



Dave Yost • Auditor of State



**CITY OF GREENVILLE  
DARKE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Greenville  
Darke County  
100 Public Square, Room 200  
Greenville, Ohio 45331

To the City Council:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, Darke County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, Darke County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

November 23, 2015

## CITY OF GREENVILLE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

The management discussion and analysis of the City of Greenville's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance. As stated in Note 2 to the basic financial statements, the financial information contained in this report is presented in conformity with accounting principles generally accepted in the United States of America (GAAP). GAAP-basis financial information will differ from cash basis information as maintained by the City during the year.

#### **Financial Highlights**

Key financial highlights for 2014 are as follows:

- The total net position of the City increased \$1,859,531. Net position of the governmental activities increased \$908,816 or 4.65% from net position at December 31, 2013, and net position of the business-type activities increased \$950,715 or 3.05% from 2013.
- General revenues accounted for \$9,362,959 of total governmental activities revenue. Program specific revenues accounted for \$1,931,974 or 17.10% of total governmental activities revenue.
- The City had \$10,355,742 in expenses related to governmental activities; program specific charges for services, grants and contributions offset \$1,931,974 of these expenses. The remaining expenses of the governmental activities of \$8,423,768 were funded by general revenues, primarily property taxes, income taxes and unrestricted grants and entitlements, of \$9,362,959.
- The general fund had revenues and other financing sources of \$9,349,604 in 2014. This represents an increase of \$1,072,722 from revenues in 2013. The expenditures and other financing uses of the general fund, which totaled \$7,788,892 in 2014, decreased \$396,157 from 2013. The net increase in fund balance for the general fund was \$1,560,712 or 42.47%.
- Net position for the business-type activities, which are composed of the water, sewer, special park, swimming pool, storm water, and parking enterprise funds, increased in 2014 by \$950,715.
- In the general fund, actual budgetary-basis revenues and other financing sources were \$1,925,327 greater than final budgeted revenues and other financing sources and actual expenditures and other financing uses were \$638,512 lower than the final budget. These variances are the result of the City's conservative budgeting. Budgeted revenues and other financing sources increased \$13,606 between the original and the final budgets, while budgeted expenditures and other financing uses increased \$731,862 from the original to the final budget.

#### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For the governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

## CITY OF GREENVILLE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

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

##### *Statement of Net Position and the Statement of Activities*

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the city perform financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses of the City using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

*Governmental activities* - Most of the City's programs and services are reported here, including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

*Business-Type activities* - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of goods or services provided. The City's water, sewer, special park, swimming pool, storm water, and parking operations are reported here.

The government-wide statement of net position and statement of activities can be found on pages 16-18 of this report.

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

##### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 11.



## CITY OF GREENVILLE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

#### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of the resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to the net position of the governmental activities and the change in net position of the governmental activities, respectively, for comparative purposes.

The City maintains a variety of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental fund is the general fund. Information for this major fund is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements, including a budgetary statement for the general fund, are located on pages 19-23 of this report.

#### ***Proprietary Funds***

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, special park, swimming pool, storm water, and parking functions. The City's major enterprise funds are the water, sewer, and storm water funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages 24-31 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has no fiduciary funds.

#### ***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 32-64 of this report.

**CITY OF GREENVILLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2014 and December 31, 2013.

	<b>Net Position</b>					
	Governmental Activities 2014	Business-Type Activities 2014	Governmental Activities 2013	Business-Type Activities 2013	2014 Total	2013 Total
<u>Assets</u>						
Current and other assets	\$ 14,196,745	\$ 12,835,117	\$ 11,934,608	\$ 13,095,719	\$ 27,031,862	\$ 25,030,327
Capital assets, net	<u>12,999,297</u>	<u>20,504,343</u>	<u>13,544,165</u>	<u>19,429,222</u>	<u>33,503,640</u>	<u>32,973,387</u>
Total assets	<u>27,196,042</u>	<u>33,339,460</u>	<u>25,478,773</u>	<u>32,524,941</u>	<u>60,535,502</u>	<u>58,003,714</u>
<u>Deferred outflows of resources</u>	<u>25,728</u>	<u>9,630</u>	<u>34,551</u>	<u>12,038</u>	<u>35,358</u>	<u>46,589</u>
<u>Liabilities</u>						
Current liabilities	1,394,603	452,054	956,627	426,749	1,846,657	1,383,376
Long-term liabilities	<u>4,126,385</u>	<u>742,834</u>	<u>3,799,974</u>	<u>906,743</u>	<u>4,869,219</u>	<u>4,706,717</u>
Total liabilities	<u>5,520,988</u>	<u>1,194,888</u>	<u>4,756,601</u>	<u>1,333,492</u>	<u>6,715,876</u>	<u>6,090,093</u>
<u>Deferred inflows of resources</u>	<u>1,253,257</u>	<u>-</u>	<u>1,218,014</u>	<u>-</u>	<u>1,253,257</u>	<u>1,218,014</u>
<u>Net position</u>						
Net investment in capital assets	10,364,333	19,702,885	10,393,386	18,509,585	30,067,218	28,902,971
Restricted	2,000,595	-	1,919,037	-	2,000,595	1,919,037
Unrestricted	<u>8,082,597</u>	<u>12,451,317</u>	<u>7,226,286</u>	<u>12,693,902</u>	<u>20,533,914</u>	<u>19,920,188</u>
Total net position	<u>\$ 20,447,525</u>	<u>\$ 32,154,202</u>	<u>\$ 19,538,709</u>	<u>\$ 31,203,487</u>	<u>\$ 52,601,727</u>	<u>\$ 50,742,196</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2014, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52,601,727. At year-end, net position was \$20,447,525 and \$32,154,202 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 55.35% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, software, vehicles and infrastructure. The City's net investment in capital assets at December 31, 2014, was \$10,364,333 and \$19,702,885 in the governmental activities and the business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's net investment in capital assets has been reduced by the related debt to acquire the assets, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2014, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net position, \$2,000,595, represents resources that are subject to external restriction on how they may be used. The remaining balances of unrestricted net position in the governmental and the business-type activities of \$8,082,597 and \$12,451,317, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF GREENVILLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

The table below shows the changes in net position for 2014 and 2013.

	<b>Change in Net Position</b>					
	Governmental	Business-type	Governmental	Business-type	2014	2013
	Activities	Activities	Activities	Activities	Total	Total
	2014	2014	2013	2013		
<u>Revenues:</u>						
Program revenues:						
Charges for services	\$ 501,671	\$ 4,812,209	\$ 523,257	\$ 4,788,244	\$ 5,313,880	\$ 5,311,501
Operating grants and contributions	1,037,616	-	1,078,024	8,412	1,037,616	1,086,436
Capital grants and contributions	<u>392,687</u>	<u>-</u>	<u>316,115</u>	<u>-</u>	<u>392,687</u>	<u>316,115</u>
Total program revenues	<u>1,931,974</u>	<u>4,812,209</u>	<u>1,917,396</u>	<u>4,796,656</u>	<u>6,744,183</u>	<u>6,714,052</u>
General revenues:						
Property taxes	1,058,662	-	1,047,264	-	1,058,662	1,047,264
Income taxes	7,518,782	-	6,349,861	-	7,518,782	6,349,861
Payment in lieu of taxes	267,693	-	239,693	-	267,693	239,693
Unrestricted grants and entitlements	402,231	-	775,053	-	402,231	775,053
Investment earnings	6,079	14,525	3,585	12,972	20,604	16,557
Miscellaneous	<u>109,512</u>	<u>32,751</u>	<u>107,503</u>	<u>59,750</u>	<u>142,263</u>	<u>167,253</u>
Total general revenues	<u>9,362,959</u>	<u>47,276</u>	<u>8,522,959</u>	<u>72,722</u>	<u>9,410,235</u>	<u>8,595,681</u>
Total revenues	<u>11,294,933</u>	<u>4,859,485</u>	<u>10,440,355</u>	<u>4,869,378</u>	<u>16,154,418</u>	<u>15,309,733</u>

(Continued)

**CITY OF GREENVILLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

**Change in Net Position (Continued)**

	Governmental Activities 2014	Business-type Activities 2014	Governmental Activities 2013	Business-type Activities 2013	2014 Total	2013 Total
<u>Expenses:</u>						
General government	2,479,381	-	2,076,020	-	2,479,381	2,076,020
Security of persons and property	4,951,280	-	4,873,154	-	4,951,280	4,873,154
Public health and welfare	3,551	-	413	-	3,551	413
Transportation	2,477,264	-	2,502,063	-	2,477,264	2,502,063
Community environment	577	-	351	-	577	351
Leisure time activity	206,567	-	367,711	-	206,567	367,711
Utility services	124,740	-	125,449	-	124,740	125,449
Interest and fiscal charges	112,382	-	112,830	-	112,382	112,830
Water	-	1,883,228	-	1,876,584	1,883,228	1,876,584
Sewer	-	1,562,514	-	1,484,211	1,562,514	1,484,211
Storm water	-	417,053	-	398,986	417,053	398,986
Special park	-	4,266	-	3,338	4,266	3,338
Swimming pool	-	72,084	-	71,136	72,084	71,136
Total expenses	<u>10,355,742</u>	<u>3,939,145</u>	<u>10,057,991</u>	<u>3,834,255</u>	<u>14,294,887</u>	<u>13,892,246</u>
Change in net position before transfers	<u>939,191</u>	<u>920,340</u>	<u>382,364</u>	<u>1,035,123</u>	<u>1,859,531</u>	<u>1,417,487</u>
<u>Transfers:</u>						
Transfers	<u>(30,375)</u>	<u>30,375</u>	<u>(14,852)</u>	<u>14,852</u>	<u>-</u>	<u>-</u>
Change in net position	908,816	950,715	367,512	1,049,975	1,859,531	1,417,487
Net position at beginning of year	<u>19,538,709</u>	<u>31,203,487</u>	<u>19,171,197</u>	<u>30,153,512</u>	<u>50,742,196</u>	<u>49,324,709</u>
Net position at end of year	<u>\$ 20,447,525</u>	<u>\$ 32,154,202</u>	<u>\$ 19,538,709</u>	<u>\$ 31,203,487</u>	<u>\$ 52,601,727</u>	<u>\$ 50,742,196</u>

**Governmental Activities**

The net position of the governmental activities increased \$908,816 in 2014. This increase is a result of income taxes earned in 2014 compared to the prior year.

