

POPULAR ANNUAL FINANCIAL REPORT



2022 mural installation along Activity Center Drive



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
CENTERVILLEOHIO.GOV

The City of Centerville, Ohio delivers exceptional services through thoughtful governance to ensure progress and stability.

ABOUT CENTERVILLE

The City of Centerville is located in the southeastern part of Montgomery County, Ohio approximately 12 miles south of the City of Dayton and 46 miles north of the City of Cincinnati on U.S. Interstate 675. With major thoroughfares close to the City (including U.S. Interstates 75 and 70), Centerville provides a desirable location for many families who work in the Dayton and Cincinnati metropolitan areas.

The City is governed by a Council-Manager form of government with the mayor and six council members elected at-large to four-year terms. The City provides comprehensive services including nationally accredited police services, streets and drainage construction/maintenance, refuse and recycling collection, and cultural and recreational assets that include the Benham's Grove Victorian Homestead, Stubbs Park and Amphitheater, and The Golf Club at Yankee Trace.



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Fall Festival at Stubbs Park

CITY STATISTICS

The population of the City is estimated at 24,240 with a per capita income of \$54,822 in 2022. The unemployment rate for Montgomery County was 4.10% in 2022.

While the City employed 178.75 full-time and part-time employees, the largest, principal employers in the City were:

- Centerville Board of Education (school district): 1,579 employees
- Miami Valley Hospital South (medical facility): 1,523 employees
- Graceworks Lutheran Services (healthcare facility): 998 employees



ECONOMIC FACTORS

The City is currently in a stable financial position, yet it realizes it is not immune to economic conditions that may negatively impact future financial performance. The City has been fortunate to see significant growth over the last several years in income tax revenues due to the passage of Issue 3 and economic growth through the expansion of several local businesses and ongoing developments.

Centerville takes great pride in announcing for the 44th consecutive year that the City requested no increase in its municipal property tax rate. The City will continue to maintain the 2nd lowest property tax rate of any Montgomery County municipality at a rate of \$2.35 per \$1,000 of assessed valuation. The passage of Issue 3 in the fall of 2016, increasing Centerville's income tax rate from 1.75% to 2.25% should enable the City to continue to maintain its low property tax rate for the foreseeable future.

Following the passage of Issue 3, the City was able to add funding to the annual street and repair program. Funding for the 2022 Street and Sidewalk Repair program has increased 51.51% from the 2016 budget, including a little over \$4.02 million budgeted in 2022. Multiple projects are on tap including the annual street resurfacing, concrete repair, hiker-biker path repairs, streetscape improvements, and concrete sidewalk repair programs.

Goal 3 of the City's five-year strategic plan states: To create a strong and sustainable financial foundation which provides stability and flexibility to municipal operations by utilizing City resources and taxpayer dollars in the most efficient and responsible manner. The current five-year strategic plan will sunset in June 2023 with a new strategic plan covering 2023 through 2028 scheduled to begin in July. The City continues to utilize a five-year operating and capital budget.



FINANCIAL STRUCTURE

The City maintains 27 separate funds in the following categories: governmental funds, proprietary funds and fiduciary funds. Funds are generally established in terms of their legal basis and objectives. This report focuses on some of the City's largest funds (General, Golf Course Operations and Waste Collection) that are generally of the most interest to residents.

