>
Fund Balances:					
Restricted	0	0	0	335,431	335,431
Assigned	0	391,196	935,497	0	1,326,693
Unassigned	(91,045)	0	0	0	(91,045)
Total Fund Balances	<u>(91,045)</u>	<u>391,196</u>	<u>935,497</u>	<u>335,431</u>	<u>1,571,079</u>
Total Liabilities and Fund Balances	<u>\$ 47,906</u>	<u>\$ 391,196</u>	<u>\$ 974,828</u>	<u>\$ 335,431</u>	<u>\$ 1,749,361</u>

CITY OF CENTERVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018**

	TIF Projects	Cornerstone TIF Fire/EMS	TIF MVHS Capital Projects	Capital Equipment Purchase	Special Assessment Improvements	Total Nonmajor Capital Project Funds
Revenues:						
Investment Earnings	\$ 7,176	\$ 0	\$ 4,108	\$ 14,114	\$ 7,702	\$ 33,100
Special Assessments	0	0	0	0	50,104	50,104
Revenue in Lieu of Taxes	0	0	91,350	0	0	91,350
All Other Revenue	157,000	0	0	0	0	157,000
Total Revenue	164,176	0	95,458	14,114	57,806	331,554
Expenditures:						
Current:						
General Government	0	45,470	1,019	0	33,130	79,619
Capital Outlay	222,325	0	8,110	508,128	220,038	958,601
Total Expenditures	222,325	45,470	9,129	508,128	253,168	1,038,220
Excess (Deficiency) of Revenues Over Expenditures	(58,149)	(45,470)	86,329	(494,014)	(195,362)	(706,666)
Other Financing Sources (Uses):						
Transfers In	0	45,470	0	400,000	0	445,470
Total Other Financing Sources (Uses)	0	45,470	0	400,000	0	445,470
Net Change in Fund Balances	(58,149)	0	86,329	(94,014)	(195,362)	(261,196)
Fund Balances at Beginning of Year	(32,896)	0	304,867	1,029,511	530,793	1,832,275
Fund Balances End of Year	\$ (91,045)	\$ 0	\$ 391,196	\$ 935,497	\$ 335,431	\$ 1,571,079

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Taxes	\$ 1,385,000	\$ 1,385,000	\$ 1,491,705	\$ 106,705
Income Taxes	16,945,000	16,945,000	19,275,517	2,330,517
Charges for Services	612,600	612,600	626,411	13,811
Investment Earnings	100,000	100,000	231,207	131,207
Intergovernmental Revenues	691,500	691,500	725,130	33,630
Special Assessments	10,000	10,000	3,542	(6,458)
Fines, Licenses and Permits	302,750	302,750	399,364	96,614
Other Revenues	21,240	21,240	59,268	38,028
Total Revenues	<u>20,068,090</u>	<u>20,068,090</u>	<u>22,812,144</u>	<u>2,744,054</u>
Expenditures:				
General Government:				
Clerk of Council:				
Personal Services	218,138	218,138	217,443	695
Other Expenditures	49,380	49,380	23,792	25,588
Total Clerk of Council	<u>267,518</u>	<u>267,518</u>	<u>241,235</u>	<u>26,283</u>
City Manager:				
Personal Services	665,791	665,791	475,222	190,569
Other Expenditures	28,129	33,129	25,788	7,341
Total City Manager	<u>693,920</u>	<u>698,920</u>	<u>501,010</u>	<u>197,910</u>
Economic Development:				
Personal Services	129,910	129,910	101,959	27,951
Other Expenditures	8,130	8,130	2,837	5,293
Total Economic Development	<u>138,040</u>	<u>138,040</u>	<u>104,796</u>	<u>33,244</u>
Community Resources:				
Personal Services	110,673	120,673	114,293	6,380
Other Expenditures	14,130	39,130	17,532	21,598
Total Community Resources	<u>124,803</u>	<u>159,803</u>	<u>131,825</u>	<u>27,978</u>
Code Enforcement:				
Personal Services	128,905	133,905	124,457	9,448
Other Expenditures	23,933	23,933	16,024	7,909
Total Code Enforcement	<u>152,838</u>	<u>157,838</u>	<u>140,481</u>	<u>17,357</u>
Finance:				
Personal Services	388,135	393,135	383,532	9,603
Other Expenditures	69,110	69,110	52,822	16,288
Total Finance	<u>457,245</u>	<u>462,245</u>	<u>436,354</u>	<u>25,891</u>

CITY OF CENTERVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Income Tax:				
Personal Services	227,807	237,807	232,213	5,594
Other Expenditures	98,500	98,500	67,917	30,583
Total Income Tax	<u>326,307</u>	<u>336,307</u>	<u>300,130</u>	<u>36,177</u>
Human Resources:				
Personal Services	174,097	179,097	179,039	58
Other Expenditures	69,025	69,025	48,571	20,454
Total Human Resources	<u>243,122</u>	<u>248,122</u>	<u>227,610</u>	<u>20,512</u>
Legal:				
Other Expenditures	382,400	482,400	385,806	96,594
Total Legal	<u>382,400</u>	<u>482,400</u>	<u>385,806</u>	<u>96,594</u>
General Government:				
Personal Services	138,022	138,022	36,392	101,630
Other Expenditures	1,392,915	1,642,915	1,082,043	560,872
Total General Government	<u>1,530,937</u>	<u>1,780,937</u>	<u>1,118,435</u>	<u>662,502</u>
Municipal Building:				
Personal Services	37,478	42,478	36,516	5,962
Other Expenditures	53,051	53,051	45,166	7,885
Total Municipal Building	<u>90,529</u>	<u>95,529</u>	<u>81,682</u>	<u>13,847</u>
Inspection:				
Personal Services	276,577	281,577	274,627	6,950
Other Expenditures	64,498	64,498	33,303	31,195
Total Inspection	<u>341,075</u>	<u>346,075</u>	<u>307,930</u>	<u>38,145</u>
Engineering:				
Personal Services	398,736	408,736	398,410	10,326
Other Expenditures	65,020	65,020	21,957	43,063
Total Engineering	<u>463,756</u>	<u>473,756</u>	<u>420,367</u>	<u>53,389</u>
Public Works Administration:				
Personal Services	257,652	257,652	212,044	45,608
Other Expenditures	119,703	119,703	95,846	23,857
Total Public Works Administration	<u>377,355</u>	<u>377,355</u>	<u>307,890</u>	<u>69,465</u>
Sister City Committee:				
Other Expenditures	2,675	2,675	982	1,693
Total Sister City Committee	<u>2,675</u>	<u>2,675</u>	<u>982</u>	<u>1,693</u>

(Continued)

CITY OF CENTERVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Arts Commission:				
Other Expenditures	38,000	48,000	40,794	7,206
Total Arts Commission	<u>38,000</u>	<u>48,000</u>	<u>40,794</u>	<u>7,206</u>
City Beautiful Commission:				
Other Expenditures	5,625	5,625	3,765	1,860
Total City Beautiful Commission	<u>5,625</u>	<u>5,625</u>	<u>3,765</u>	<u>1,860</u>
Total General Government	<u>5,636,145</u>	<u>6,081,145</u>	<u>4,751,092</u>	<u>1,330,053</u>
Public Safety:				
Police:				
Personal Services	6,531,972	6,531,972	6,407,107	124,865
Other Expenditures	1,040,238	1,190,238	990,718	199,520
Total Public Safety	<u>7,572,210</u>	<u>7,722,210</u>	<u>7,397,825</u>	<u>324,385</u>
Community Development:				
Planning:				
Personal Services	263,681	263,681	248,599	15,082
Other Expenditures	124,268	124,268	24,254	100,014
Total Community Development	<u>387,949</u>	<u>387,949</u>	<u>272,853</u>	<u>115,096</u>
Recreation:				
Benham's Grove:				
Personal Services	111,677	111,677	98,749	12,928
Other Expenditures	122,696	122,696	87,528	35,168
Total Benham's Grove	<u>234,373</u>	<u>234,373</u>	<u>186,277</u>	<u>48,096</u>
Stubbs Park:				
Other Expenditures	291,879	291,879	166,563	125,316
Total Stubbs Park	<u>291,879</u>	<u>291,879</u>	<u>166,563</u>	<u>125,316</u>
Total Recreation	<u>526,252</u>	<u>526,252</u>	<u>352,840</u>	<u>173,412</u>
Total Expenditures	<u>14,122,556</u>	<u>14,717,556</u>	<u>12,774,610</u>	<u>1,942,946</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	5,945,534	5,350,534	10,037,534	4,687,000