Security of persons and property, which primarily supports the operations of the police and fire departments, accounted for \$4,951,280 of the total expenses of the City. These expenses were partially funded by \$91,444 in direct charges to recipients of City services. Transportation expenses totaled \$2,477,264 and were funded by \$288,255 in direct charges to recipients of the City's services, \$993,487 in operating grants and \$392,687 in capital grants.

The State and federal government contributed to the City a total of \$1,430,303 in operating grants and contributions and capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions of the governmental activities, \$993,487 subsidized transportation programs, \$606 subsidized general government programs and \$43,523 subsidized leisure time activity programs during 2014. Capital grants and contributions funded the acquisition or construction of governmental activities assets to serve the operations of transportation programs in the amounts of \$392,687.

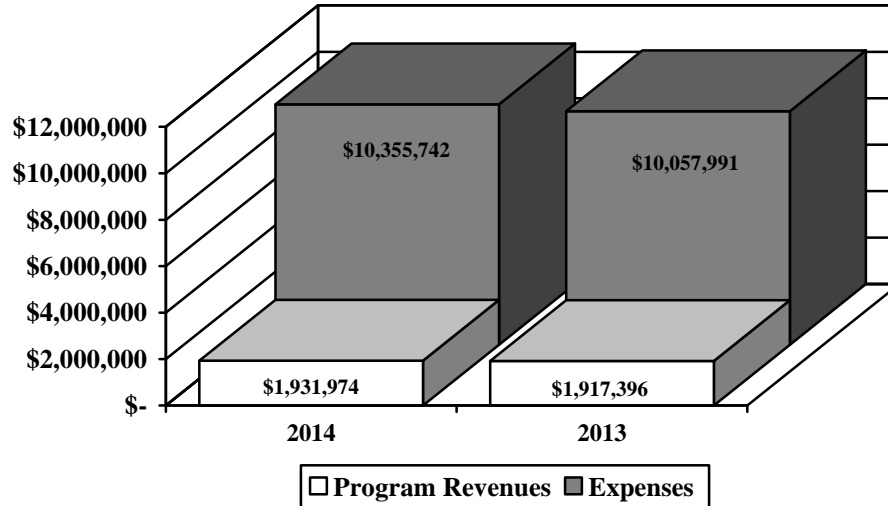
**CITY OF GREENVILLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

General revenues of the governmental activities totaled \$9,362,959, and amounted to 82.90% of total governmental activities revenues. These revenues primarily consist of property and income tax revenue of \$8,577,444. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including the City's local government fund allocation, totaling \$402,231.

The statement of activities demonstrates how charges for services and grants to the City offset the costs of program services. The following figures show, for the governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

**Governmental Activities – Program Revenues vs. Total Expenses**



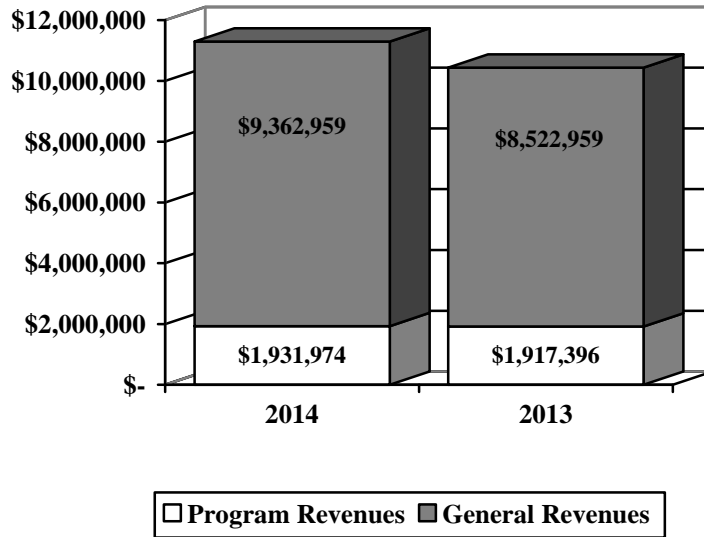
	<b>Governmental Activities</b>			
	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program expenses:				
General government	\$ 2,479,381	\$ 2,400,899	\$ 2,076,020	\$ 1,946,911
Security of persons and property	4,951,280	4,859,836	4,873,154	4,759,552
Public health and welfare	3,551	2,314	413	(3,194)
Transportation	2,477,264	802,835	2,502,063	874,737
Community environment	577	(20,286)	351	(8,806)
Leisure time activity	206,567	141,048	367,711	333,116
Utility services	124,740	124,740	125,449	125,449
Interest and fiscal charges	112,382	112,382	112,830	112,830
<b>Total</b>	<u>\$ 10,355,742</u>	<u>\$ 8,423,768</u>	<u>\$ 10,057,991</u>	<u>\$ 8,140,595</u>

**CITY OF GREENVILLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

The dependence upon general revenues for governmental activities is apparent, as 81.34% of expenses are supported through taxes and other general revenues.

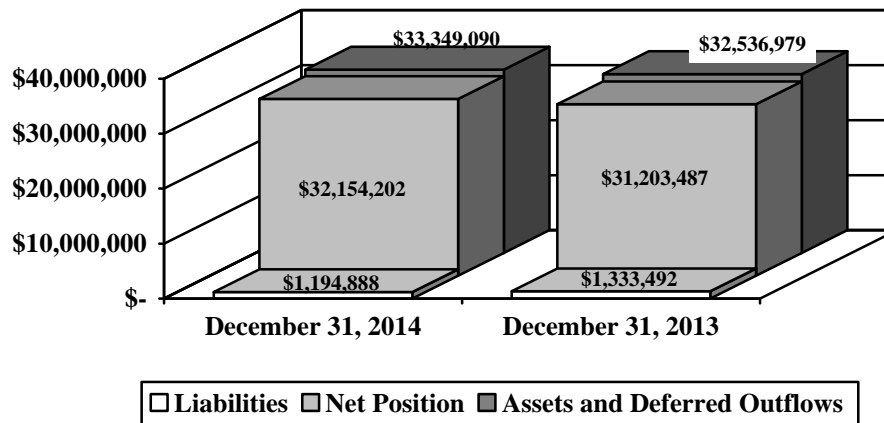
**Governmental Activities – General and Program Revenues**



**Business-Type Activities**

Business-type activities include the water, sewer, storm water, special park, swimming pool and parking enterprise funds. These programs had program revenues of \$4,812,209 and general revenues of \$47,267, recognized expenses of \$3,939,145, and received transfers from the governmental activities of \$30,375 during 2014. The graph below illustrates the assets and deferred outflows, liabilities, and net position of the City's business-type activities at December 31, 2014 and December 31, 2013.

**Net Position in Business – Type Activities**



**CITY OF GREENVILLE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2014 for all major and nonmajor governmental funds.

	Fund Balances 12/31/14	Fund Balances 12/31/13	Increase
Major fund:			
General	\$ 5,235,373	\$ 3,674,661	\$ 1,560,712
Nonmajor governmental funds	4,271,589	3,862,721	408,868
Total	\$ 9,506,962	\$ 7,537,382	\$ 1,969,580

**General Fund**

The City's general fund balance increased \$1,560,712 during 2014. The table that follows assists in illustrating the revenues of the general fund.

	2014 Amount	2013 Amount	Percentage Change
<b>Revenues</b>			
Municipal income taxes	\$ 7,524,857	\$ 6,228,545	20.81 %
Property and other taxes	959,616	931,097	3.06 %
Charges for services	40,997	37,307	9.89 %
Licenses and permits	131,792	111,585	18.11 %
Fines and forfeitures	68,033	73,567	(7.52) %
Intergovernmental	379,280	782,995	(51.56) %
Special assessments	12,206	12,032	1.45 %
Investment income	4,545	2,847	59.64 %
Donations	51,879	17,985	188.46 %
Other	95,825	78,922	21.42 %
Total	\$ 9,269,030	\$ 8,276,882	11.99 %

**CITY OF GREENVILLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

During 2014, the City's general fund revenues increased by 11.99%. Increased Municipal income tax revenue earned and available during the year increased by \$1,296,312 or 20.81% due to the improving economy. Licenses and permits increased by \$20,207 or 18.11% due to an increase in building and zoning permits. Intergovernmental revenue decreased \$403,715 or 51.56% due to a decrease in inheritance tax. Donations increased by \$33,894 or 188.46% due to an increase in contributions made by corporations within the City. Other revenues is made up of refunds and reimbursements to the City. All other revenue line items remained consistent with the prior year.

The table that follows assists in illustrating the expenditures of the general fund.

<u>Expenditures</u>	2014 <u>Amount</u>	2013 <u>Amount</u>	Percentage <u>Change</u>
General government	\$ 2,284,903	\$ 1,787,845	27.80 %
Security of persons and property	4,037,937	3,792,997	6.46 %
Public health and welfare	3,551	413	759.81 %
Transportation	67,372	62,683	7.48 %
Community environment	577	351	64.39 %
Leisure time activity	127,875	190,378	(32.83) %
Utility services	124,740	123,507	1.00 %
Capital outlay	106,955	123,692	(13.53) %
Debt service	76,382	142,683	(46.47) %
Total	<u>\$ 6,830,292</u>	<u>\$ 6,224,549</u>	<u>9.73 %</u>

General government expenses increased during 2014 by 27.80% compared to 2013 primarily due to the City making a \$500,000 disbursement to the Greenville Community Improvement Corporation of incentive funds to be used to benefit the Whirlpool Corporation plant expansion within the City. Debt service decreased by \$66,301 or 46.47% due to the City fulfilling their lease purchase agreement for a fire truck in the prior year. Public health and welfare increased by \$3,138 or 759.81% due to an increase in mosquito control expenses. Leisure time activities decreased \$62,503 or 32.83% due to a decrease in staffing. All other expenditures remained consistent with prior year.

***Budgeting Highlights - General Fund***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially, the budget is the City's appropriations, which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC; therefore, the City's plans or desires cannot completely be reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund. In the general fund, actual budgetary-basis revenues and other financing sources were \$1,925,327 greater than final budgeted revenues and other financing sources and actual expenditures and other financing uses were \$638,512 lower than the final budget. These variances are the result of the City's conservative budgeting. Budgeted revenues and other financing sources increased \$13,606 between the original and the final budgets, while budgeted expenditures and other financing uses increased \$731,862 from the original to the final budget.