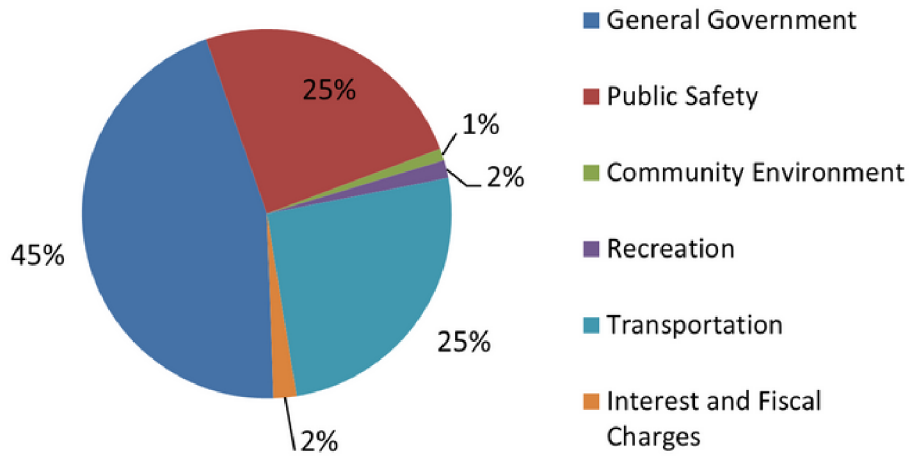
ABOUT THIS REPORT

The Annual Comprehensive Financial Report was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by the City's independent auditors, receiving an unmodified, clean opinion. Although the financial numbers in this Annual Financial Report come from an audited source, they are presented in this report in a condensed, unaudited, non-GAAP format. For those citizens who wish to view more detailed financial information, a copy of the audited GAAP-basis financial statements of the 2022 Annual Comprehensive Financial Report can be viewed at the Centerville Municipal Building or online at centervilleohio.gov/government/finance.



Compass rose at Cornerstone Park

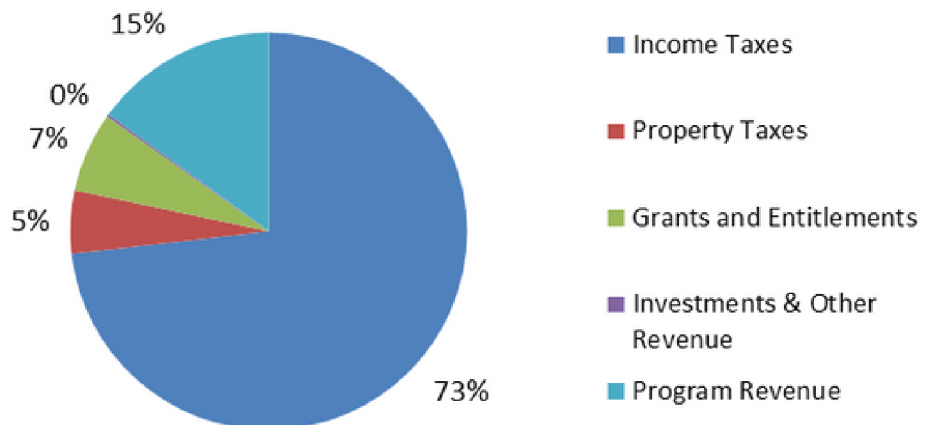
GOVERNMENTAL EXPENSES



Expenses are grouped into six categories. For 2022, expenses were \$21.17 million, which represented an increase of \$397,446 (1.92%) from 2021. Public safety expenses decreased by \$2.1 million due to utilizing \$2.5 million in federal American Rescue Plan Act (ARPA) funds that offset General Fund expenses in the form of revenue replacement.

- General Government includes the cost of City management, financial services, human resources, and transfers to other funds such as Streets.
- Public Safety includes the cost of police services and represents 25% of total expenses.
- Community Environment includes the cost of planning, zoning, and inspection services.
- Recreation includes the cost of the City's parks and services (Stubbs Park and Benham's Grove).
- Transportation includes the cost of street maintenance and construction.
- Interest and fiscal charges include the cost of outstanding debt.

GOVERNMENTAL REVENUE



Revenues for governmental activities, which are primarily supported by taxes, totaled \$35.40 million in 2022. The three largest sources accounted for 95% of total revenue.

- Income tax collections are the largest source of revenue, which accounted for \$25.91 million or 73% of governmental revenue.
- Program revenues (includes street construction funding) is the second largest source, which accounted for \$5.29 million or 15% of revenue.
- The third largest source was from Grants and Entitlements, which accounted for \$2.30 million or 7% of revenue.