CITY OF CENTERVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers Out	(6,146,052)	(6,146,052)	(6,661,052)	(515,000)
Advances In	10,803	10,803	0	(10,803)
Total Other Financing Sources (Uses)	<u>(6,135,249)</u>	<u>(6,135,249)</u>	<u>(6,661,052)</u>	<u>(525,803)</u>
Net Change in Fund Balance	(189,715)	(784,715)	3,376,482	4,161,197
Fund Balance at Beginning of Year	15,959,479	15,959,479	15,959,479	0
Prior Year Encumbrances	393,750	393,750	393,750	0
Fund Balance at End of Year	<u>\$ 16,163,514</u>	<u>\$ 15,568,514</u>	<u>\$ 19,729,711</u>	<u>\$ 4,161,197</u>

CITY OF CENTERVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund – Street, Construction and Maintenance Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 1,000	\$ 1,000	\$ 769	\$ (231)
Investment Earnings	5,000	5,000	15,881	10,881
Intergovernmental Revenues	954,232	954,232	964,344	10,112
Total Revenues	<u>960,232</u>	<u>960,232</u>	<u>980,994</u>	<u>20,762</u>
Expenditures:				
Transportation:				
Personal Services	2,094,548	2,104,548	1,974,812	129,736
Other Expenditures	653,360	653,360	534,881	118,479
Total Expenditures	<u>2,747,908</u>	<u>2,757,908</u>	<u>2,509,693</u>	<u>248,215</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,787,676)	(1,797,676)	(1,528,699)	268,977
Other Financing Sources (Uses):				
Transfers In	1,600,000	1,600,000	1,600,000	0
Total Other Financing Sources (Uses)	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>0</u>
Net Change in Fund Balance	(187,676)	(197,676)	71,301	268,977
Fund Balance at Beginning of Year	1,246,887	1,246,887	1,246,887	0
Prior Year Encumbrances	18,529	18,529	18,529	0
Fund Balance at End of Year	<u>\$ 1,077,740</u>	<u>\$ 1,067,740</u>	<u>\$ 1,336,717</u>	<u>\$ 268,977</u>

CITY OF CENTERVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund – Special Assessment Debt Retirement Fund
For the Year Ended December 31, 2018***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 7,000	\$ 10,528	\$ 3,528
Special Assessments	471,020	491,428	20,408
Total Revenues	<u>478,020</u>	<u>501,956</u>	<u>23,936</u>
Expenditures:			
General Government:			
Other Expenditures	<u>26,000</u>	<u>24,519</u>	<u>1,481</u>
Debt Service:			
Other Expenditures	<u>466,653</u>	<u>466,653</u>	<u>0</u>
Total Expenditures	<u>492,653</u>	<u>491,172</u>	<u>1,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,633)	10,784	25,417
Fund Balance at Beginning of Year	<u>461,193</u>	<u>461,193</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 446,560</u>	<u>\$ 471,977</u>	<u>\$ 25,417</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund – Capital Improvements Fund
For the Year Ended December 31, 2018**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 25,000	\$ 58,860	\$ 33,860
Intergovernmental Revenues	261,911	312,221	50,310
Other Revenues	234,520	317,212	82,692
Total Revenues	<u>521,431</u>	<u>688,293</u>	<u>166,862</u>
Expenditures:			
Capital Outlay:			
Other Expenditures	6,832,747	5,921,019	911,728
Total Expenditures	<u>6,832,747</u>	<u>5,921,019</u>	<u>911,728</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,311,316)	(5,232,726)	1,078,590
Other Financing Sources (Uses):			
OPWC Loan Initiated	0	393,949	393,949
Sale of Capital Assets	0	2,492	2,492
Transfers In	4,000,000	4,000,000	0
Total Other Financing Sources (Uses)	<u>4,000,000</u>	<u>4,396,441</u>	<u>396,441</u>
Net Change in Fund Balance	(2,311,316)	(836,285)	1,475,031
Fund Balance at Beginning of Year	2,367,921	2,367,921	0
Prior Year Encumbrances	1,446,780	1,446,780	0
Fund Balance at End of Year	<u>\$ 1,503,385</u>	<u>\$ 2,978,416</u>	<u>\$ 1,475,031</u>

CITY OF CENTERVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 1,000	\$ 1,917	\$ 917
Intergovernmental Revenues	77,857	78,191	334
Total Revenues	<u>78,857</u>	<u>80,108</u>	<u>1,251</u>
Expenditures:			
Transportation:			
Other Expenditures	105,100	76,106	28,994
Total Expenditures	<u>105,100</u>	<u>76,106</u>	<u>28,994</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,243)	4,002	30,245
Fund Balance at Beginning of Year	147,018	147,018	0
Fund Balance at End of Year	<u>\$ 120,775</u>	<u>\$ 151,020</u>	<u>\$ 30,245</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 0	\$ 3,916	\$ 3,916
Intergovernmental Revenues	2,500	0	(2,500)
Other Revenues	0	29,981	29,981
Total Revenues	<u>2,500</u>	<u>33,897</u>	<u>31,397</u>
Expenditures:			
Public Safety:			
Other Expenditures	<u>55,000</u>	<u>4,896</u>	<u>50,104</u>
Total Expenditures	<u>55,000</u>	<u>4,896</u>	<u>50,104</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,500)	29,001	81,501
Fund Balance at Beginning of Year	254,431	254,431	0
Fund Balance at End of Year	<u>\$ 201,931</u>	<u>\$ 283,432</u>	<u>\$ 81,501</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 250	\$ 555	\$ 305
Fines, Licenses and Permits	1,500	659	(841)
Total Revenues	<u>1,750</u>	<u>1,214</u>	<u>(536)</u>
Expenditures:			
Public Safety:			
Other Expenditures	1,000	0	1,000
Total Expenditures	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	750	1,214	464
Fund Balance at Beginning of Year	37,075	37,075	0
Fund Balance at End of Year	<u>\$ 37,825</u>	<u>\$ 38,289</u>	<u>\$ 464</u>

CITY OF CENTERVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 10	\$ 14	\$ 4
Total Revenues	<u>10</u>	<u>14</u>	<u>4</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10	14	4
Fund Balance at Beginning of Year	1,037	1,037	0
Fund Balance at End of Year	<u>\$ 1,047</u>	<u>\$ 1,051</u>	<u>\$ 4</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
POLICE GRANTS FUND			
Revenues:			
Investment Earnings	\$ 3,000	\$ 4,127	\$ 1,127
Intergovernmental Revenues	35,000	0	(35,000)
Total Revenues	<u>38,000</u>	<u>4,127</u>	<u>(33,873)</u>
Expenditures:			
Public Safety:			
Other Expenditures	81,196	59,080	22,116
Total Expenditures	<u>81,196</u>	<u>59,080</u>	<u>22,116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,196)	(54,953)	(11,757)
Fund Balance at Beginning of Year	303,721	303,721	0
Prior Year Encumbrances	31,196	31,196	0
Fund Balance at End of Year	<u>\$ 291,721</u>	<u>\$ 279,964</u>	<u>\$ (11,757)</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 100	\$ 154	\$ 54
Other Revenues	4,900	1,266	(3,634)
Total Revenues	<u>5,000</u>	<u>1,420</u>	<u>(3,580)</u>
Expenditures:			
Recreation:			
Other Expenditures	3,550	179	3,371
Total Recreation	<u>3,550</u>	<u>179</u>	<u>3,371</u>
Capital Outlay	1,700	116	1,584
Total Expenditures	<u>5,250</u>	<u>295</u>	<u>4,955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(250)	1,125	1,375
Fund Balance at Beginning of Year	10,813	10,813	0
Fund Balance at End of Year	<u>\$ 10,563</u>	<u>\$ 11,938</u>	<u>\$ 1,375</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 500	\$ 1,101	\$ 601
Total Revenues	<u>500</u>	<u>1,101</u>	<u>601</u>
Expenditures:			
Public Safety:			
Other Expenditures	<u>1,000</u>	<u>100</u>	<u>900</u>
Total Expenditures	<u>1,000</u>	<u>100</u>	<u>900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	1,001	1,501
Fund Balance at Beginning of Year	<u>72,574</u>	<u>72,574</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 72,074</u>	<u>\$ 73,575</u>	<u>\$ 1,501</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 200	\$ 181	\$ (19)
Total Revenues	<u>200</u>	<u>181</u>	<u>(19)</u>
Expenditures:			
Debt Service:			
Other Expenditures	<u>46,052</u>	<u>46,052</u>	<u>0</u>
Total Expenditures	<u>46,052</u>	<u>46,052</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,852)	(45,871)	(19)
Other Financing Sources (Uses):			
Transfers In	<u>46,052</u>	<u>46,052</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>46,052</u>	<u>46,052</u>	<u>0</u>
Net Change in Fund Balance	200	181	(19)
Fund Balance at Beginning of Year	<u>2,187</u>	<u>2,187</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,387</u>	<u>\$ 2,368</u>	<u>\$ (19)</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018**