## CITY OF GREENVILLE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

#### ***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers), whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements. Activity within the City's major enterprise funds is described below:

#### ***Water Fund***

The water fund, a major proprietary fund, had operating revenues of \$2,193,632, operating expenses of \$1,892,881, and net operating income of \$300,751 in 2014. During 2012 the City was awarded a legal settlement resulting from a geological study of raw water availability that provided inaccurate information on which the City relied. These proceeds will be paid to the City in annual installments through 2034. The net position of the water fund increased \$310,711 or 2.21% from a balance of \$14,067,959 to a balance of \$14,378,670.

#### ***Sewer Fund***

The sewer fund, a major proprietary fund, had operating revenues of \$2,022,246 and operating expenses of \$1,553,029 in 2014. The net change in operating expenses and revenues contributed to an increase in the net position of the sewer fund of \$457,953 or 3.56% from a balance of \$12,871,757 to \$13,329,710.

#### ***Storm Water Fund***

The storm water fund, a major proprietary fund, had operating revenues of \$576,628 and operating expenses of \$417,808 in 2014. The net change in operating expenses and revenues contributed to an increase in the net position of the storm water fund of \$158,820 or 3.83% from a balance of \$4,151,670 to \$4,310,490.

#### **Capital Assets and Debt Administration**

##### ***Capital Assets***

At the end of 2014, the City had \$33,503,640, net of accumulated depreciation, invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, software, vehicles, and infrastructure. Of this total, \$12,999,297 is reported in the governmental activities and \$20,504,343 is reported in business-type activities. The following table shows balances at December 31, 2014 compared to 2013.

**CITY OF GREENVILLE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)

**Capital Assets at December 31, Net of Depreciation**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,041,619	\$ 1,041,619	\$ 510,065	\$ 510,065	\$ 1,551,684	\$ 1,551,684
Construction in progress	170,633	-	604,922	876,223	775,555	876,223
Land improvements	156,548	176,909	13,546	14,211	170,094	191,120
Buildings and improvements	2,636,669	2,758,300	6,105,931	6,363,840	8,742,600	9,122,140
Furniture and equipment	957,193	961,027	1,193,770	1,100,244	2,150,963	2,061,271
Software	11,011	17,061	126,582	158,108	137,593	175,169
Vehicles	2,043,871	1,877,619	340,088	357,474	2,383,959	2,235,093
Infrastructure	<u>5,981,753</u>	<u>6,711,630</u>	<u>11,609,439</u>	<u>10,049,057</u>	<u>17,591,192</u>	<u>16,760,687</u>
Totals	<u>\$ 12,999,297</u>	<u>\$ 13,544,165</u>	<u>\$ 20,504,343</u>	<u>\$ 19,429,222</u>	<u>\$ 33,503,640</u>	<u>\$ 32,973,387</u>

The City's largest capital asset category is infrastructure which includes streets, bridges, storm sewer lines and water and sewer lines. These items are immovable and of value to the area; however, the annual cost of purchasing or constructing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 46.02% and 56.62% of the City's total governmental and business-type capital assets, respectively.

See Note 10 to the basic financial statements for more detail on the City's capital assets.

***Debt Administration***

The City had the following long-term debt obligations outstanding at December 31, 2014 and 2013:

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
General obligation bonds	\$ 2,204,750	\$ 1,774,000	\$ 545,000	\$ 715,000
OPWC loan	153,480	177,092	-	-
Lease purchase agreement - fire station	202,900	223,600	-	-
Lease purchase agreements - fire truck 2013	871,501	955,209	-	-
Landfill post-closure costs	-	7,383	-	-
Total long-term obligations	<u>\$ 3,432,631</u>	<u>\$ 3,137,284</u>	<u>\$ 545,000</u>	<u>\$ 715,000</u>

See Note 12 to the basic financial statements for more detail on the City's long-term debt obligations.

## CITY OF GREENVILLE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

#### **Economic Conditions and Outlook**

The City, a statutory government, operates under the Council-Mayor form of government. The City is uniquely located in the center of Darke County and is 35 miles northwest of the I75/I70 interchange. Four state highways and two federal highways transect the community, thus making the City an easily accessible community

Wayne Health Care, the county's only hospital, has continued to expand their facilities over the past several years. The recent addition of a cancer center onto their dialysis treatment and rehabilitation services facility, further complements the \$48 million main campus expansion. Reid Hospital of Richmond, Indiana will be opening their new campus on Meeker Rd in 2015.

The City's primary industrial park, Greenville Industrial Park, has shovel ready sites available for new construction as well as expansion of existing companies. The industrial park is located on the east side of the community and offers access to rail via RJ Corman and truck traffic via the state and federal routes. The park is currently home to The Anderson's Marathon Ethanol, Continental Carbonic, PolyOne Corporation, Ramco Electric Motors, Greenville Technology Inc., Beauty Systems Group and Monsanto.

The City is home to the KitchenAid division of Whirlpool Corporation, which produces the iconic KitchenAid stand mixer as well as other small appliances including the hand mixer and blender. The facility is currently in the midst of a 150,000 square foot expansion to their production facility. The Kitchen Aid Experience in downtown Greenville offers a unique shopping opportunity to purchase these small appliances as well as all of the attachments for the products. The City is also home to the FRAM Group which produces various filters with the widely known FRAM logo and BASF, the world's leading chemical company.

Workforce Development has become a very important issue for the sustained growth of the manufacturing base and will continue to be a focus for the coming year. Great strides were made this past year with the continued advancement of the Darke County Workforce Development at the Greenville Career Technology Center.

The City, as with many other local governments, has seen varied fluctuations on the revenue side in the past several years. Greenville is fortunate to have a diversified manufacturing base which has allowed for stabilization of these revenue dollars with an income tax collection that is trending in a positive direction.

The City has a very vibrant and unique downtown area which offers visitors and residents a destination to shop and dine. The City supports many organizations including Main Street Greenville, Darke County Visitors Bureau and Garst Museum. Ohio Magazines editors named Greenville as one of the "Best Hometowns" in Ohio for 2013. Other popular destinations in and around the City include Bear's Mill and Tony Stewart's Eldora Speedway.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and 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 Ms. Roxanne Willman, Auditor, City of Greenville, 100 Public Square, Greenville, Ohio 45331.

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**CITY OF GREENVILLE  
DARKE COUNTY, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2014

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 9,575,521	\$ 8,867,359	\$ 18,442,880
Cash with fiscal and escrow agents. . . . .	-	36,439	36,439
Receivables (net of allowance for uncollectibles):			
Municipal income taxes . . . . .	1,581,551	-	1,581,551
Property and other taxes . . . . .	1,038,492	-	1,038,492
Accounts . . . . .	22,683	1,233,968	1,256,651
Accrued interest . . . . .	2,116	2,479	4,595
Due from other governments. . . . .	640,677	307	640,984
Special assessments . . . . .	50,076	-	50,076
Payment in lieu of taxes . . . . .	267,693	-	267,693
Legal settlement . . . . .	-	2,486,018	2,486,018
Internal balance. . . . .	23,048	(23,048)	-
Prepayments . . . . .	165,405	39,769	205,174
Materials and supplies inventory . . . . .	44,483	191,826	236,309
Restricted assets:			
Cash with fiscal and escrow agent . . . . .	785,000	-	785,000
Capital assets:			
Land and construction in progress. . . . .	1,212,252	1,114,987	2,327,239
Depreciable capital assets, net . . . . .	11,787,045	19,389,356	31,176,401
Total capital assets, net. . . . .	<u>12,999,297</u>	<u>20,504,343</u>	<u>33,503,640</u>
Total assets. . . . .	<u>27,196,042</u>	<u>33,339,460</u>	<u>60,535,502</u>
<b>Deferred outflows of resources:</b>			
Deferred charges on refunding. . . . .	<u>25,728</u>	<u>9,630</u>	<u>35,358</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	294,517	76,022	370,539
Contracts payable. . . . .	12,596	223,698	236,294
Retainage payable . . . . .	-	36,439	36,439
Accrued wages and benefits payable . . . . .	385,092	93,163	478,255
Due to other governments . . . . .	538,685	985	539,670
Pension obligation payable. . . . .	112,281	20,762	133,043
Accrued interest payable . . . . .	19,751	985	20,736
Claims payable. . . . .	31,681	-	31,681
Long-term liabilities:			
Due within one year . . . . .	1,634,864	258,175	1,893,039
Due in more than one year. . . . .	2,491,521	484,659	2,976,180
Total liabilities . . . . .	<u>5,520,988</u>	<u>1,194,888</u>	<u>6,715,876</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the subsequent year . . . . .	985,564	-	985,564
Payment in lieu of taxes levied for the subsequent year. . . . .	<u>267,693</u>	<u>-</u>	<u>267,693</u>
Total deferred inflows of resources. . . . .	<u>1,253,257</u>	<u>-</u>	<u>1,253,257</u>
<b>Net position:</b>			
Net investment in capital assets. . . . .	10,364,333	19,702,885	30,067,218
Restricted for:			
Transportation projects . . . . .	1,932,269	-	1,932,269
Other purposes . . . . .	68,326	-	68,326
Unrestricted. . . . .	<u>8,082,597</u>	<u>12,451,317</u>	<u>20,533,914</u>
Total net position . . . . .	<u>\$ 20,447,525</u>	<u>\$ 32,154,202</u>	<u>\$ 52,601,727</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE  
DARKE COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government . . . . .	\$ 2,479,381	\$ 77,876	\$ 606	\$ -
Security of persons and property. . . . .	4,951,280	91,444	-	-
Public health and welfare . . . . .	3,551	1,237	-	-
Transportation. . . . .	2,477,264	288,255	993,487	392,687
Community environment . . . . .	577	20,863	-	-
Leisure time activity. . . . .	206,567	21,996	43,523	-
Utility services . . . . .	124,740	-	-	-
Interest and fiscal charges. . . . .	112,382	-	-	-
Total governmental activities . . . . .	<u>10,355,742</u>	<u>501,671</u>	<u>1,037,616</u>	<u>392,687</u>
<b>Business-type activities:</b>				
Water. . . . .	1,883,228	2,185,285	-	-
Sewer. . . . .	1,562,514	2,016,448	-	-
Storm water. . . . .	417,053	564,543	-	-
Other enterprise activities:				
Parking meter. . . . .	-	1,470	-	-
Special park . . . . .	4,266	7,442	-	-
Swimming pool. . . . .	72,084	37,021	-	-
Total business-type activities . . . . .	<u>3,939,145</u>	<u>4,812,209</u>	<u>-</u>	<u>-</u>
Total primary government. . . . .	<u>\$ 14,294,887</u>	<u>\$ 5,313,880</u>	<u>\$ 1,037,616</u>	<u>\$ 392,687</u>

**General revenues:**

Property taxes levied for:

    General purposes. . . . .

