

City of Centerville


POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023



 centervilleohio.gov

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Centerville, Ohio 45458

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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.

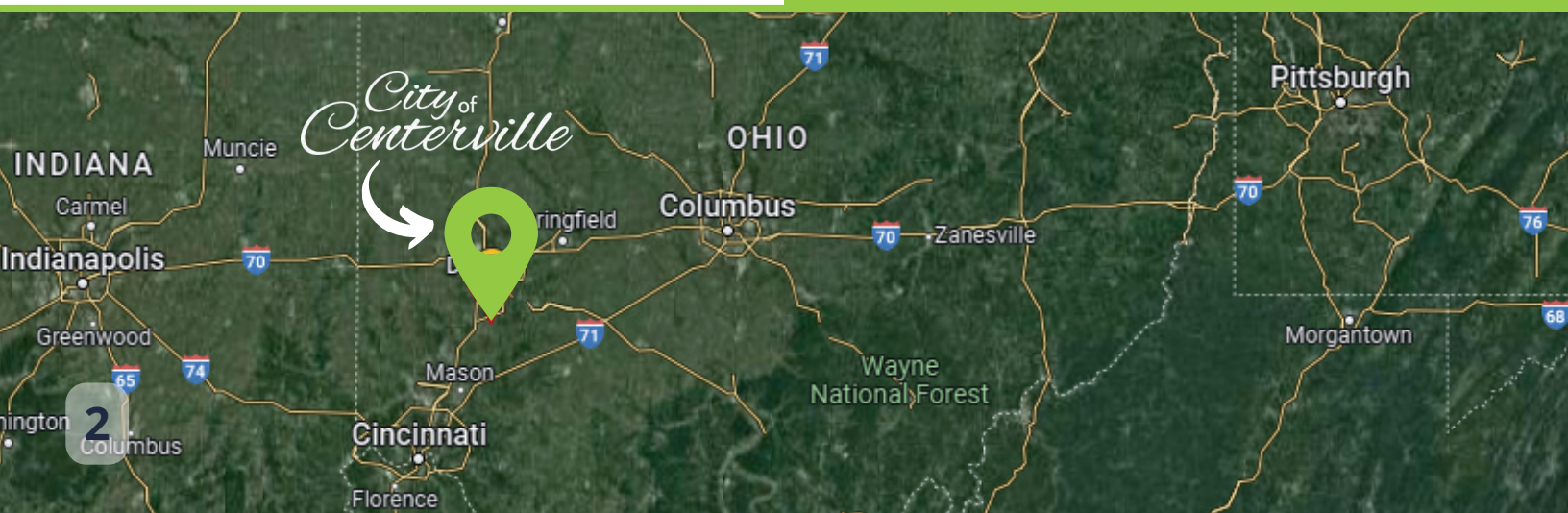
The City is governed by a Council-Manager form of government with the mayor and six council members elected at-large to four-year terms. The City provides comprehensive services including nationally accredited police services, streets and drainage construction/maintenance, refuse and recycling collection,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

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Centerville City Council



CITY STATISTICS

The population of the City is estimated at 24,240 with a per capita income of \$55,114 in 2023.

The unemployment rate for Montgomery County was 3.8%.

While the City employed 186.20 full-time and part-time people, the largest, principal employers in the City were:

- Centerville Board of Education (school district): 1,631 employees
- Miami Valley Hospital South (medical facility): 1,401 employees
- Graceworks Lutheran Services (healthcare facility): 956 employees



Mural artist Erica Arndts

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 exciting developments.

Centerville takes great pride in announcing for the 45th consecutive year that the City requested no increase in its municipal property tax rates. The City will continue to maintain the 2nd lowest Municipal 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 maintain its low property tax rate for the foreseeable future.

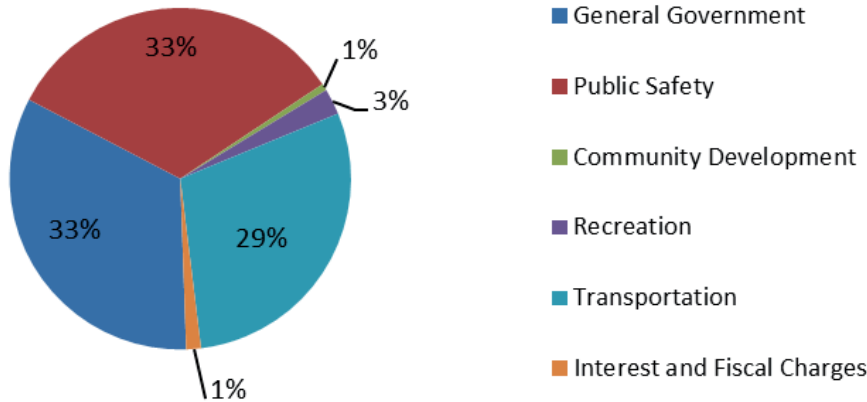
Following the passage of Issue 3, the City was able to add funding to the annual street program. Funding for the 2023 Street and Sidewalk Repair program has increased 47.74% from the 2016 budget, including \$3.92 million budgeted in 2023. Multiple projects are on tap including the annual street resurfacing program, 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 previous five-year strategic plan was completed in June 2023 and the City transitioned to a new five-year strategic plan covering July 2023 through June 2028. The City has continued to utilize a five-year operating and capital budget each year.