TIF DEBT RETIREMENT FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 5,000	\$ 4,197	\$ (803)
Revenue in Lieu of Taxes	0	939,055	939,055
Total Revenues	<u>5,000</u>	<u>943,252</u>	<u>938,252</u>
Expenditures:			
General Government:			
Other Expenditures	<u>306,000</u>	<u>309,781</u>	<u>(3,781)</u>
Debt Service:			
Other Expenditures	<u>485,975</u>	<u>485,975</u>	<u>0</u>
Total Expenditures	<u>791,975</u>	<u>795,756</u>	<u>(3,781)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(786,975)	147,496	934,471
Other Financing Sources (Uses):			
Transfers Out	<u>(54,000)</u>	<u>(45,470)</u>	<u>8,530</u>
Total Other Financing Sources (Uses)	<u>(54,000)</u>	<u>(45,470)</u>	<u>8,530</u>
Net Change in Fund Balance	(840,975)	102,026	943,001
Fund Balance at Beginning of Year	95,119	95,119	0
Fund Balance at End of Year	<u>\$ (745,856)</u>	<u>\$ 197,145</u>	<u>\$ 943,001</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018**

	TIF PROJECTS FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Investment Earnings	\$ 10,000	\$ 7,176	\$ (2,824)
Special Assessments	5,000,000	0	(5,000,000)
Other Revenues	0	157,000	157,000
Total Revenues	<u>5,010,000</u>	<u>164,176</u>	<u>(4,845,824)</u>
Expenditures:			
Capital Outlay:			
Other Expenditures	304,978	304,644	334
Total Expenditures	<u>304,978</u>	<u>304,644</u>	<u>334</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,705,022	(140,468)	(4,845,490)
Fund Balance at Beginning of Year	132,896	132,896	0
Prior Year Encumbrances	54,978	54,978	0
Fund Balance at End of Year	<u>\$ 4,892,896</u>	<u>\$ 47,406</u>	<u>\$ (4,845,490)</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018**

CORNERSTONE TIF FIRE/EMS FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
General Government:			
Other Expenditures	0	45,470	(45,470)
Total Expenditures	<u>0</u>	<u>45,470</u>	<u>(45,470)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(45,470)	(45,470)
Other Financing Sources (Uses):			
Transfers In	50,000	45,470	(4,530)
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>45,470</u>	<u>(4,530)</u>
Net Change in Fund Balance	50,000	0	(50,000)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ (50,000)</u>

CITY OF CENTERVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 1,000	\$ 4,108	\$ 3,108
Revenue in Lieu of Taxes	100,000	91,350	(8,650)
Total Revenues	<u>101,000</u>	<u>95,458</u>	<u>(5,542)</u>
Expenditures:			
General Government:			
Other Expenditures	<u>0</u>	<u>1,019</u>	<u>(1,019)</u>
Capital Outlay:			
Other Expenditures	<u>10,000</u>	<u>8,110</u>	<u>1,890</u>
Total Expenditures	<u>10,000</u>	<u>9,129</u>	<u>871</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	91,000	86,329	(4,671)
Fund Balance at Beginning of Year	<u>304,867</u>	<u>304,867</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 395,867</u>	<u>\$ 391,196</u>	<u>\$ (4,671)</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CAPITAL EQUIPMENT PURCHASE FUND			
Revenues:			
Investment Earnings	\$ 5,000	\$ 14,114	\$ 9,114
Total Revenues	<u>5,000</u>	<u>14,114</u>	<u>9,114</u>
Expenditures:			
Capital Outlay:			
Other Expenditures	1,383,066	949,072	433,994
Total Expenditures	<u>1,383,066</u>	<u>949,072</u>	<u>433,994</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,378,066)	(934,958)	443,108
Other Financing Sources (Uses):			
Sale of Capital Assets	0	682	682
Transfers In	500,000	400,000	(100,000)
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>400,682</u>	<u>(99,318)</u>
Net Change in Fund Balance	(878,066)	(534,276)	343,790
Fund Balance at Beginning of Year	616,342	616,342	0
Prior Year Encumbrances	450,067	450,067	0
Fund Balance at End of Year	<u>\$ 188,343</u>	<u>\$ 532,133</u>	<u>\$ 343,790</u>

CITY OF CENTERVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 4,500	\$ 7,702	\$ 3,202
Special Assessments	17,000	50,104	33,104
Total Revenues	<u>21,500</u>	<u>57,806</u>	<u>36,306</u>
Expenditures:			
General Government:			
Other Expenditures	<u>50,000</u>	<u>33,130</u>	<u>16,870</u>
Capital Outlay:			
Other Expenditures	<u>250,000</u>	<u>221,538</u>	<u>28,462</u>
Total Expenditures	<u>300,000</u>	<u>254,668</u>	<u>45,332</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(278,500)	(196,862)	81,638
Fund Balance at Beginning of Year	530,793	530,793	0
Fund Balance at End of Year	<u>\$ 252,293</u>	<u>\$ 333,931</u>	<u>\$ 81,638</u>

CITY OF CENTERVILLE, OHIO

**Combining Statement of Net Position
Internal Service Funds
December 31, 2018**

	Central Vehicle Purchase	Self-Insurance Medical	Insurance Deductible	Total Internal Service Funds
Assets:				
Current assets:				
Equity in Pooled Cash and Investments	\$ 859,225	\$ 170,211	\$ 11,264	\$ 1,040,700
Total current assets	<u>859,225</u>	<u>170,211</u>	<u>11,264</u>	<u>1,040,700</u>
Noncurrent assets:				
Capital assets:				
Depreciable Capital Assets, net	1,336,971	0	0	1,336,971
Total capital assets	<u>1,336,971</u>	<u>0</u>	<u>0</u>	<u>1,336,971</u>
Total noncurrent assets	<u>1,336,971</u>	<u>0</u>	<u>0</u>	<u>1,336,971</u>
Total assets	<u>2,196,196</u>	<u>170,211</u>	<u>11,264</u>	<u>2,377,671</u>
Liabilities:				
Current liabilities:				
Accounts Payable	282,000	0	1,516	283,516
Claims Payable	0	30,642	0	30,642
Total Liabilities	<u>282,000</u>	<u>30,642</u>	<u>1,516</u>	<u>314,158</u>
Net Position:				
Net Investment in Capital Assets	1,336,971	0	0	1,336,971
Unrestricted	577,225	139,569	9,748	726,542
Total Net Position	<u>\$ 1,914,196</u>	<u>\$ 139,569</u>	<u>\$ 9,748</u>	<u>\$ 2,063,513</u>