    Police and fire pension. . . . .

Municipal income taxes levied for:

    General purposes. . . . .

    Grants and entitlements not restricted

        to specific programs . . . . .

    Payments in lieu of taxes. . . . .

    Investment earnings . . . . .

    Miscellaneous . . . . .

Total general revenues . . . . .

Transfers . . . . .

Change in net position. . . . .

**Net position at beginning of year . . . . .**

**Net position at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,400,899)	\$ -	\$ (2,400,899)
(4,859,836)	-	(4,859,836)
(2,314)	-	(2,314)
(802,835)	-	(802,835)
20,286	-	20,286
(141,048)	-	(141,048)
(124,740)	-	(124,740)
(112,382)	-	(112,382)
(8,423,768)	-	(8,423,768)
-	302,057	302,057
-	453,934	453,934
-	147,490	147,490
-	1,470	1,470
-	3,176	3,176
-	(35,063)	(35,063)
-	873,064	873,064
(8,423,768)	873,064	(7,550,704)
945,194	-	945,194
113,468	-	113,468
7,518,782	-	7,518,782
402,231	-	402,231
267,693	-	267,693
6,079	14,525	20,604
109,512	32,751	142,263
9,362,959	47,276	9,410,235
(30,375)	30,375	-
908,816	950,715	1,859,531
19,538,709	31,203,487	50,742,196
\$ 20,447,525	\$ 32,154,202	\$ 52,601,727

**CITY OF GREENVILLE  
DARKE COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 5,203,237	\$ 3,396,628	\$ 8,599,865
Receivables (net of allowance for uncollectibles):			
Municipal income taxes . . . . .	1,581,551	-	1,581,551
Property and other taxes . . . . .	917,973	120,519	1,038,492
Accounts . . . . .	22,329	354	22,683
Due from other governments . . . . .	184,209	456,468	640,677
Special assessments . . . . .	50,076	-	50,076
Accrued interest . . . . .	1,588	360	1,948
Payment in lieu of taxes . . . . .	-	267,693	267,693
Prepayments . . . . .	157,125	8,280	165,405
Materials and supplies inventory . . . . .	4,615	39,868	44,483
Restricted assets:			
Cash with fiscal and escrow agents . . . . .	-	785,000	785,000
<b>Total assets . . . . .</b>	<b>\$ 8,122,703</b>	<b>\$ 5,075,170</b>	<b>\$ 13,197,873</b>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 178,329	\$ 116,188	\$ 294,517
Contracts payable . . . . .	2,701	9,895	12,596
Accrued wages and benefits payable . . . . .	338,517	46,575	385,092
Due to other governments . . . . .	538,685	-	538,685
Pension obligation payable . . . . .	59,943	52,338	112,281
<b>Total liabilities . . . . .</b>	<b>1,118,175</b>	<b>224,996</b>	<b>1,343,171</b>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the subsequent year . . . . .	871,080	114,484	985,564
Payment in lieu of taxes levied for the subsequent year . . . . .	-	267,693	267,693
Income tax revenue not available . . . . .	671,852	-	671,852
Delinquent property tax revenue not available . . . . .	43,867	6,035	49,902
Intergovernmental revenue not available . . . . .	131,426	190,177	321,603
Special assessments revenue not available . . . . .	50,076	-	50,076
Accrued interest not available . . . . .	854	196	1,050
<b>Total deferred inflows of resources . . . . .</b>	<b>1,769,155</b>	<b>578,585</b>	<b>2,347,740</b>
<b>Fund balances:</b>			
Nonspendable . . . . .	161,740	48,148	209,888
Restricted . . . . .	-	2,628,782	2,628,782
Committed . . . . .	58,054	6,544	64,598
Assigned . . . . .	2,029,656	1,595,521	3,625,177
Unassigned (deficit) . . . . .	2,985,923	(7,406)	2,978,517
<b>Total fund balances . . . . .</b>	<b>5,235,373</b>	<b>4,271,589</b>	<b>9,506,962</b>
<b>Total liabilities, deferred inflows of resources and fund balances . . . . .</b>	<b>\$ 8,122,703</b>	<b>\$ 5,075,170</b>	<b>\$ 13,197,873</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF GREENVILLE  
DARKE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2014

<b>Total governmental fund balances</b>		\$	9,506,962
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			12,999,297
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.			
Municipal income taxes receivable	\$	671,852	
Property and other taxes receivable		49,902	
Intergovernmental receivable		321,603	
Special assessments receivable		50,076	
Accrued interest receivable		1,050	
Total		1,094,483	1,094,483
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			25,728
Unamortized premiums on bond issuances are not recognized in the governmental funds.			(2,759)
Unamortized discounts on bond issuances are not recognized in the governmental funds.			2,294
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities on the statement of net position. The effect of the net position of the internal service fund, including an internal balance receivable of \$23,048, is to increase net position.			967,191
Accrued interest is not due and payable in the current period and therefore is not reported in the governmental funds			(19,751)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities of the governmental activities are as follows:			
Compensated absences		(693,289)	
Lease purchase agreements		(1,074,401)	
OPWC loan payable		(153,480)	
Building Improvement and Refunding Revenue Bonds		(134,750)	
General obligation bonds		(1,570,000)	
Rail project bonds		(500,000)	
Total		(4,125,920)	(4,125,920)
<b>Net position of governmental activities</b>		\$	20,447,525

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE  
DARKE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Municipal income taxes . . . . .	\$ 7,524,857	\$ -	\$ 7,524,857
Property and other taxes . . . . .	959,616	115,133	1,074,749
Charges for services . . . . .	40,997	133,613	174,610
Licenses and permits . . . . .	131,792	-	131,792
Fines and forfeitures. . . . .	68,033	1,251	69,284
Intergovernmental . . . . .	379,280	1,407,469	1,786,749
Special assessments . . . . .	12,206	600	12,806
Investment income. . . . .	4,545	938	5,483
Donations . . . . .	51,879	-	51,879
Payment in lieu of taxes . . . . .	-	267,693	267,693
Other. . . . .	95,825	157,853	253,678
Total revenues . . . . .	<u>9,269,030</u>	<u>2,084,550</u>	<u>11,353,580</u>
<b>Expenditures:</b>			
Current:			
General government . . . . .	2,284,903	520	2,285,423
Security of persons and property . . . . .	4,037,937	560,173	4,598,110
Public health and welfare. . . . .	3,551	-	3,551
Transportation . . . . .	67,372	1,457,598	1,524,970
Community environment . . . . .	577	-	577
Leisure time activity . . . . .	127,875	-	127,875
Utility services . . . . .	124,740	-	124,740
Capital outlay . . . . .	106,955	778,890	885,845
Debt service:			
Principal retirement . . . . .	63,562	418,708	482,270
Interest and fiscal charges . . . . .	12,820	92,444	105,264
Total expenditures . . . . .	<u>6,830,292</u>	<u>3,308,333</u>	<u>10,138,625</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>2,438,738</u>	<u>(1,223,783)</u>	<u>1,214,955</u>
<b>Other financing sources (uses):</b>			
Bond issuance. . . . .	-	785,000	785,000
Transfers in . . . . .	80,574	1,195,918	1,276,492
Transfers (out). . . . .	(958,600)	(348,267)	(1,306,867)
Total other financing sources (uses) . . . . .	<u>(878,026)</u>	<u>1,632,651</u>	<u>754,625</u>
Net change in fund balances. . . . .	1,560,712	408,868	1,969,580
<b>Fund balances at beginning of year . . . . .</b>	<u>3,674,661</u>	<u>3,862,721</u>	<u>7,537,382</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 5,235,373</u>	<u>\$ 4,271,589</u>	<u>\$ 9,506,962</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE  
DARKE COUNTY, 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, 2014

<b>Net change in fund balances - total governmental funds</b>	\$	1,969,580
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures; however, on the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital asset additions	\$ 767,179	
Current year depreciation	(1,279,418)	
Total		(512,239)
The net effect of various transactions involving capital assets is to decrease net position.		(32,629)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Municipal income taxes	(6,075)	
Property and other taxes	(16,087)	
Intergovernmental revenues	(429)	
Special assessments	(37,413)	
Investment income	637	
Total		(59,367)
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due.		
Decrease in accrued interest payable	1,218	
Amortization of bond premiums	946	
Amortization of bond discounts	(459)	
Amortization of deferred charges on refundings	(8,823)	
Total		(7,118)
Repayment of bonds, lease purchase agreements, landfill postclosure costs and loans are expenditures in the governmental funds; however, the payments reduce long-term liabilities on the statement of net position		489,653
Bond refunding transactions are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(785,000)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(31,551)
The internal service fund, used by management to charge the costs of self-insurance to individual funds, is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(122,513)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>908,816</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE  
DARKE COUNTY, 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 5,958,232	\$ 5,969,242	\$ 7,527,199	\$ 1,557,957
Property and other taxes. . . . .	760,407	761,812	960,643	198,831
Charges for services. . . . .	16,798	16,829	21,221	4,392
Licenses and permits . . . . .	103,128	103,318	130,284	26,966
Fines and forfeitures . . . . .	56,361	56,466	71,203	14,737
Intergovernmental. . . . .	311,627	312,203	393,687	81,484
Special assessments . . . . .	9,662	9,680	12,206	2,526
Investment income. . . . .	3,166	3,172	4,000	828
Donations. . . . .	6,681	6,693	8,440	1,747
Other . . . . .	73,358	73,493	92,675	19,182
Total revenues . . . . .	<u>7,299,420</u>	<u>7,312,908</u>	<u>9,221,558</u>	<u>1,908,650</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	1,839,675	2,444,756	2,432,578	12,178
Security of persons and property . . . . .	4,284,958	4,292,765	4,095,185	197,580
Public health and welfare. . . . .	5,000	5,000	3,551	1,449
Transportation . . . . .	72,470	72,470	66,794	5,676
Community environment . . . . .	1,025	1,025	622	403
Utility services . . . . .	169,908	169,908	138,778	31,130
Capital outlay . . . . .	143,257	203,741	156,875	46,866
Debt service:				
Principal retirement. . . . .	63,562	63,562	63,562	-
Interest and fiscal charges . . . . .	12,820	12,820	12,820	-
Total expenditures . . . . .	<u>6,592,675</u>	<u>7,266,047</u>	<u>6,970,765</u>	<u>295,282</u>
Excess of revenues over expenditures . . . . .	<u>706,745</u>	<u>46,861</u>	<u>2,250,793</u>	<u>2,203,932</u>
<b>Other financing sources and (uses):</b>				
Transfers in . . . . .	63,779	63,897	80,574	16,677
Transfers out . . . . .	(1,263,340)	(1,321,830)	(978,600)	343,230
Total other financing sources uses . . . . .	<u>(1,199,561)</u>	<u>(1,257,933)</u>	<u>(898,026)</u>	<u>359,907</u>
Net change in fund balances . . . . .	(492,816)	(1,211,072)	1,352,767	2,563,839
<b>Fund balances at beginning of year . . . . .</b>	2,905,149	2,905,149	2,905,149	-
<b>Prior year encumbrances appropriated . . . . .</b>	222,473	222,473	222,473	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,634,806</u>	<u>\$ 1,916,550</u>	<u>\$ 4,480,389</u>	<u>\$ 2,563,839</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF GREENVILLE  
DARKE COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2014