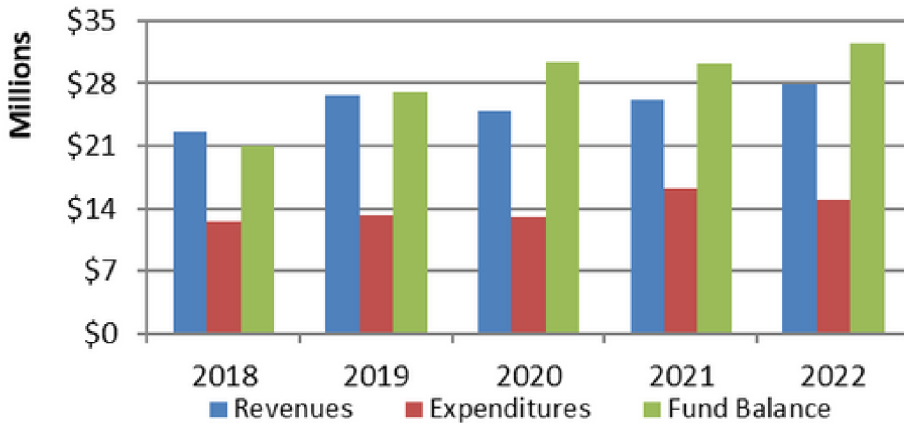
GENERAL FUND

The General Fund is the primary operating fund of the City and is used to account for most government financial resources (revenues and expenditures). 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.

In 2022, the General Fund revenues of \$27.83 million were lower than budget by \$1.32 million (or 4.52%). The 2022 revenues were 6.42% higher than 2021. A \$2.2 million increase in income taxes and a \$2.10 million increase in program revenues helped offset the large decrease in investment earnings and grant revenue from 2021. Interest rates will likely continue to follow the fed funds rate and increase throughout 2023.

The General Fund expenditures of \$15.04 million were lower than budget by \$3.47 million (or 18.73%). This is primarily due to the City's conservative approach with expenses and a delay of certain capital projects. In addition to this, the City also utilized \$2.5 million in federal American Rescue Plan Act (ARPA) funds that offset General Fund public safety payroll expenses under the revenue replacement eligible use.

The fund balance of the General Fund as of December 31, 2022 was \$32.53 million. As a measure of the General Fund's fiscal health, it is helpful to compare the fund balance to total annual expenditures. The fund balance represents 127.94% of the total General Fund expenditures and transfers-out, which exceeds the minimum requirement (50%) in the fund balance policy (Ordinance 20-20).



Americana Festival

CAPITAL IMPROVEMENTS

The Capital Improvement Program (CIP) outlines the recommendations established for the City's infrastructure, facilities, equipment, and vehicle needs. This planning tool establishes a priority list for various programs, projects and procurements while striving to balance the present and future needs of the City. Current projects of interest include:

- **Cornerstone area:** Continued work for the interchange at Wilmington Pike and I-675 as well as improvements to Cornerstone Park.
- **Uptown Redevelopment Project:** Continued acquisition of strategic properties and public parking easements.
- **Stubbs Park:** Began installation of new playground equipment utilizing Ohio Department of Natural Resources (ODNR) grant funds.
- **Street and Sidewalk Repairs:** Over \$4.02 million was budgeted for the annual street and sidewalk repair program in 2022.
- **Police Department:** The Police Department continues to plan for the replacement of equipment, including a new Computer Aided Dispatch (CAD) and Records Management System (RMS) system.