CITY OF CENTERVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2018***

	Central Vehicle Purchase	Self-Insurance Medical	Insurance Deductible	Total Internal Service Funds
Operating Revenues:				
Charges for Services	\$ 289,570	\$ 1,361,564	\$ 0	\$ 1,651,134
Other Operating Revenues	29,353	14,997	306	44,656
Total Operating Revenues	<u>318,923</u>	<u>1,376,561</u>	<u>306</u>	<u>1,695,790</u>
Operating Expenses:				
Purchased Services	5,825	0	14,059	19,884
Depreciation	342,201	0	0	342,201
Claims	0	1,506,079	0	1,506,079
Total Operating Expenses	<u>348,026</u>	<u>1,506,079</u>	<u>14,059</u>	<u>1,868,164</u>
Operating Income (Loss)	(29,103)	(129,518)	(13,753)	(172,374)
Non-Operating Revenue (Expenses):				
Investment Earnings	11,134	0	454	11,588
Total Non-Operating Revenues (Expenses)	<u>11,134</u>	<u>0</u>	<u>454</u>	<u>11,588</u>
Change in Net Position	(17,969)	(129,518)	(13,299)	(160,786)
Net Position Beginning of Year	1,932,165	269,087	23,047	2,224,299
Net Position End of Year	<u>\$ 1,914,196</u>	<u>\$ 139,569</u>	<u>\$ 9,748</u>	<u>\$ 2,063,513</u>

CITY OF CENTERVILLE, OHIO

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018**

	Central Vehicle Purchase	Self-Insurance Medical	Insurance Deductible	Total Internal Service
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Interfund Services	\$289,570	\$1,361,564	\$0	\$1,651,134
Other Operating Receipts	32,785	14,997	306	48,088
Cash Payments for Goods and Services	(5,825)	0	(12,543)	(18,368)
Cash Payments for Claims	0	(1,475,437)	0	(1,475,437)
Net Cash Provided (Used) by Operating Activities	316,530	(98,876)	(12,237)	205,417
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(170,037)	0	0	(170,037)
Net Cash Used by Capital and Related Financing Activities	(170,037)	0	0	(170,037)
<u>Cash Flows from Investing Activities:</u>				
Receipt of Interest	11,134	0	454	11,588
Net Cash Provided by Investing Activities	11,134	0	454	11,588
Net Increase (Decrease) in Cash and Cash Equivalents	157,627	(98,876)	(11,783)	46,968
Cash and Cash Equivalents at Beginning of Year	701,598	269,087	23,047	993,732
Cash and Cash Equivalents at End of Year	\$859,225	\$170,211	\$11,264	\$1,040,700
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:</u>				
Operating Loss	(\$29,103)	(\$129,518)	(\$13,753)	(\$172,374)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Depreciation	342,201	0	0	342,201
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Decrease in Intergovernmental Receivable	3,432	0	0	3,432
Increase in Accounts Payable	0	0	1,516	1,516
Increase in Claims Payable	0	30,642	0	30,642
Total Adjustments	345,633	30,642	1,516	377,791
Net Cash Provided (Used) by Operating Activities	\$316,530	(\$98,876)	(\$12,237)	\$205,417

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2018 the Central Vehicle Purchase Fund had outstanding liabilities of \$282,000 for certain capital assets.

Fiduciary Fund

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Fund

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

CITY OF CENTERVILLE, OHIO

***Statement Of Changes In Assets And Liabilities
Agency Funds
For the Year Ended December 31, 2018***

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
<u>Agency Fund</u>				
Equity in Pooled Cash and Investments	\$655,057	\$3,888,072	(\$4,095,851)	\$447,278
Total Assets	<u>\$655,057</u>	<u>\$3,888,072</u>	<u>(\$4,095,851)</u>	<u>\$447,278</u>
Liabilities:				
Accounts Payable	\$37,933	\$0	(\$37,933)	\$0
Undistributed Monies	617,124	3,888,072	(4,057,918)	447,278
Total Liabilities	<u>\$655,057</u>	<u>\$3,888,072</u>	<u>(\$4,095,851)</u>	<u>\$447,278</u>





Statistical Section





STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the property tax and the income tax.	
Debt Capacity	S 18 – S 27
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 32 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

City of Centerville, Ohio

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	2009	2010	2011	2012
Governmental Activities:				
Net Investment in Capital Assets	\$24,604,731	\$40,098,262	\$39,255,568	\$38,096,137
Restricted	18,377,007	15,273,979	14,697,393	12,246,392
Unrestricted	12,788,888	13,822,659	15,443,474	18,154,274
Total Governmental Activities Net Position	<u>\$55,770,626</u>	<u>\$69,194,900</u>	<u>\$69,396,435</u>	<u>\$68,496,803</u>
Business-type Activities:				
Net Investment in Capital Assets	\$18,746,671	\$6,192,798	\$9,252,994	\$9,615,094
Restricted	0	1,291,866	319,734	2,921,719
Unrestricted (Deficit)	251,398	421,897	204,199	605,890
Total Business-type Activities Net Position	<u>\$18,998,069</u>	<u>\$7,906,561</u>	<u>\$9,776,927</u>	<u>\$13,142,703</u>
Primary Government:				
Net Investment in Capital Assets	\$43,351,402	\$46,291,060	\$48,508,562	\$47,711,231
Restricted	18,377,007	16,565,845	15,017,127	15,168,111
Unrestricted	13,040,286	14,244,556	15,647,673	18,760,164
Total Primary Government Net Position	<u>\$74,768,695</u>	<u>\$77,101,461</u>	<u>\$79,173,362</u>	<u>\$81,639,506</u>

Source: Finance Office

City of Centerville, Ohio

2013	2014	2015	2016	2017	2018
	Restated			Restated	
\$38,942,917	\$41,293,351	\$44,528,877	\$45,641,394	\$46,043,736	\$47,644,077
12,007,221	11,560,436	10,133,340	10,734,146	10,502,230	10,084,968
16,496,732	5,567,938	7,009,910	8,866,514	2,092,927	3,750,848
<u>\$67,446,870</u>	<u>\$58,421,725</u>	<u>\$61,672,127</u>	<u>\$65,242,054</u>	<u>\$58,638,893</u>	<u>\$61,479,893</u>
\$14,732,195	\$15,716,382	\$16,064,955	\$16,642,252	\$17,190,452	\$18,147,568
351,200	351,200	351,200	351,200	351,200	0
704,293	(392,043)	(88,510)	(194,141)	(1,205,367)	(795,571)
<u>\$15,787,688</u>	<u>\$15,675,539</u>	<u>\$16,327,645</u>	<u>\$16,799,311</u>	<u>\$16,336,285</u>	<u>\$17,351,997</u>
\$53,675,112	\$57,009,733	\$60,593,832	\$62,283,646	\$63,234,188	\$65,791,645
12,358,421	11,911,636	10,484,540	11,085,346	10,853,430	10,084,968
17,201,025	5,175,895	6,921,400	8,672,373	887,560	2,955,277
<u>\$83,234,558</u>	<u>\$74,097,264</u>	<u>\$77,999,772</u>	<u>\$82,041,365</u>	<u>\$74,975,178</u>	<u>\$78,831,890</u>

City of Centerville, Ohio

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
General Government	\$5,325,348	\$4,527,738	\$4,920,870	\$4,974,806
Public Safety	6,380,789	6,453,724	6,814,464	6,505,994
Community Development	318,856	311,971	264,650	250,836
Recreation	449,597	305,028	308,379	291,908
Transportation	3,810,418	4,605,002	4,233,694	4,190,140
Interest and Fiscal Charges	1,122,739	404,629	386,256	370,007
Bond Issuance Costs	0	0	0	0
<i>Total Governmental Activities Expenses</i>	17,407,747	16,608,092	16,928,313	16,583,691
Business-type Activities:				
Waste Collection	1,269,212	1,373,087	1,634,734	1,483,622
Golf Course*	3,912,575	3,878,151	3,681,797	3,299,097
Golf Course Equipment Purchases*	264,021	0	0	0
<i>Total Business-type Activities Expenses</i>	5,445,808	5,251,238	5,316,531	4,782,719
<i>Total Primary Government Expenses</i>	\$22,853,555	\$21,859,330	\$22,244,844	\$21,366,410
Program Revenues				
Governmental Activities:				
General Government	\$1,807,830	\$1,142,745	\$1,175,710	\$629,043
Public Safety	115,415	446,149	475,204	206,373
Community Development	0	0	0	0
Recreation	142,969	151,487	150,526	176,343
Transportation	990,740	1,512,741	1,010,827	1,009,736
<i>Total Governmental Activities Program Revenues</i>	3,056,954	3,253,122	2,812,267	2,021,495

* - In 2010, the Golf Course Equipment Purchase Fund and the Golf Course Debt Fund were combined into the Golf Course Fund.