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents . . . . .	\$ 3,218,454	\$ 4,572,611	\$ 1,005,268
Cash with fiscal and escrow agents. . . . .	18,219	18,220	-
Receivables:			
Accounts. . . . .	550,306	526,031	157,622
Accrued interest. . . . .	1,036	1,443	-
Due from other governments. . . . .	185	101	21
Legal settlement. . . . .	2,486,018	-	-
Prepayments. . . . .	26,855	11,491	1,423
Materials and supplies inventory . . . . .	122,351	69,475	-
Total current assets . . . . .	<u>6,423,424</u>	<u>5,199,372</u>	<u>1,164,334</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress . . . . .	372,510	394,502	272,604
Depreciable capital assets, net . . . . .	7,862,770	8,606,731	2,906,179
Total capital assets, net . . . . .	<u>8,235,280</u>	<u>9,001,233</u>	<u>3,178,783</u>
Total assets . . . . .	<u>14,658,704</u>	<u>14,200,605</u>	<u>4,343,117</u>
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding	-	9,630	-
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable . . . . .	55,722	8,506	11,762
Contracts payable. . . . .	33,211	187,297	3,190
Retainage payable . . . . .	18,219	18,220	-
Accrued wages and benefits payable . . . . .	53,410	31,898	7,170
Due to other governments . . . . .	-	-	-
Compensated absences . . . . .	47,608	26,317	4,250
Pension obligation payable . . . . .	11,641	7,059	2,062
Claims payable . . . . .	-	-	-
Current portion of general obligation bonds. . . . .	-	180,000	-
Accrued interest payable . . . . .	-	985	-
Total current liabilities . . . . .	<u>219,811</u>	<u>460,282</u>	<u>28,434</u>
Long-term liabilities:			
General obligation bonds . . . . .	-	365,000	-
Compensated absences payable . . . . .	60,223	49,292	4,193
Unamortized premium on bonds. . . . .	-	5,951	-
Total long-term liabilities. . . . .	<u>60,223</u>	<u>420,243</u>	<u>4,193</u>
Total liabilities . . . . .	<u>280,034</u>	<u>880,525</u>	<u>32,627</u>
<b>Net position:</b>			
Net investment in capital assets. . . . .	8,183,850	8,254,395	3,175,593
Unrestricted . . . . .	6,194,820	5,075,315	1,134,897
Total net position. . . . .	<u>\$ 14,378,670</u>	<u>\$ 13,329,710</u>	<u>\$ 4,310,490</u>

Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.

Net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Nonmajor Enterprise</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 71,026	\$ 8,867,359	\$ 975,656
-	36,439	-
9	1,233,968	-
-	2,479	168
-	307	-
-	2,486,018	-
-	39,769	-
-	191,826	-
<u>71,035</u>	<u>12,858,165</u>	<u>975,824</u>
75,371	1,114,987	-
13,676	19,389,356	-
<u>89,047</u>	<u>20,504,343</u>	<u>-</u>
160,082	33,362,508	975,824
-	9,630	-
32	76,022	-
-	223,698	-
-	36,439	-
685	93,163	-
985	985	-
-	78,175	-
-	20,762	-
-	-	31,681
-	180,000	-
-	985	-
<u>1,702</u>	<u>710,229</u>	<u>31,681</u>
-	365,000	-
-	113,708	-
-	5,951	-
-	484,659	-
<u>1,702</u>	<u>1,194,888</u>	<u>31,681</u>
89,047	19,702,885	-
69,333	12,474,365	944,143
<u>\$ 158,380</u>	<u>32,177,250</u>	<u>\$ 944,143</u>
	(23,048)	
	<u>\$ 32,154,202</u>	

**CITY OF GREENVILLE  
DARKE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 2,135,685	\$ 1,988,998	\$ 564,543
Tap-in fees . . . . .	49,600	27,450	-
Other . . . . .	8,347	5,798	12,085
Total operating revenues. . . . .	<u>2,193,632</u>	<u>2,022,246</u>	<u>576,628</u>
<b>Operating expenses:</b>			
Personal services . . . . .	764,937	479,703	174,350
Contract services. . . . .	226,395	215,705	65,101
Materials and supplies. . . . .	373,208	222,547	30,914
Utilities . . . . .	133,635	120,340	369
Depreciation. . . . .	394,706	514,734	147,074
Claims expense . . . . .	-	-	-
Total operating expenses . . . . .	<u>1,892,881</u>	<u>1,553,029</u>	<u>417,808</u>
Operating income (loss). . . . .	<u>300,751</u>	<u>469,217</u>	<u>158,820</u>
<b>Nonoperating revenues (expenses):</b>			
Interest and fiscal charges. . . . .	-	(15,829)	-
Interest income. . . . .	9,960	4,565	-
Other nonoperating revenues . . . . .	-	-	-
Total nonoperating revenues (expenses). . . . .	<u>9,960</u>	<u>(11,264)</u>	<u>-</u>
Income (loss) before transfers . . . . .	310,711	457,953	158,820
Transfer in . . . . .	-	-	-
Change in net position . . . . .	310,711	457,953	158,820
<b>Net position at beginning of year . . . . .</b>	<u>14,067,959</u>	<u>12,871,757</u>	<u>4,151,670</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 14,378,670</u>	<u>\$ 13,329,710</u>	<u>\$ 4,310,490</u>

Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.

Change in net position of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<u>Nonmajor Enterprise</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 45,933	\$ 4,735,159	\$ 894,362
-	77,050	-
821	27,051	-
<u>46,754</u>	<u>4,839,260</u>	<u>894,362</u>
39,335	1,458,325	-
14,197	521,398	-
15,286	641,955	-
5,823	260,167	-
1,709	1,058,223	-
-	-	1,000,843
<u>76,350</u>	<u>3,940,068</u>	<u>1,000,843</u>
<u>(29,596)</u>	<u>899,192</u>	<u>(106,481)</u>
-	(15,829)	-
-	14,525	720
5,700	5,700	-
<u>5,700</u>	<u>4,396</u>	<u>720</u>
(23,896)	903,588	(105,761)
<u>30,375</u>	<u>30,375</u>	<u>-</u>
6,479	933,963	(105,761)
<u>151,901</u>		<u>1,049,904</u>
<u>\$ 158,380</u>		<u>\$ 944,143</u>
	<u>16,752</u>	
	<u>\$ 950,715</u>	

**CITY OF GREENVILLE  
DARKE COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers . . . . .	\$ 2,134,089	\$ 1,989,118	\$ 552,820
Cash received from tap-in fees . . . . .	49,600	27,450	-
Cash received from other operations . . . . .	8,164	5,697	12,064
Cash payments for personal services . . . . .	(764,367)	(475,381)	(172,231)
Cash payments for contractual services . . . . .	(217,375)	(211,514)	(57,294)
Cash payments for materials and supplies . . . . .	(366,068)	(256,676)	(33,494)
Cash payments for utilities . . . . .	(147,194)	(132,165)	(375)
Cash payments for claims . . . . .	-	-	-
Net cash provided by (used in) operating activities . . . . .	<u>696,849</u>	<u>946,529</u>	<u>301,490</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from grants and subsidies . . . . .	-	-	734
Cash received from transfers in . . . . .	-	-	-
Cash received from contributions and donations . . . . .	-	-	-
Cash received from legal settlement . . . . .	119,025	-	-
Net cash provided by noncapital financing activities . . . . .	<u>119,025</u>	<u>-</u>	<u>734</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	(958,025)	(1,056,607)	(67,779)
Principal retirement on general obligation bonds . . . . .	-	(170,000)	-
Interest and fiscal charges . . . . .	-	(15,225)	-
Net cash used in capital and related financing activities . . . . .	<u>(958,025)</u>	<u>(1,241,832)</u>	<u>(67,779)</u>
<b>Cash flows from investing activities:</b>			
Interest received . . . . .	2,646	3,908	-
Net cash provided by investing activities . . . . .	<u>2,646</u>	<u>3,908</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents . . . . .	(139,505)	(291,395)	234,445
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>3,376,178</u>	<u>4,882,226</u>	<u>770,823</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 3,236,673</u></u>	<u><u>\$ 4,590,831</u></u>	<u><u>\$ 1,005,268</u></u>

<u>Nonmajor Enterprise</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 45,933	\$ 4,721,960	\$ 894,362
-	77,050	-
812	26,737	-
(39,341)	(1,451,320)	-
(17,588)	(503,771)	-
(14,301)	(670,539)	-
(5,945)	(285,679)	-
-	-	(997,717)
<u>(30,430)</u>	<u>1,914,438</u>	<u>(103,355)</u>
-	734	-
30,375	30,375	-
5,700	5,700	-
-	119,025	-
<u>36,075</u>	<u>155,834</u>	<u>-</u>
-	(2,082,411)	-
-	(170,000)	-
-	(15,225)	-
-	(2,267,636)	-
-	6,554	665
-	6,554	665
5,645	(190,810)	(102,690)
65,381	9,094,608	1,078,346
<u>\$ 71,026</u>	<u>\$ 8,903,798</u>	<u>\$ 975,656</u>