Summer Concert Series

GOVERNMENTAL EXPENSES



Financial Structure

The City maintains 26 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

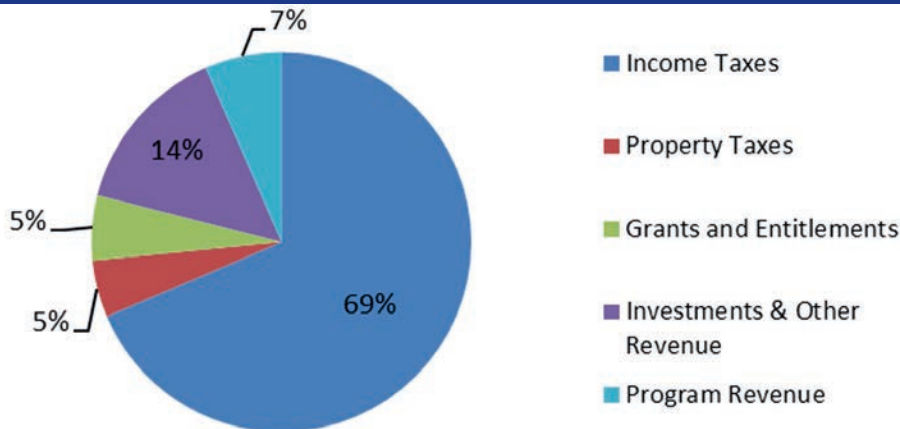
The Annual Comprehensive Financial Report was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by the City's independent auditors, receiving an unmodified, clean opinion. Although the financial numbers in this Annual Financial Report come from an audited source, 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 2023 Annual Comprehensive Financial Report can be viewed at the Centerville Municipal Building or online at centervilleohio.gov/government/finance.

Expenses are grouped into six categories. For 2023, expenses were \$29.18 million, which represented an increase of \$8.06 million (38.16%) from 2022. Public safety expenses increased by \$4.43 million due to utilizing \$2.5 million in federal American Rescue Plan Act (ARPA) funds in 2022 and required pension and Other Post-Employment Benefits (OPEB) entries. These amounts can fluctuate from year to year due to actuarial assumptions of the pension system.

General Government includes the cost of city management, financial services, human resources, and transfers to other funds such as street maintenance.

- Public Safety includes the cost of police services and represents 33% of total expenses.
- Community Development includes the cost of planning.
- Recreation includes the cost of the City's parks and services (Stubbs Park, Benham's Grove and Cornerstone Park).
- 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 \$38.42 million in 2023. The three largest sources accounted for 90% of total revenue.

- Income tax collections are the largest source of revenue, which accounted for \$26.35 million or 69% of governmental revenue.
- Investments and other revenue is the second largest source, which accounted for \$5.56 million or 14% of revenue due to improved performance and market conditions.
- The third largest source was from program revenues (includes street construction funding), which accounted for \$2.52 million or 7% of revenue.