City of Centerville, Ohio

2013	2014	2015	2016	2017	2018
\$4,837,041	\$4,707,720	\$4,583,121	\$5,297,659	\$5,436,245	\$5,704,742
6,585,920	6,519,809	7,431,420	7,480,622	8,035,874	8,613,827
288,406	223,463	239,464	270,706	300,901	303,734
330,822	232,550	240,024	272,933	260,331	226,152
4,444,780	4,609,430	5,181,136	3,648,465	5,737,482	6,939,137
326,705	217,123	263,947	450,852	441,147	425,015
0	0	206,025	0	0	0
16,813,674	16,510,095	18,145,137	17,421,237	20,211,980	22,212,607
1,244,933	1,270,737	1,231,207	1,368,345	1,350,813	1,434,443
3,322,195	3,374,878	3,243,923	3,300,445	3,403,774	3,067,197
0	0	0	0	0	0
4,567,128	4,645,615	4,475,130	4,668,790	4,754,587	4,501,640
\$21,380,802	\$21,155,710	\$22,620,267	\$22,090,027	\$24,966,567	\$26,714,247
\$721,762	\$403,760	\$594,967	\$629,972	\$966,820	\$841,784
123,416	124,888	175,507	157,794	249,534	115,387
0	55,525	0	1,095,870	0	0
186,131	343,902	408,923	203,707	175,269	202,033
1,009,722	1,229,937	4,652,387	1,773,951	1,107,410	1,640,589
2,041,031	2,158,012	5,831,784	3,861,294	2,499,033	2,799,793

(continued)

City of Centerville, Ohio

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2009	2010	2011
Business-type Activities:			
Waste Collection	1,355,461	1,349,642	1,370,233
Golf Course *	3,513,628	3,647,031	3,432,372
Golf Course Equipment Purchases *	205,266	0	0
<i>Total Business-type Activities Program Revenues</i>	5,074,355	4,996,673	4,802,605
<i>Total Primary Government Program Revenues</i>	8,131,309	8,249,795	7,614,872
Net (Expense)/Revenue			
Governmental Activities	(14,350,793)	(13,354,970)	(14,116,046)
Business-type Activities	(371,453)	(254,565)	(513,926)
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$14,722,246)	(\$13,609,535)	(\$14,629,972)
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$10,675,126	\$11,044,385	\$12,109,247
Property Taxes Levied for General Purposes	1,422,543	1,375,916	1,552,250
Estate Taxes	954,495	1,602,523	1,329,517
Unrestricted Shared Revenues	1,092,388	1,605,345	1,170,041
Revenue in Lieu of Taxes	0	0	0
Investment Earnings	280,848	142,867	169,851
Other Revenues	199,604	137,595	350,675
Transfers	(150,000)	(1,384,000)	(2,364,000)
<i>Total Governmental Activities</i>	14,475,004	14,524,631	14,317,581
Business-type Activities:			
Investment Earnings	13,314	27,234	20,292
Gain on Sale/Disposal of Capital Assets	10,526	6,436	0
Transfers	150,000	1,384,000	2,364,000
<i>Total Business-type Activities</i>	173,840	1,417,670	2,384,292
<i>Total Primary Government</i>	\$14,648,844	\$15,942,301	\$16,701,873
Change in Net Position			
Governmental Activities	\$124,211	\$1,169,661	\$201,535
Business-type Activities	(197,613)	1,163,105	1,870,366
<i>Total Primary Government Change in Net Position</i>	(\$73,402)	\$2,332,766	\$2,071,901

* - In 2010, the Golf Course Equipment Purchase Fund and the Golf Course Debt Fund were combined into the Golf Course Fund.

Source: Finance Office

City of Centerville, Ohio

2012	2013	2014	2015	2016	2017	2018
1,369,371	1,376,850	1,388,621	1,425,879	1,387,756	1,411,046	1,339,257
3,720,572	3,342,943	3,312,023	3,548,341	3,717,637	3,706,704	3,535,742
0	0	0	0	0	0	0
5,089,943	4,719,793	4,700,644	4,974,220	5,105,393	5,117,750	4,874,999
7,111,438	6,760,824	6,858,656	10,806,004	8,966,687	7,616,783	7,674,792
(14,562,196)	(14,772,643)	(14,352,083)	(12,313,353)	(13,559,943)	(17,712,947)	(19,412,814)
307,224	152,665	55,029	499,090	436,603	363,163	373,359
<u>(\$14,254,972)</u>	<u>(\$14,619,978)</u>	<u>(\$14,297,054)</u>	<u>(\$11,814,263)</u>	<u>(\$13,123,340)</u>	<u>(\$17,349,784)</u>	<u>(\$19,039,455)</u>
\$12,654,982	\$13,255,407	\$12,888,194	\$12,654,246	\$14,419,096	\$17,441,959	\$18,995,065
1,208,289	1,310,538	1,352,405	1,387,805	1,371,013	1,402,517	1,506,251
2,014,816	792,683	204,189	0	0	0	0
336,862	555,049	859,883	1,258,990	952,085	1,231,456	1,069,691
0	0	190,838	0	84,856	678,145	1,030,405
169,693	67,416	193,056	165,799	169,700	248,138	205,005
307,922	245,448	167,546	205,905	143,120	288,393	62,397
(3,030,000)	(2,499,000)	(395,000)	(109,000)	(10,000)	(100,000)	(615,000)
13,662,564	13,727,541	15,461,111	15,563,745	17,129,870	21,190,608	22,253,814
14,897	29,409	12,016	15,480	14,601	18,560	27,353
13,655	54,074	495,104	28,536	10,462	53,228	0
3,030,000	2,499,000	395,000	109,000	10,000	100,000	615,000
3,058,552	2,582,483	902,120	153,016	35,063	171,788	642,353
<u>\$16,721,116</u>	<u>\$16,310,024</u>	<u>\$16,363,231</u>	<u>\$15,716,761</u>	<u>\$17,164,933</u>	<u>\$21,362,396</u>	<u>\$22,896,167</u>
(\$899,632)	(\$1,045,102)	\$1,109,028	\$3,250,392	\$3,569,927	\$3,477,661	\$2,841,000
3,365,776	2,735,148	957,149	652,106	471,666	534,951	1,015,712
<u>\$2,466,144</u>	<u>\$1,690,046</u>	<u>\$2,066,177</u>	<u>\$3,902,498</u>	<u>\$4,041,593</u>	<u>\$4,012,612</u>	<u>\$3,856,712</u>

City of Centerville, Ohio

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2009	2010	2011	2012
General Fund				
Nonspendable	\$0	\$0	\$86,327	\$71,031
Assigned	0	0	66,051	2,237,654
Unassigned	0	0	12,959,459	10,556,628
Reserved	100,483	84,567	0	0
Unreserved	10,838,298	12,161,229	0	0
Total General Fund	10,938,781	12,245,796	13,111,837	12,865,313
All Other Governmental Funds				
Nonspendable	0	0	97,671	116,580
Restricted	0	0	2,369,702	2,771,364
Assigned	0	0	2,231,416	2,636,346
Unassigned	0	0	0	0
Reserved	4,495,864	968,953	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	830,407	1,146,445	0	0
Debt Service Funds	0	588,674	0	0
Capital Projects Funds	1,629,839	1,938,885	0	0
Total All Other Governmental Funds	6,956,110	4,642,957	4,698,789	5,524,290
Total Governmental Funds	\$17,894,891	\$16,888,753	\$17,810,626	\$18,389,603

Source: Finance Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Centerville, Ohio