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**CITY OF GREENVILLE  
DARKE COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss) . . . . .	\$ 300,751	\$ 469,217	\$ 158,820
Adjustments:			
Depreciation. . . . .	394,706	514,734	147,074
Changes in assets and liabilities:			
Decrease in materials and supplies inventory . . . . .	1,549	1,634	-
(Increase) decrease in accounts receivable. . . . .	(1,594)	120	(11,723)
(Increase) in intergovernmental receivable. . . . .	(185)	(101)	(21)
Decrease (increase) in prepayments . . . . .	(12,938)	(2,405)	429
Increase (decrease) in accounts payable . . . . .	14,115	(40,992)	4,785
Increase (decrease) in accrued wages and benefits . . . . .	(382)	215	(59)
Increase in intergovernmental payable. . . . .	-	-	-
Increase in compensated absences payable . . . . .	1,270	4,205	2,136
Increase (decrease) in pension obligation payable. . . . .	(443)	(98)	49
Increase in claims payable . . . . .	-	-	-
Net cash provided by (used in) operating activities . . . . .	<u>\$ 696,849</u>	<u>\$ 946,529</u>	<u>\$ 301,490</u>

**Non-cash transactions:**

At December 31, 2014 and December 31, 2013, the sewer fund purchased \$205,517 and \$141,040, respectively, in capital assets on account.  
 At December 31, 2014 and December 31, 2013, the water fund purchased \$51,430 and \$68,164, respectively, in capital assets on account.  
 At December 31, 2014 the storm water fund purchased \$3,190 in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Nonmajor Enterprise</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ (29,596)	\$ 899,192	\$ (106,481)
1,709	1,058,223	-
-	3,183	-
(9)	(13,206)	-
-	(307)	-
-	(14,914)	-
(3,513)	(25,605)	-
(6)	(232)	-
985	985	-
-	7,611	-
-	(492)	-
-	-	3,126
<u>\$ (30,430)</u>	<u>\$ 1,914,438</u>	<u>\$ (103,355)</u>

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## CITY OF GREENVILLE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

#### NOTE 1 - DESCRIPTION OF THE CITY

The City of Greenville, Ohio (the "City"), was incorporated in 1832 and operates under a Council-Mayor form of government. The following services are provided by the City: public safety (police and fire), highways and streets, water, sewer, storm water, recreation, public improvements, planning and zoning and general administrative services.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting. The most significant of the City's accounting policies are described below.

##### A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the City are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, water system, sewage treatment, storm water services and general administrative services. The City's departments include a public safety department, a public service department, a street maintenance department, a sanitation system, a parks and recreation department, a planning and zoning department, and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or (4) provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

##### B. Basis of Presentation - Fund Accounting

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

## CITY OF GREENVILLE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

***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 activities of the internal service fund are eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

***Fund Financial Statements*** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

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 operation. The principal operating revenues of the City’s proprietary funds are charges for sales and services. Operating expenses for the proprietary funds include personnel and other expenses related to operations and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

#### **C. Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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



**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following is the City's major governmental fund:

*General fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted, committed, or assigned to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Proprietary Funds* - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

*Enterprise funds* - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

*Water fund* - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

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

*Storm water fund* - This fund accounts for the provision of storm water service to the residents and commercial users located within the City.

The City has three nonmajor enterprise funds that are used to account for the swimming pool, parking and special park district operations.

*Internal Service fund* - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on the self-insurance health care program.

*Fiduciary Funds* - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has no fiduciary funds.

**D. Measurement Focus and Basis of Accounting**

*Government-wide Financial Statements* - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the statement of net position.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Fund Financial Statements* - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

*Revenues - Exchange and Nonexchange Transactions* - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes and payments in lieu of taxes are recognized in the year for which these items are levied (See Notes 6 and 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees, interest and special assessments.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance fiscal year 2015 operations, grants and entitlements received before the eligibility requirements are met, and long-term special assessments have been recorded as deferred inflows of resources. On governmental fund financial statements, delinquent taxes due at December 31, 2014 and grants, entitlements and other receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

On the accrual basis of accounting, unamortized deferred charges on debt refunding (the difference between the reacquisition price and the carrying amount of the refunded obligation) is reported as a deferred outflow of resources.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**F. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds other than agency funds are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each fund. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

*Tax Budget* - The City must submit the adopted budget to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Estimated Resources*** - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or before December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further unamended during the year if the City Auditor determines and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the original and final amended official certificates of estimated resources issued during 2014.

***Appropriations*** - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the legal level of budgetary control. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The amounts on the budgetary statement reflect the original and final appropriation amounts, including all amendments and modifications legally enacted by Council.

***Lapsing of Appropriations*** - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

**G. Cash and Cash Equivalents**

Cash balances of the City's funds are pooled and invested in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the balance sheet as "equity in pooled cash and cash equivalents" on the basic financial statements.

During 2014, investments were limited to non-negotiable certificates of deposit which are reported at cost. Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2014 amounted to \$4,545 which included \$0 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the financial statements, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

An analysis of the City's investment account at year end is provided in Note 4.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Inventories of Materials and Supplies**

On government-wide financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in both governmental and proprietary funds consists of expendable supplies held for consumption. On governmental fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

**I. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During 2014, the City maintained a capitalization threshold of \$5,000. The City's governmental infrastructure consists of storm sewers and streets. The City's proprietary infrastructure consists of water, sanitary sewer and storm water lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities. Capitalized interest for 2014 was not material.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	15 - 20 years	15 - 20 years
Buildings and improvements	20 - 40 years	20 - 40 years
Furniture and equipment	5 - 30 years	5 - 20 years
Software	5 - 10 years	5 - 10 years
Vehicles	8 - 16 years	3 - 10 years
Infrastructure	40 years	40 years

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. Compensated Absences**

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. A compensated absences payable was not recorded in the current year in the governmental fund financial statements. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and lease-purchase agreements are recognized as a liability on the governmental fund financial statements when due.

**L. Bond Issuance Costs, Bond Premiums and Discounts, Accounting Gain or Loss**

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which they are incurred.

**CITY OF GREENVILLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 12.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements and enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow of resources or a deferred outflow of resources.

**M. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no interfund loans receivable/payable at December 31, 2014. The internal balance reported on the financial statements relates to the consolidation of the internal service fund with the governmental activities.

**N. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 basic financial statements.

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.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**O. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**P. Estimates**

The preparation of the basic financial statements in conformity with GAAP 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.



**CITY OF GREENVILLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Q. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The City's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consists primarily of funds restricted for community environment and law enforcement programs.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**R. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

**S. 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. During 2014, the City had neither type of transaction.

**T. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Certain resources set aside for the repayment of certain debt issues are classified as restricted assets on the financial statements because their use is limited by applicable bond covenants.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2014, the City has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

**CITY OF GREENVILLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the City.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the City.

**B. Deficit Fund Balance**

Fund balances at December 31, 2014 included the following individual fund deficit:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
Police pension	\$ 7,406

This fund complied with Ohio State law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the City Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. 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 and interest by the United States;

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

2. 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;
3. 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City Auditor by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash with Fiscal Agent**

At year end, \$785,000 was on deposit with a fiscal agent for retirement of the series 2004 various purpose refunding general obligation bonds. These funds are not included in “deposits with financial institutions” below.

At year end, \$36,439 was on deposit with a fiscal agent for retainage obligations. These funds are not included in “deposits with financial institutions” below.

**B. Deposits with Financial Institutions**

At December 31, 2014, the carrying amount of all City deposits was \$18,442,880. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of December 31, 2014, \$19,677,039 of the City’s bank balance of \$20,677,039 was exposed to custodial risk as discussed below, while \$1,000,000 was covered by FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**C. Investments**

The City had no investments at December 31, 2014.

**D. Reconciliation of Cash and Cash Equivalents to the Statement of Net Position**

The following is a reconciliation of cash and cash equivalents as reported in the preceding note to cash and cash equivalents as reported on the statement of net position as of December 31, 2014:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	\$ 18,442,880
Cash with fiscal agent	<u>821,439</u>
Total	<u>\$ 19,264,319</u>

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

<u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 10,360,521
Business-type activities	<u>8,903,798</u>
Total	<u>\$ 19,264,319</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2014, consisted of the following, as reported in the fund financial statements:

Transfers from general fund to:

Nonmajor governmental funds	\$ 928,225
Nonmajor enterprise funds	<u>30,375</u>
	<u>958,600</u>

Transfers from nonmajor governmental funds to:

Nonmajor governmental funds	267,693
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Transfers to general fund from:

Nonmajor governmental funds	<u>80,574</u>
Total	<u>\$ 1,306,867</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between governmental activities and business-type activities are reported as transfers on the statement of activities.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. 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 semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 6 - PROPERTY TAXES - (Continued)**

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Greenville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2014 and for which there is an enforceable legal claim. In the governmental funds, property and other taxes receivable has been offset by a deferred inflow of resources for the current portion, since the current taxes were not levied to finance 2014 operations, and the delinquent portion, since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is unavailable.

The full tax rate for all City operations for the year ended December 31, 2014 was \$8.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2014 and 2013 property tax receipts were based are as follows:

	2014	2013
<u>Real property</u>		
Residential/agricultural	\$ 134,766,320	\$ 134,701,040
Commercial/industrial/mineral	75,315,500	75,159,280
<u>Public utility property</u>		
Real	38,870	33,190
Personal	5,499,760	5,821,531
Total assessed value	\$ 215,620,450	\$ 215,715,041

**NOTE 7 - LOCAL INCOME TAXES**

The City levies a municipal income tax of one and one half percent on substantially all income earned within the City. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax. All income tax revenue is initially placed in the general fund and may be distributed to other funds as determined by City Council. Income tax revenue for 2014 was \$7,524,857 as reported in the fund financial statements.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 8 - TAX INCREMENT FINANCING DISTRICT**

The City, pursuant to the Ohio Revised Code and City ordinances, has established three Tax Increment Financing Districts (“TIFs”). A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as “payments in lieu of taxes (PILOTS)”, as though the TIF had not been established. These “PILOTS” are then dedicated to the payments for various public improvements within or adjacent to the TIF area or retirement of debt service related to such public improvements. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

PILOTS revenue was \$267,693 in 2014 as reported in the fund financial statements. The TIF has a longevity of the shorter period of 10 years or until the public improvements are paid for. The property tax exemption and PILOTS payments then cease, at which point property taxes apply to the increased property values.