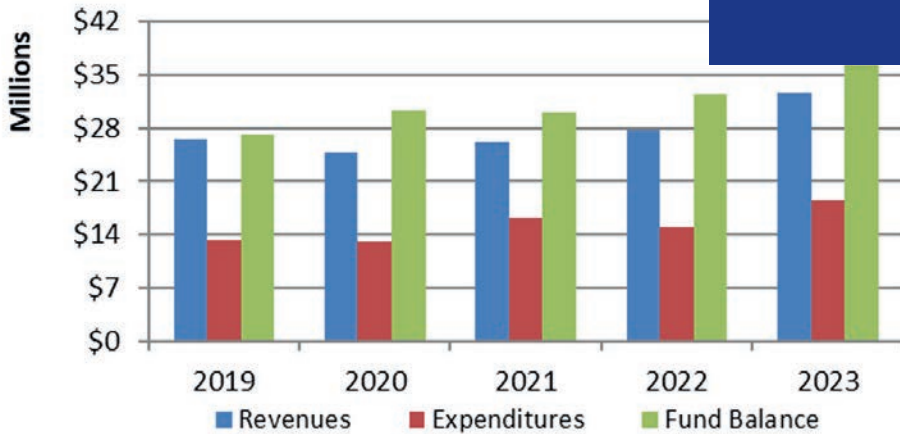


Cornerstone Park



Memorial Day Ceremony

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 2023, the General Fund revenues of \$32.73 million were higher than budget by \$1.58 million (or 5.08%). The 2023 revenues were 17.59% higher than 2022. A \$3.95 million increase in investment earnings due to improved market conditions drove the increase in revenues from 2022. Interest rates remained elevated throughout 2023 and a couple interest rate cuts are still projected for the remainder of 2024. Income tax revenue also increased \$0.66 million or 2.56% from 2022 levels.

2023 General Fund expenditures of \$18.48 million were higher than 2022 levels by \$3.45 million (or 22.93%). The increase was primarily due to the public safety function. In 2022, the City 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. This did not occur again in 2023 and the public safety function returned to normal levels.

The fund balance of the General Fund as of December 31, 2023 was \$36.44 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 126.44% of the total General Fund expenditures and transfers-out, which exceeds the minimum requirement (50%) in the fund balance policy (Ordinance 20-20).

CAPITAL FUND IMPROVEMENTS

The Capital Improvements 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 and future projects of interest include:

- Cornerstone area: Continued work for the interchange at Wilmington Pike and I-675 as well as public improvements to the Cornerstone South footprint.
- Uptown Redevelopment Project
- Wetland mitigation and sitework at the Yankee St. and Social Row Road parcel.
- Stubbs Park improvements
- Benham's Grove improvements, including a new Event Center and renovations to the historic campus.
- Street and Sidewalk Repairs: \$3.92 million was budgeted for the annual street and sidewalk repair program in 2023.
- Stormwater Drainage Improvements: The City continues to target and improve drainage areas.
- Police Department: The Police Department continues to receive adequate funding for the planned replacement of equipment, including renovations and upgrades to the Dispatch Center in the Police Department Building.



Americana Festival

GOLF COURSE OPERATIONS FUND

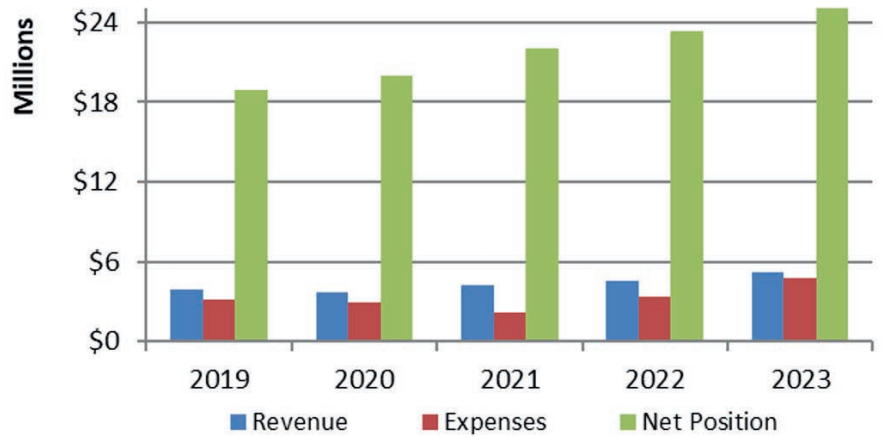
The Golf Course Operations Fund is provided to account for the operation of the City's municipal golf course, The Golf Club at Yankee Trace. Revenues are recorded from greens fees, golf cart rentals, driving range fees, indoor golf simulator rentals and food/beverage from the restaurant and banquet rooms.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

In 2023, Golf Course Operations Fund revenues of \$5.24 million were higher than 2022 revenues by \$0.68 million (or 14.93%). More than 73,000 rounds of golf were played in 2023 which was the highest on record, and food service operations again experienced a year of increased revenue because of more events in 2023.

Yankee Trace hosted **73,132** rounds of golf in 2023.



New practice facility



The Golf Course Operations Fund expenses of \$4.74 million were higher than 2022 expenses by \$1.43 million (or 42.97%). The change is primarily due to an increase in personal services. The increase can be attributed to additional hours worked by part-time staff in 2023 for increased events, wage increases, and the fluctuation with required pension and OPEB entries. These actuarial assumptions can vary significantly from year to year. The Golf Course Operations Fund operated within its budget for 2023.

When reporting equity, Governmental Funds use the term: fund balance; whereas, Proprietary Funds use the term: Net Position. Since the Golf Course debt has been retired and capital investment has increased for several years now, the Net Position has continued to increase.