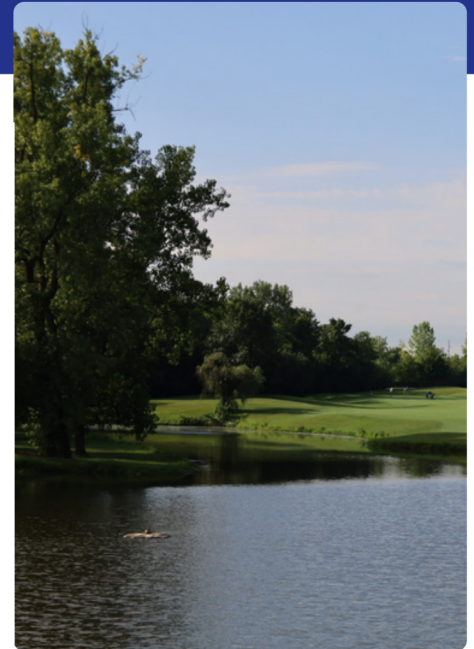
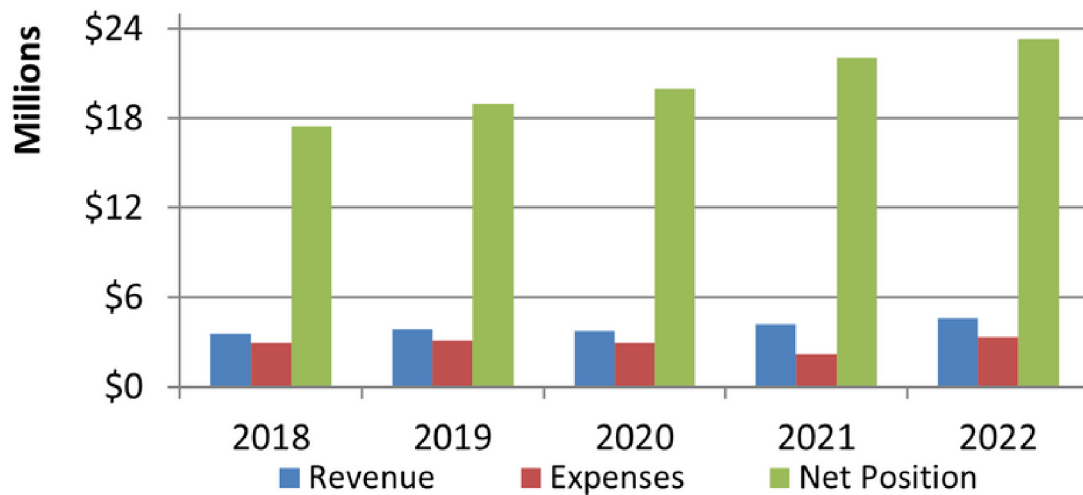


Veterans Day Ceremony

GOLF COURSE OPERATIONS FUND

The Golf Course Operations Fund is provided to account for the operation of the City's municipal golf course, The Golf Club at Yankee Trace. Revenues are recorded from greens fees, golf cart rentals, driving range fees, indoor golf simulator rentals and food/beverage from the restaurant and banquet rooms. Expenses are tracked within each of the three departments: Pro Shop, Maintenance, and Food Service.

In 2022, Golf Course Operations revenues of \$4.56 million were higher than 2021 revenues by \$0.35 million (or 8.40%). Over 65,000 rounds of golf were played in 2022, and food service operations experienced a year of increased revenue due to lower levels in 2020 and 2021 because of the COVID-19 pandemic.



The Golf Course Operations expenses of \$3.32 million were higher than 2021 expenses by \$1.16 million (or 53.76%). The increase is primarily due to an increase in personal services. The increase can be attributed to some additional staffing hires in 2022, inflationary increases, and the fluctuation with required pension and Other Postemployment Benefits (OPEB) entries. These actuarial assumptions can vary significantly from year to year. The Golf Course Operations fund operated within its budget for 2022.

When reporting equity, Governmental Funds use the term: fund balance; whereas, Proprietary Funds use the term: Net Position. As the Golf Course debt has been retired and capital investment has increased for the last few years now, the Net Position has increased.