**NOTE 9 - RECEIVABLES**

Receivables at December 31, 2014, consisted of taxes, accounts (billings for user charged services), accrued interest, payment in lieu of taxes, special assessments and intergovernmental receivables arising from grants, entitlements, and shared revenue, and the receivable portion of a legal settlement awarded in 2012. Receivables have been recorded to the extent that they are measurable at December 31, 2014. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Municipal income taxes	\$ 1,581,551
Property and other taxes	1,038,492
Accounts	22,683
Accrued interest	2,116
Due from other governments	640,677
Special assessments	50,076
Payments in lieu of taxes	267,693

**Business-type activities:**

Accounts	1,233,968
Accrued interest	2,479
Due from other governments	307
Legal settlement	2,486,018

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within the subsequent year, except the legal settlement, which will be collected through 2034.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 10 - CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended December 31, 2014, was as follows:

	Balance			Balance
<b><u>Governmental activities:</u></b>	<u>12/31/13</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/14</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,041,619	\$ -	\$ -	\$ 1,041,619
Construction in progress	-	170,633	-	170,633
Total capital assets not being depreciated	<u>1,041,619</u>	<u>170,633</u>	<u>-</u>	<u>1,212,252</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	628,378	-	-	628,378
Buildings and improvements	4,498,953	14,986	(29,164)	4,484,775
Furniture and equipment	2,574,574	173,982	(40,529)	2,708,027
Software	42,350	-	-	42,350
Vehicles	3,777,144	368,084	(153,360)	3,991,868
Infrastructure	15,430,003	39,494	(8,000)	15,461,497
Total capital assets being depreciated	<u>26,951,402</u>	<u>596,546</u>	<u>(231,053)</u>	<u>27,316,895</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(451,469)	(20,361)	-	(471,830)
Buildings and improvements	(1,740,653)	(115,473)	8,020	(1,848,106)
Furniture and equipment	(1,613,547)	(177,816)	40,529	(1,750,834)
Software	(25,289)	(6,050)	-	(31,339)
Vehicles	(1,899,525)	(197,227)	148,755	(1,947,997)
Infrastructure	(8,718,373)	(762,491)	1,120	(9,479,744)
Total accumulated depreciation	<u>(14,448,856)</u>	<u>(1,279,418)</u>	<u>198,424</u>	<u>(15,529,850)</u>
Total capital assets being depreciated, net	<u>12,502,546</u>	<u>(682,872)</u>	<u>(32,629)</u>	<u>11,787,045</u>
Governmental activities capital assets, net	<u>\$ 13,544,165</u>	<u>\$ (512,239)</u>	<u>\$ (32,629)</u>	<u>\$ 12,999,297</u>

Depreciation expense was charged to governmental activities as follows:

<b><u>Governmental activities:</u></b>	
General government	\$ 103,712
Security of persons and property	201,921
Transportation	918,406
Leisure time activity	<u>55,379</u>
Total depreciation expense - governmental activities	<u>\$ 1,279,418</u>



**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 10 - CAPITAL ASSETS - (Continued)**

Business-type activities capital asset activity for the year ended December 31, 2014, was as follows:

	Balance			Balance
<b><u>Business-type activities:</u></b>	<u>12/31/13</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/14</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 510,065	\$ -	\$ -	\$ 510,065
Construction in progress	<u>876,223</u>	<u>1,654,185</u>	<u>(1,925,486)</u>	<u>604,922</u>
Total capital assets not being depreciated	<u>1,386,288</u>	<u>1,654,185</u>	<u>(1,925,486)</u>	<u>1,114,987</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	132,316	-	-	132,316
Buildings and improvements	10,339,008	42,747	-	10,381,755
Furniture and equipment	7,122,645	226,389	(13,000)	7,336,034
Software	290,580	11,906	-	302,486
Vehicles	550,731	27,251	(27,342)	550,640
Infrastructure	<u>15,521,265</u>	<u>2,096,352</u>	<u>-</u>	<u>17,617,617</u>
Total capital assets being depreciated	<u>33,956,545</u>	<u>2,404,645</u>	<u>(40,342)</u>	<u>36,320,848</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(118,105)	(665)	-	(118,770)
Buildings and improvements	(3,975,168)	(300,656)	-	(4,275,824)
Furniture and equipment	(6,022,401)	(132,863)	13,000	(6,142,264)
Software	(132,472)	(43,432)	-	(175,904)
Vehicles	(193,257)	(44,637)	27,342	(210,552)
Infrastructure	<u>(5,472,208)</u>	<u>(535,970)</u>	<u>-</u>	<u>(6,008,178)</u>
Total accumulated depreciation	<u>(15,913,611)</u>	<u>(1,058,223)</u>	<u>40,342</u>	<u>(16,931,492)</u>
Total capital assets being depreciated, net	<u>18,042,934</u>	<u>1,346,422</u>	<u>-</u>	<u>19,389,356</u>
Business-type activities capital assets, net	<u>\$ 19,429,222</u>	<u>\$ 3,000,607</u>	<u>\$ (1,925,486)</u>	<u>\$ 20,504,343</u>

Depreciation expense was charged to the enterprise funds as follows:

<b><u>Business-type activities:</u></b>	
Water	\$ 394,706
Sewer	514,734
Storm water	147,074
Nonmajor enterprise fund:	
Swimming pool	<u>1,709</u>
Total depreciation expense - business-type activities	<u>\$ 1,058,223</u>

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 11 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE**

**A. Lease Purchase Agreement - Fire Station Improvements**

On December 2, 2002, the City entered into a lease purchase agreement with a financial institution to assist in financing the fire station building improvements. The City is leasing the “building improvements” from the financial institution. Principal and interest payments are made from the general fund.

The initial term of the lease agreement ended on December 1, 2003; however, it is renewable for successive one-year terms upon appropriation of funds to pay the rental payments. The final renewal term ends on December 1, 2022 when the remaining balance under the lease is due. At the end of the lease term, the City has the option to purchase the building improvements for \$1.

Capital assets consisting of building improvements have been capitalized in the amount of \$477,094 in the governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2014 was \$461,670, leaving a book value of \$15,424.

The following is a schedule of the future minimum lease payments required under the lease purchase agreement and the present value of the minimum lease payments as of December 31, 2014:

<u>Year Ending</u> <u>December 31,</u>	<u>Fire Station</u>
2015	\$ 30,731
2016	30,780
2017	30,742
2018	30,780
2019	30,768
2020 - 2022	<u>92,342</u>
Total minimum lease payments	246,143
Less: amount representing interest	<u>(43,243)</u>
Present value of future minimum lease payments	<u>\$ 202,900</u>

**B. Lease Purchase Agreement - Fire Truck 2013**

On June 26, 2013, the City entered into a lease purchase agreement with Oshkosh Capital to assist in financing a new fire truck.

General capital assets acquired by agreement have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. For the City, a corresponding liability was recorded in the government-wide financial statements. Principal and interest payments are made from the capital improvement plan fund (a nonmajor governmental fund).

Capital assets consisting of a fire truck have been capitalized in the amount of \$955,209 in the governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2014 was \$57,313, leaving a book value of \$897,896.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 11 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future minimum lease payments required under the lease purchase agreement and the present value of the minimum lease payments as of December 31, 2014:

<u>Year Ending December 31,</u>	<u>Fire Truck</u>
2015	\$ 111,409
2016	111,409
2017	111,409
2018	111,409
2019	111,409
2020 - 2023	<u>445,636</u>
Total minimum lease payments	1,002,681
Less: amount representing interest	<u>(131,180)</u>
Present value of future minimum lease payments	<u>\$ 871,501</u>

**NOTE 12 - LONG-TERM OBLIGATIONS**

**A. Governmental Activities Long-Term Obligations**

During 2014, the following changes occurred in governmental activities long-term obligations:

<u>Governmental activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/14</u>	<u>Amounts Due in One Year</u>
<u>General obligation and revenue bonds:</u>						
Series 2004 various purpose refunding bonds	2-4%	\$ 1,030,000	\$ -	\$ (245,000)	\$ 785,000	\$ 785,000
Series 2014 various purpose refunding bonds	1.53%	-	785,000	-	785,000	250,000
Series 2011 building improvement refunding and revenue bonds	3.25%	154,000	-	(19,250)	134,750	19,250
Series 2007 rail project bonds	3.875% - 4.150%	<u>590,000</u>	-	<u>(90,000)</u>	<u>500,000</u>	<u>90,000</u>
Total general obligation bonds		<u>1,774,000</u>	<u>785,000</u>	<u>(354,250)</u>	<u>2,204,750</u>	<u>1,144,250</u>
<u>Other long-term obligations:</u>						
Compensated absences		661,738	467,192	(435,641)	693,289	371,074
OPWC loan payable	0%	177,092	-	(23,612)	153,480	11,805
Lease purchase agreement - fire station		223,600	-	(20,700)	202,900	21,600
Lease purchase agreement - fire truck 2013		955,209	-	(83,708)	871,501	86,135
Landfill postclosure costs		<u>7,383</u>	-	<u>(7,383)</u>	-	-
Total other long-term obligations		<u>2,025,022</u>	<u>467,192</u>	<u>(571,044)</u>	<u>1,921,170</u>	<u>490,614</u>
Total governmental activities long-term obligations		<u>\$ 3,799,022</u>	<u>\$ 1,252,192</u>	<u>\$ (925,294)</u>	4,125,920	<u>\$ 1,634,864</u>
Add: Unamortized premium on bond issuance					2,759	
Less: Unamortized discount on bond issuance					<u>(2,294)</u>	
Total reported on the statement of net position					<u>\$ 4,126,385</u>	

**CITY OF GREENVILLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Compensated Absences

Compensated absences are reported in the statement of net position and will be paid from the fund from which the employees' salaries are paid which will primarily be the general fund, street construction maintenance and repair fund (a nonmajor governmental fund) and public transportation fund (a nonmajor governmental fund).

OPWC Loan Payable

In prior years, the City had entered into an agreement with the Ohio Public Works Commission for a street construction loan in the amount of \$472,243. The City made principal payments of \$23,612 on the loan in 2014. The loan is interest free and principal payments are made from the general fund. The loan is scheduled to mature in 2021.

Landfill Postclosure Costs

See Note 18 for additional disclosure on landfill postclosure costs.

Lease Purchase Agreements

See Note 11 for detail on the lease purchase agreements.

Series 2011 Building Improvement Refunding and Revenue Bonds

During 2011, the City issued \$192,500 in bonds, with an interest rate of 3.25%, to pay off the land acquisition bonds and for various building improvements. The first payment was due October 11, 2012 and the bonds are scheduled to mature on October 11, 2021. The payments are made from the general fund. The bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment.