Ribbon cutting ceremony

WASTE COLLECTION FUND

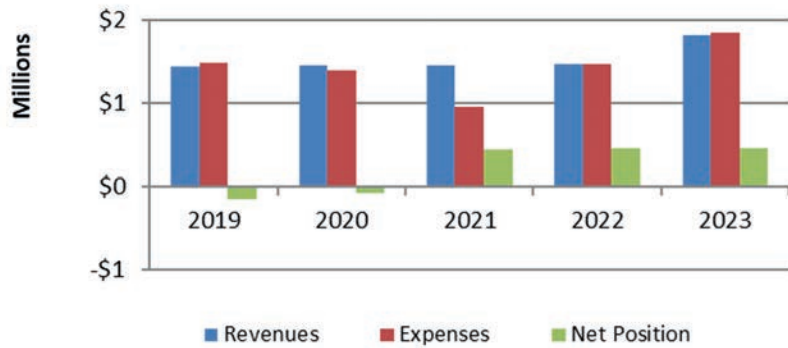
As a Proprietary Fund, the Waste Collection Fund is provided to account for the collection of fees relating to the collection and disposal of refuse and recycling materials by the City and to account for the expenses related to the refuse and recycling operation.

In 2023, Waste Collection Fund revenues of \$1.82 million and expenses of \$1.85 million met budget expectations and both increased significantly for the first time in several years.

The first monthly rate increase since 2006 was implemented in January 2023. Rates were re-evaluated and the City completed a full cost service study in 2022 to support this increase. The cost of service study will be updated on a regular basis to ensure revenues are covering expenditures over time. The new monthly rate allowed for an increase in capital replacement purchases for new vehicles and refuse and recycling toter replacements.



Clean Sweep week



LONG-TERM DEBT

As of December 31, 2023, the City had various issues outstanding, which included \$9.19 million of general obligation bonds used for the Cornerstone of Centerville development public improvements, \$2.54 million of special assessment debt with City commitment for special assessment financing of public improvements for the Yankee Trace residential development, \$0.53 million of promissory notes for Clio Road and Centerville Station Road Resurfacing and \$0.21 million from a State Infrastructure Bank (SIB) Loan through the Montgomery County Transportation District (TID) for the I-675/Wilmington Pike Interchange project. The City's net bonded debt per capita was \$379 and was well below the legal (unvoted) debt limit of \$55,723,209. 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 2024

- Continued investment in road paving and improvements
- Significant investment at Stubbs Park
- Improvements at the Golf Club at Yankee Trace
- Benham's Grove Event Center construction and improvements to Historic Campus
- Design and planning work for the I-675/Wilmington Pike Interchange project
- Continued implementation of the Uptown Action Plan

Major development projects include: progress for the South portion of the Cornerstone of Centerville development, the opening of new amenities and restaurants in the Uptown District, and a 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 and carefully utilizing resources to ensure progress and stability.

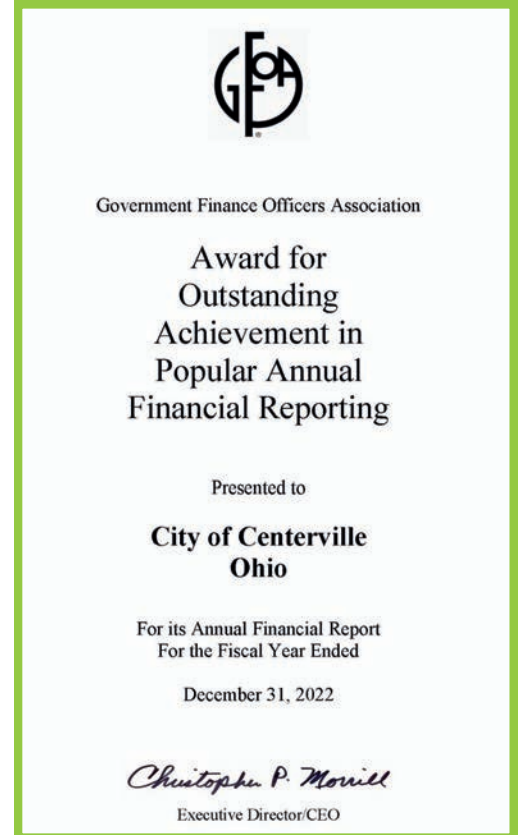


Summer Concert Series

OUTSTANDING FINANCIAL ACHIEVEMENT

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, 2022. 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 2023 Popular Annual Financial Report can do so at the Centerville Municipal Building or online at centervilleohio.gov/government/finance.



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

*City of
Centerville*

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.