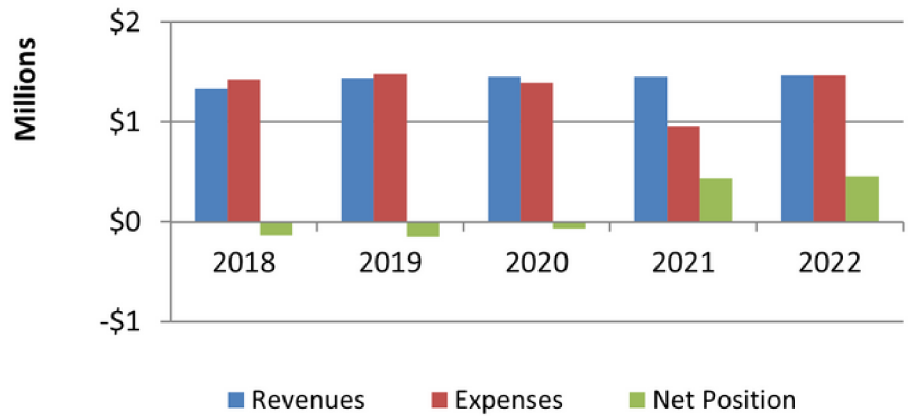


WASTE COLLECTION FUND

As a Proprietary Fund, the Waste Collection Fund accounts for the fees and expenses relating to the collection and disposal of the refuse and recycling operation by the City.

In 2022, Waste Collection Fund revenues and expenses of \$1.47 million met budget expectations and have remained relatively stable over time.

The last monthly rate increase was implemented in 2006. Rates were re-evaluated and the City completed a full cost of service study in 2022. A rate increase was approved following the completion of the study and new rates are effective in January 2023.



LONG-TERM DEBT

As of December 31, 2022, the City had various financial issues outstanding, which included \$9.60 million of general obligation bonds used for the Cornerstone of Centerville development public improvements, \$2.90 million of special assessment debt with City commitment for special assessment financing of public improvements for the Yankee Trace residential development, \$0.59 million of promissory notes for Clyo Road and Centerville Station Road Resurfacing and \$0.21 million from a State Infrastructure Bank (SIB) Loan through the Montgomery County Transportation Improvement District (TID) for the I-675/Wilmington Pike Interchange project. The City's net bonded debt per capita was \$396 and was well below the legal (unvoted) debt limit of \$43,678,838. Additionally, the City maintained its "Aa2" rating from Moody's Investors Services, its 3rd highest assigned rating, which can lower interest rates and issuance costs when financing capital improvements.



OUTLOOK FOR 2023

- Continued investment of the annual resurfacing and repair program.
- Significant investment at Stubbs Park utilizing State of Ohio grant funds.
- Improvements at The Golf Club at Yankee Trace including driving range renovations and patio expansion.
- Detailed design work for the Benham's Grove improvements and event center.
- Planning and design work for the I-675/Wilmington Pike Interchange.
- Continued implementation of the Uptown Action Plan, which includes the first phase of public parking enhancements and the opening of several new restaurants.
- Continued development at Cornerstone of Centerville including the completion of Cornerstone Park.
- Implementing the development plan for the 7.5-acre City-owned property at Yankee Street-Social Row Road.

Our City maintains its focus on providing exceptional services that continue the high quality of life for citizens, assuring the maintenance of both public and private infrastructure and facilities, carefully utilizing resources to ensure progress and stability.

City of Centerville

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Government Finance Officers Association

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Presented to

**City of Centerville
Ohio**

For its Annual Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

The information contained in this report is a general overview of the City's finances. Questions about any of the information or requests for additional information may be addressed to the Department of Finance, City of Centerville, 100 West Spring Valley Road, Centerville, Ohio 45458.

AWARD

The Government Finance Officers Association (GFOA) has given an award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Centerville for its Annual Financial Report for the fiscal year ended December 31, 2021. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

Citizens who wish to view a copy of the 2022 Popular Annual Financial Report can do so at the Centerville Municipal Building or online at centervilleohio.gov/government/finance.