2013	2014	2015	2016	2017	2018
\$72,816	\$72,225	\$7,134	\$14,022	\$16,464	\$28,111
256,097	0	1,379,574	179,792	266,510	255,543
10,954,144	12,261,517	12,160,884	13,423,099	17,114,624	20,653,186
0	0	0	0	0	0
0	0	0	0	0	0
<u>11,283,057</u>	<u>12,333,742</u>	<u>13,547,592</u>	<u>13,616,913</u>	<u>17,397,598</u>	<u>20,936,840</u>
93,997	267,857	175,203	112,703	116,940	97,618
3,170,946	2,492,895	5,722,904	3,663,268	3,229,347	3,218,138
2,060,800	2,669,565	2,711,312	3,089,939	4,730,752	4,861,998
(21,227)	(2,371,457)	0	0	(32,896)	(91,045)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>5,304,516</u>	<u>3,058,860</u>	<u>8,609,419</u>	<u>6,865,910</u>	<u>8,044,143</u>	<u>8,086,709</u>
<u>\$16,587,573</u>	<u>\$15,392,602</u>	<u>\$22,157,011</u>	<u>\$20,482,823</u>	<u>\$25,441,741</u>	<u>\$29,023,549</u>

City of Centerville, Ohio

Changes in Fund Balances, Governmental Funds Last Ten Years (modified accrual basis of accounting)

	2009	2010	2011	2012
Revenues:				
Local Taxes	\$12,205,328	\$12,415,470	\$13,139,217	\$13,478,234
Charges for Services	244,532	286,024	311,042	346,123
Investment Earnings	245,371	188,225	164,604	167,104
Intergovernmental Revenues	3,859,680	5,691,747	4,404,979	3,737,724
Special Assessments	611,434	653,430	645,114	664,390
Fines, Licenses and Permits	193,744	239,551	420,750	357,324
Rent	826,908	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Other Revenue	194,941	475,595	350,464	307,921
Total Revenue	18,381,938	19,950,042	19,436,170	19,058,820
Expenditures:				
Current:				
General Government	4,994,283	4,357,833	4,585,005	4,713,589
Public Safety	5,983,254	6,060,143	6,417,524	6,080,788
Community Development	311,352	289,572	289,791	236,503
Recreation	398,661	251,645	247,852	233,255
Transportation	2,167,538	2,759,094	2,248,977	2,196,400
Capital Outlay	6,307,488	4,179,368	1,675,639	1,280,937
Debt Service:				
Principal Retirement	1,057,956	352,196	357,579	363,966
Interest and Fiscal Charges	1,068,124	396,992	381,753	365,600
Bond Issuance Costs	0	0	0	0
Total Expenditures	22,288,656	18,646,843	16,204,120	15,471,038
Excess (Deficiency) of Revenues Over Expenditures	(3,906,718)	1,303,199	3,232,050	3,587,782

City of Centerville, Ohio

2013	2014	2015	2016	2017	2018
\$13,944,415	\$14,338,276	\$14,748,502	\$14,837,429	\$19,392,748	\$20,725,379
354,466	347,548	544,763	616,774	652,004	629,966
68,590	183,705	164,920	148,502	227,103	225,491
2,805,959	2,539,104	3,411,223	2,302,176	2,438,094	2,102,041
639,612	561,431	525,708	1,608,169	495,876	545,074
268,131	330,828	322,369	285,528	627,245	456,820
0	0	0	0	0	0
0	190,838	0	84,856	678,145	1,030,405
245,445	167,545	205,905	101,391	286,069	681,223
<u>18,326,618</u>	<u>18,659,275</u>	<u>19,923,390</u>	<u>19,984,825</u>	<u>24,797,284</u>	<u>26,396,399</u>

4,620,352	4,450,048	4,520,137	4,789,597	4,621,145	5,017,151
6,122,936	6,088,834	6,843,645	6,596,850	6,728,119	7,101,345
282,126	245,177	239,293	231,337	264,579	262,640
271,869	174,644	179,775	196,498	183,387	153,430
2,318,042	2,815,942	3,057,008	2,290,409	2,367,042	2,587,992
3,008,960	4,715,440	5,939,732	6,715,207	4,638,595	6,453,021
784,356	329,751	340,149	345,552	490,959	561,369
197,068	219,200	237,778	462,378	452,921	437,311
108,390	0	206,025	0	0	0
<u>17,714,099</u>	<u>19,039,036</u>	<u>21,563,542</u>	<u>21,627,828</u>	<u>19,746,747</u>	<u>22,574,259</u>

612,519	(379,761)	(1,640,152)	(1,643,003)	5,050,537	3,822,140
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City of Centerville, Ohio

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	23,221	1,755	1,000	1,514
Ohio Public Works Commission Loan	0	0	0	0
Refunding Bonds Issued	0	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0
Premium on Sale of Refunding Bonds	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Bonds Issued	0	0	0	0
Transfers In	2,919,501	2,465,000	2,465,000	3,065,000
Transfers Out	(3,069,501)	(3,849,000)	(4,829,000)	(6,095,000)
Total Other Financing Sources (Uses)	<u>(126,779)</u>	<u>(1,382,245)</u>	<u>(2,363,000)</u>	<u>(3,028,486)</u>
Net Change in Fund Balance	<u>(\$4,033,497)</u>	<u>(\$79,046)</u>	<u>\$869,050</u>	<u>\$559,296</u>
Debt Service as a Percentage of Noncapital Expenditures	13.30%	5.18%	5.09%	5.14%

Source: Finance Office

City of Centerville, Ohio

2013	2014	2015	2016	2017	2018
0	0	0	41,729	2,323	0
0	0	0	0	0	393,949
5,750,000	0	0	0	0	0
(5,727,654)	0	0	0	0	0
86,044	0	0	0	0	0
0	0	8,245,000	0	0	0
0	0	341,316	0	0	0
3,814,000	3,596,052	11,686,890	4,546,052	6,074,084	6,091,522
(6,313,000)	(3,991,052)	(11,795,890)	(4,556,052)	(6,174,084)	(6,706,522)
(2,390,610)	(395,000)	8,477,316	31,729	(97,677)	(221,051)
<u>(\$1,778,091)</u>	<u>(\$774,761)</u>	<u>\$6,837,164</u>	<u>(\$1,611,274)</u>	<u>\$4,952,860</u>	<u>\$3,601,089</u>
6.67%	3.73%	4.44%	6.05%	5.89%	5.60%

City of Centerville, Ohio

*Income Tax Revenues by Source, Governmental Funds
Last Ten Years*

Tax year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Income Tax Rate	1.75%	1.75%	1.75%	1.75%	1.75%
Total Tax Collected	\$10,782,785	\$11,071,554	\$11,681,571	\$12,159,797	\$12,830,932
Income Tax Receipts					
Withholding	7,447,029	7,659,730	8,189,169	8,521,201	8,747,546
Percentage	69.06%	69.18%	70.10%	70.08%	68.18%
Corporate	1,301,398	1,396,973	2,036,033	1,557,613	1,709,643
Percentage	12.07%	12.62%	17.43%	12.81%	13.32%
Individuals	2,034,358	2,014,851	1,456,369	2,080,983	2,373,743
Percentage	18.87%	18.20%	12.47%	17.11%	18.50%

Source: Finance Office

City of Centerville, Ohio

2014	2015	2016	2017	2018
1.75%	1.75%	1.75%	2.25%	2.25%
\$12,887,923	\$13,132,337	\$13,880,524	\$17,478,482	\$19,248,911
9,018,594	9,322,080	9,802,315	12,862,077	14,331,008
69.97%	70.98%	70.62%	73.59%	74.45%
2,279,490	1,497,887	1,678,362	2,714,260	1,986,987
17.69%	11.41%	12.09%	15.53%	10.32%
1,589,839	2,312,370	2,399,847	1,902,145	2,930,916
12.34%	17.61%	17.29%	10.88%	15.23%



City of Centerville

*Top Ten Income Tax Withholders
(Cash Basis of Accounting)
Current Year and Nine Years Ago*

Name of Taxpayer	Nature of Business	2018 Rank
Centerville Board of Education	Education	1
Federal Government	Government	2
Miami Valley Hospital	Health Care and Social Assistance	3
Premier Health Specialists Inc	Health Care and Social Assistance	4
Graceworks Lutheran Services	Health Care and Social Assistance	5
The Kroger Company	Retail	6
Franciscan at St. Leonard	Health Care and Social Assistance	7
City of Centerville	Government	8
Voss Auto Network, Inc.	Automotive	9
LexisNexis	Professional Services	10

Name of Taxpayer	Nature of Business	2009 Rank
Centerville Board of Education	Education	1
Federal Government	Government	2
Graceworks Lutheran Services	Health Care and Social Assistance	3
Reed Elsevier, Inc	Professional Services	4
City of Centerville	Government	5
Miami Valley Hospital	Health Care and Social Assistance	6
Franciscan at St. Leonard	Health Care and Social Assistance	7
Voss Auto Network, Inc.	Automotive	8
The Kroger Company	Retail	9
Fortis College	Education	10

Source: Finance Office

City of Centerville, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2009	2010	2011	2012
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$719,647	\$639,690	\$559,734	\$474,777
Special Assessment Bonds	6,568,000	6,339,000	6,105,000	5,870,000
Ohio Public Works Commission Loan	795,078	756,882	718,303	679,337
Total Governmental Activities	<u>8,082,725</u>	<u>7,735,572</u>	<u>7,383,037</u>	<u>7,024,114</u>
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	<u>13,167,346</u>	<u>12,446,215</u>	<u>9,270,084</u>	<u>8,608,953</u>
Total Primary Government	<u>\$21,250,071</u>	<u>\$20,181,787</u>	<u>\$16,653,121</u>	<u>\$15,633,067</u>
Population ⁽²⁾				
City of Centerville	22,904	23,999	23,999	23,999
Outstanding Debt Per Capita	\$928	\$841	\$694	\$651
Income ⁽³⁾				
Personal (in thousands)	806,129	860,748	908,554	933,321
Percentage of Personal Income	2.64%	2.34%	1.83%	1.67%

Sources:

- (1) Finance Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Centerville, Ohio

2013	2014	2015	2016	2017	2018
\$0	\$0	\$8,586,316	\$8,567,663	\$8,414,010	\$8,195,357
5,866,044	5,569,425	5,262,806	4,956,187	4,639,568	4,317,949
639,981	600,230	560,081	519,529	478,570	831,150
<u>6,506,025</u>	<u>6,169,655</u>	<u>14,409,203</u>	<u>14,043,379</u>	<u>13,532,148</u>	<u>13,344,456</u>
<u>8,608,953</u>	<u>3,188,289</u>	<u>2,416,217</u>	<u>1,629,145</u>	<u>817,073</u>	<u>0</u>
<u>\$15,114,978</u>	<u>\$9,357,944</u>	<u>\$16,825,420</u>	<u>\$15,672,524</u>	<u>\$14,349,221</u>	<u>\$13,344,456</u>
23,999	23,999	23,999	23,999	23,999	23,999
\$630	\$390	\$701	\$653	\$598	\$556
943,425	985,951	1,022,069	1,039,421	1,080,891	1,080,891
1.60%	0.95%	1.65%	1.51%	1.33%	1.23%

City of Centerville, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2009	2010	2011	2012
Population (1)	22,904	23,999	23,999	23,999
Personal Income (in thousands) (2)	\$806,129	\$860,748	\$908,554	\$933,321
General Bonded Debt (3)				
General Obligation Bonds	\$719,647	\$639,690	\$559,734	\$474,777
Resources Available to Pay Principal (4)	\$0	\$46,991	\$52,674	\$33,368
Net General Bonded Debt	\$719,647	\$592,699	\$507,060	\$441,409
Ratio of Net Bonded Debt to Estimated Personal Income (in thousands)	0.09%	0.07%	0.06%	0.05%
Net Bonded Debt per Capita	\$31.42	\$24.70	\$21.13	\$18.39

Sources:

- (1) U.S. Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) Includes all general obligation bonded debt supported by income taxes
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

City of Centerville, Ohio

2013	2014	2015	2016	2017	2018
23,999	23,999	23,999	23,999	23,999	23,999
\$943,425	\$985,951	\$1,022,069	\$1,039,421	\$1,080,891	\$1,080,891
\$0	\$0	\$8,586,316	\$8,567,663	\$8,414,010	\$8,195,357
\$0	\$0	\$431,892	\$146,006	\$95,119	\$197,145
\$0	\$0	\$8,154,424	\$8,421,657	\$8,318,891	\$7,998,212
0.00%	0.00%	0.80%	0.81%	0.77%	0.74%
\$0.00	\$0.00	\$339.78	\$350.92	\$346.63	\$333.27



City of Centerville, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2018*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Centerville</u>	<u>Amount Applicable to the City of Centerville</u>
Direct:			
City of Centerville	\$13,344,456	100.00%	\$13,344,456
Overlapping:			
Centerville City School District	44,440,531	36.81%	16,358,559
Greene County	25,221,918	0.14%	35,311
Bellbrook-Sugarcreek Local School District	28,435,000	1.07%	304,255
		Subtotal	<u>16,698,125</u>
		Total	<u><u>\$30,042,581</u></u>

Source: Ohio Municipal Advisory Council

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

City of Centerville, Ohio

*Debt Limitations
Last Ten Years*

Tax Year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Debt				
Net Assessed Valuation	\$657,190,800	\$663,560,290	\$650,509,860	\$629,957,100
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	69,005,034	69,673,830	68,303,535	66,145,496
City Debt Outstanding	795,078	756,882	718,303	679,337
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>795,078</u>	<u>756,882</u>	<u>718,303</u>	<u>679,337</u>
Overall Legal Debt Margin	<u><u>\$68,209,956</u></u>	<u><u>\$68,916,948</u></u>	<u><u>\$67,585,232</u></u>	<u><u>\$65,466,159</u></u>
Unvoted Debt				
Net Assessed Valuation	\$657,190,800	\$663,560,290	\$650,509,860	\$629,957,100
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	36,145,494	36,495,816	35,778,042	34,647,641
City Debt Outstanding	795,078	756,882	718,303	679,337
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>795,078</u>	<u>756,882</u>	<u>718,303</u>	<u>679,337</u>
Overall Legal Debt Margin	<u><u>\$35,350,416</u></u>	<u><u>\$35,738,934</u></u>	<u><u>\$35,059,739</u></u>	<u><u>\$33,968,304</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

Source: Finance Office

City of Centerville, Ohio

2013	2014	2015	2016	2017	2018
\$633,387,490	\$640,291,030	\$640,303,910	\$646,831,870	\$682,747,580	\$686,860,750
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
66,505,686	67,230,558	67,231,911	67,917,346	71,688,496	72,120,379
639,981	600,230	560,081	519,529	478,570	831,150
0	0	0	0	0	0
639,981	600,230	560,081	519,529	478,570	831,150
\$65,865,705	\$66,630,328	\$66,671,830	\$67,397,817	\$71,209,926	\$71,289,229
\$633,387,490	\$640,291,030	\$640,303,910	\$646,831,870	\$682,747,580	\$686,860,750
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
34,836,312	35,216,007	35,216,715	35,575,753	37,551,117	37,777,341
639,981	600,230	560,081	519,529	478,570	831,150
0	0	0	0	0	0
639,981	600,230	560,081	519,529	478,570	831,150
\$34,196,331	\$34,615,777	\$34,656,634	\$35,056,224	\$37,072,547	\$36,946,191

City of Centerville, Ohio

*Pledged Revenue Coverage
Last Ten Years*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Special Assessment Bonds (1)				
Special Assessment Collections	\$594,367	\$623,365	\$612,967	\$622,398
Debt Service				
Principal	214,000	229,000	234,000	235,000
Interest	368,489	357,471	345,292	332,588
Coverage	1.02	1.06	1.06	1.10

(1) Between 1990 and 2002, the City issued \$8,730,550 worth of Special Assessment Bonds to finance street, sidewalk and curb improvements. In 2013, the City issued Special Assessment Refunding Bonds in the amount of \$5,750,000.

Source: Finance Office

City of Centerville, Ohio

2013	2014	2015	2016	2017	2018
\$583,644	\$521,687	\$498,757	\$484,586	\$474,313	\$491,428
245,000	290,000	300,000	300,000	310,000	315,000
320,139	191,575	198,402	173,056	164,056	151,653
1.03	1.08	1.00	1.02	1.00	1.05

City of Centerville, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2009	2010	2011	2012	2013
Population ⁽¹⁾					
City of Centerville	22,904	23,999	23,999	23,999	23,999
Montgomery County	559,062	535,153	535,153	535,153	535,153
Income ^{(2) (a)}					
Total Personal (in thousands)	806,129	860,748	908,554	933,321	943,425
Per Capita	35,196	35,866	37,858	38,890	39,311
Unemployment Rate ⁽³⁾					
Federal	10.0%	9.4%	8.9%	8.1%	7.4%
State	10.8%	9.6%	8.6%	7.2%	7.4%
Montgomery County	11.6%	11.4%	9.7%	8.2%	8.3%
Civilian Work Force Estimates ⁽³⁾					
State	5,986,400	5,906,000	5,806,000	5,747,900	5,765,700
Montgomery County	264,400	265,400	260,100	254,400	251,300

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

City of Centerville, Ohio

2014	2015	2016	2017	2018
23,999	23,999	23,999	23,999	23,999
535,153	535,153	535,153	535,153	535,153
985,951	1,022,069	1,039,421	1,080,891	1,080,891
41,083	42,588	43,311	45,039	45,039
6.2%	5.3%	4.9%	4.4%	4.4%
5.7%	4.9%	4.9%	5.0%	5.0%
6.2%	5.0%	4.9%	4.9%	4.5%
5,719,500	5,700,000	5,713,100	5,780,000	5,754,900
249,000	248,900	250,100	251,500	250,700



City of Centerville, Ohio

*Principal Employers
Current Year and Nine Years Ago*

Employer	Nature of Business	Rank 2018
Miami Valley Hospital	Health Care and Social Assistance	1
Centerville Board of Education	Education	2
Graceworks Lutheran Services	Health Care and Social Assistance	3
The Kroger Company	Retail	4
Franciscan at St. Leonard	Health Care and Social Assistance	5
Cracker Barrel Old Country Store	Restaurant	6
Costco	Retail	7
Voss Auto Network	Automotive	8
City of Centerville	Government	9
Heartland of Centerville	Health Care and Social Assistance	10

Employer	Nature of Business	Rank 2009
Centerville Board of Education	Education	1
Graceworks Lutheran Services	Health Care and Social Assistance	2
Franciscan St. Leonard	Health Care and Social Assistance	3
City of Centerville	Government	4
The Kroger Company	Retail	5
Voss Auto Network	Automotive	6
RETS Tech Center	Education	7
Bob Ross Buick	Automotive	8
Dimco Gray	Manufacturing	9
Elder Beerman Department Stores	Retail	10

Source: Finance Office

City of Centerville, Ohio

Full Time Equivalent Employees by Function Last Ten Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities						
General Government	29.35	29.22	29.89	30.62	30.32	30.57
Public Safety	55.10	55.10	53.10	52.10	51.60	51.60
Community Development	4.00	4.00	3.10	2.60	3.10	3.10
Recreation	3.50	3.50	3.55	3.45	3.45	2.45
Transportation	21.00	21.00	21.00	21.00	21.00	21.00
Business-Type Activities						
Waste Collection	12.00	12.00	10.86	9.18	9.18	9.18
Golf Course	50.15	46.10	44.00	44.00	44.00	44.00
<i>Total Employees</i>	<u>175.10</u>	<u>170.92</u>	<u>165.50</u>	<u>162.95</u>	<u>162.65</u>	<u>161.90</u>

Source: Finance Office

City of Centerville, Ohio

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
29.17	26.24	26.59	23.59
52.60	54.60	54.60	54.60
2.60	2.60	2.60	2.60
3.05	2.05	3.45	3.45
25.08	25.08	25.08	25.08
9.18	9.18	9.18	9.18
<u>44.00</u>	<u>40.80</u>	<u>40.30</u>	<u>40.30</u>
<u>165.68</u>	<u>160.55</u>	<u>161.80</u>	<u>158.80</u>

City of Centerville, Ohio

Operating Indicators by Function Last Ten Years

	2009	2010	2011	2012	2013
Governmental Activities					
General Government					
Purchase Orders Issued	2,426	2,371	2,459	2,465	2,307
Payroll Checks/Direct Deposits Issued	5,655	5,772	5,706	5,375	5,343
Accounts Payable Checks Issued	6,042	5,789	5,305	5,326	5,314
Ordinances and Resolutions Passes	65	84	87	88	91
Number of Volunteer Hours	13,327	13,283	11,535	11,171	11,255
Public Safety					
Total Arrests	1,478	1,683	1,740	1,554	1,588
Traffic Citations	3,289	3,657	4,218	3,954	3,833
Transportation					
Miles of Streets	107	108	108	112	112
Tons of Road Salt Used	1,695	2,678	1,101	1,265	2,070
Building Inspection					
Building Permits Issued	948	1,214	1,244	1,207	1,049
Electrical Permits Issued	204	259	279	248	262
Residential Unit Permits Issued	4	7	12	27	19
Business-Type Activities					
Waste Collection					
Tons Collected	6,739	6,464	6,615	6,281	6,118
Recycled Tons	1,328	1,292	1,401	1,328	1,374
Golf Course					
Rounds of Golf	53,334	52,705	48,206	56,761	48,858
Rounds of Golf - Cart Usage	40,547	41,427	38,137	45,022	38,960
Gallons of Water Used (thousands)	55,800	60,200	31,000	48,000	18,000
Food Service Operations					
Wedding Receptions Hosted	50	50	46	41	34
Other Banquet Functions Hosted	491	491	483	450	439

Source: City of Centerville

City of Centerville, Ohio

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
2,712	2,143	2,027	2,157	1,539
5,325	5,374	5,238	5,167	5,047
5,389	5,368	5,165	4,566	6,077
83	89	111	110	104
11,346	12,115	12,559	13,400	14,530
1,256	1,230	936	974	903
3,799	2,782	2,596	2,856	2,467
112	110	110	111	111
1,988	1,471	2,221	750	1,860
645	787	306	285	239
263	262	225	200	203
17	6	1	2	8
6,122	6,194	6,340	6,350	6,344
1,279	1,200	1,258	1,300	1,302
50,283	54,318	54,377	54,000	52,245
40,501	43,568	43,915	43,000	41,842
22,322	22,322	42,000	25,207	43,627
31	31	31	32	28
432	432	432	448	361

City of Centerville, Ohio

Capital Asset Statistics by Function Last Ten Years

	2009	2010	2011	2012	2013
Governmental Activities					
General Government					
Municipal Buildings	1	1	1	1	1
Square Footage	17,123	17,123	17,123	17,123	17,123
Public Safety					
Police Stations	1	1	1	1	1
Square Footage	38,458	38,458	38,458	38,458	38,458
Transportation					
Public Works Facility	1	1	1	1	1
Square Footage	17,541	50,000	50,000	50,000	50,000
Miles of Streets	107	108	108	112	112
Lane Miles of Streets	240	241	241	250	250
Recreation					
Number of Parks	1	1	1	1	1
Area of Parks (Acres)	62.386	62.386	62.386	62.386	62.386
Benham's Grove (Acres)	7.017	7.017	7.017	7.017	7.017
Business-Type Activities					
Golf Course					
Number of Holes	27	27	27	27	27
Club House (Square Footage)	29,517	29,517	29,517	29,517	29,517

Source: Finance Office

City of Centerville, Ohio

2014	2015	2016	2017	2018
1	1	1	1	1
17,123	17,123	17,123	17,123	17,123
1	1	1	1	1
38,458	38,458	38,458	38,458	38,458
1	1	1	1	1
50,000	50,000	50,000	50,000	50,000
112	114	114	114	114
250	255	255	255	255
1	1	1	1	1
62.386	62.386	62.386	62.386	62.386
7.017	7.017	7.017	7.017	7.017
27	27	27	27	27
29,517	29,517	29,517	29,517	29,517