Series 2007 Rail Project Bonds

During 2007, the City issued \$1,050,000 in bonds, with a variable interest rate, for the purpose of financing the construction of a railroad spur line from the north side of the Greenville Industrial Park to the interior of the park. The first payment was due December 1, 2008 and will be due annually until maturity on December 1, 2019. The payments are made from the GIP/rail bond retirement fund (a nonmajor governmental fund). The bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment.

Series 2004 Various Purpose Refunding Bonds

On September 1, 2004, the City issued \$2,415,000 in various purpose general obligation bonds to advance refund the callable portion of the series 1997 various purpose bonds (principal \$2,260,000, average interest rate 5.23%). The issuance proceeds were used to repay the callable portion of the 1997 bonds on the call date which was September 1, 2004. This refunded debt is considered defeased and accordingly, has been removed from the statement of net position. Principal payments are made from the general bond retirement fund (a nonmajor governmental fund) and totaled \$245,000 in 2014.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

The refunding bonds pay interest semiannually on June 1 and December 1 of each year and mature on December 1, 2017. The refunding bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment.

The assets held in trust as a result of the advance refunding described above are not included in the accompanying financial statements. The principal balance of the general obligation refunded bonds at December 31, 2014, was \$770,000.

Series 2014 Various Purpose Refunding Bonds

On December 12, 2014, the City issued \$785,000 in various purpose general obligation bonds to refund the callable portion of the series 2004 various purpose bonds. As of December 31, 2014, the 2004 bonds had not been redeemed and are therefore shown as a liability at year end. The proceeds received to redeem the 2004 bonds have been classified as restricted assets on the fund financial statements and the government-wide financial statements. Since the 2004 bonds had not been redeemed as of December 31, 2014, there is no economic gain or loss to report at year end. The 2004 bonds to be retired from restricted assets are not included in the calculation of net investment in capital assets.

The refunding bonds bear an interest rate of 1.53% and pay interest semiannually on June 1 and December 1 of each year and mature on December 1, 2017. The refunding bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment.

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2014 are as follows:

Year Ending December 31,	Series 2014 Refunding Bonds			Series 2011 Building Improvement Refunding and Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 250,000	\$ 11,777	\$ 261,777	\$ 19,250	\$ 4,379	\$ 23,629
2016	260,000	8,186	268,186	19,250	3,754	23,004
2017	275,000	4,207	279,207	19,250	3,128	22,378
2018	-	-	-	19,250	2,503	21,753
2019	-	-	-	19,250	1,877	21,127
2020 - 2021	-	-	-	38,500	1,877	40,377
Total	<u>\$ 785,000</u>	<u>\$ 24,170</u>	<u>\$ 809,170</u>	<u>\$ 134,750</u>	<u>\$ 17,518</u>	<u>\$ 152,268</u>

Year Ending December 31,	Series 2007 Rail Project Bonds			OPWC Loans		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 90,000	\$ 21,750	\$ 111,750	\$ 11,805	\$ -	\$ 11,805
2016	95,000	17,835	112,835	23,613	-	23,613
2017	100,000	13,703	113,703	23,612	-	23,612
2018	105,000	9,352	114,352	23,613	-	23,613
2019	110,000	4,785	114,785	23,612	-	23,612
2020 - 2021	-	-	-	47,225	-	47,225
Total	<u>\$ 500,000</u>	<u>\$ 67,425</u>	<u>\$ 567,425</u>	<u>\$ 153,480</u>	<u>\$ -</u>	<u>\$ 153,480</u>

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**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 assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. 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, 2014, the City's total debt margin was \$22,378,392 and the unvoted debt margin was \$11,859,125.

**B. Business-Type Activities Long-Term Obligations**

The following changes occurred in the City's business-type long-term obligations during 2014:

	Balance			Balance	Amounts
	12/31/13	Additions	Reductions	12/31/14	Due in
					One Year
<b><u>Business-type activities:</u></b>					
<b><u>General obligation bonds:</u></b>					
Series 2013 wastewater refunding general obligation bonds	\$ 715,000	\$ -	\$ (170,000)	\$ 545,000	\$ 180,000
<b><u>Other long-term obligations:</u></b>					
Compensated absences	184,272	75,191	(67,580)	191,883	78,175
Total business-type activities long-term obligations	<u>\$ 899,272</u>	<u>\$ 75,191</u>	<u>\$ (237,580)</u>	736,883	<u>\$ 258,175</u>
Add: Unamortized premium on bond issuance				5,951	
Total on statement of net position				<u>\$ 742,834</u>	

Compensated absences are reported in the statement of net position and will be paid from the fund from which the employees' salaries are paid, which will primarily be the water, sewer and storm water enterprise funds.

On January 1, 2002, the City issued \$2,985,000 in series 2002 wastewater system revenue refunding bonds with an interest rate of 2.0% to 4.75% to advance refund \$2,735,000 of the 1992 wastewater system first mortgage revenue bonds with an interest rate of 2.95% to 6.35%. The net proceeds of \$2,911,124 (after payment of \$73,876 in underwriting fees, issuance, and other issuance costs) were deposited in an irrevocable trust with an escrow agent, including interest earned, to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the sewer fund.

On July 25, 2013, the City issued \$870,000 (series 2013 wastewater refunding general obligation bonds) to advance refund the callable portion of the series 2002 wastewater system revenue refunding bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

The issuance proceeds of \$861,538 and a \$296,303 contribution from the series 2002 wastewater system revenue refunding bonds debt service reserve account were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The principal balance outstanding of the defeased bonds was \$720,000 at December 31, 2014.

The interest rate on the series 2013 wastewater refunding general obligation bonds ranges from 2.00-2.50%. The bonds will be retired through the sewer fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$12,841. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

Interest payments on the bonds are due June 1 and December 1 each year. The final maturity stated on the issue is December 1, 2017.

Debt service requirements to retire the City's business-type activities general obligation bonds outstanding at December 31, 2014 were:

Year Ending December 31,	G.O. Bonds		
	Principal	Interest	Total
2015	\$ 180,000	\$ 11,825	\$ 191,825
2016	180,000	8,225	188,225
2017	185,000	4,625	189,625
Total	<u>\$ 545,000</u>	<u>\$ 24,675</u>	<u>\$ 569,675</u>

**NOTE 13 - RISK MANAGEMENT**

**A. Comprehensive**

The City is exposed to various risks of loss related to torts, theft, or damage/destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2014, the City contracted with private carriers for property and fleet insurance, general liability insurance, and various other coverages. Coverage provided during the year is as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$40,511,725
Boiler and Machinery Coverage	\$40,511,725
Inland Marine Coverage (\$1,000 deductible)	\$ 337,000
Automobile Liability (\$250 comprehensive; \$1,000 collision deductible)	\$ 1,000,000
Uninsured Motorists	\$ 1,000,000
General Liability	Limit \$ 1,000,000
	Aggregate \$ 3,000,000
Public Officials	Limit \$ 1,000,000
	Aggregate \$ 3,000,000
Umbrella Coverage	\$ 6,000,000

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 13 - RISK MANAGEMENT - (Continued)**

There have been no significant reductions in insurance coverages during 2014. Settled claims have not exceeded commercial excess coverages in any of the past three years.

**B. Self-Insurance**

The City operates a self-insurance plan for health care benefits. The activity of the plan is recorded in the City’s Health Care internal service fund. Monies are expensed on a monthly basis by the funds participating and received into the internal service fund. The claims liability of \$31,681 reported on the financial statements at December 31, 2014 is based on the requirements of GASB Statement No. 10, “*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*”, as amended by GASB Statement No. 30, “*Risk Financing Omnibus*”, which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred, but not reported claims, be reported.

Changes in claims activity for the past two years is as follows:

		Balance January 1	Current Year Claims	Claims Payments	Prepayments	Balance December 31
2013	\$	27,828	\$ 943,168	\$ 942,192	\$ (249)	\$ 28,555
2014		28,555	1,000,843	997,717	-	31,681

**NOTE 14 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - The City participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The 2014 member contribution rates were 10.00% for members. The City’s contribution rate for 2014 was 14.00% of covered payroll.



**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 14 - PENSION PLANS - (Continued)**

The City's contribution rate for pension benefits for members in the Traditional Plan and Combined Plan for 2014 was 12.00%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$291,331, \$320,756, and \$251,824, respectively; 92.35% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. The remaining 2014 pension liability has been reported as pension obligation payable on the basic financial statements. Contributions to the Member-Directed Plan for 2014 were \$8,041 made by the City and \$5,743 made by the plan members.

**B. Ohio Police and Fire Pension Fund**

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at [www.op-f.org](http://www.op-f.org).

Funding Policy - From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.50% of their annual covered salary. Throughout 2014, the City was required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute.

For 2014, the portion of the City's contributions to fund pension obligations was 19.00% for police officers and 23.50% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$262,521 and \$284,688 for the year ended December 31, 2014, \$205,790 and \$245,761 for the year ended December 31, 2013, and \$159,705 and \$203,553, for the year ended December 31, 2012. 100% has been contributed for 2013 and 2012. 92.02% has been contributed for police and 91.94% has been contributed for firefighters for 2014. The remaining 2014 pension liability has been reported as pension obligation payable on the basic financial statements.

**NOTE 15 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**CITY OF GREENVILLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2014 was 2.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$48,572, \$24,663, and \$103,619, respectively; 92.35% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. The remaining 2014 post-employment health care benefits liability has been reported as pension obligation payable on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

**B. Ohio Police and Fire Pension Fund**

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

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

The 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.

**CITY OF GREENVILLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at [www.op-f.org](http://www.op-f.org).

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.50% 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 the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the 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 contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$6,908 and \$6,057 for the year ended December 31, 2014, \$46,807 and \$43,603 for the year ended December 31, 2013, and \$84,550 and \$79,651, for the year ended December 31, 2012. 100% has been contributed for 2013 and 2012. 92.02% has been contributed for police and 91.94% has been contributed for firefighters for 2014. The remaining 2014 post-employment health care benefits liability has been reported as pension obligation payable on the basic financial statements.

**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 1,352,767
Net adjustment for revenue accruals	(21,556)
Net adjustment for expenditure accruals	(371,796)
Funds budgeted elsewhere	(58,982)
Adjustment for encumbrances	<u>660,279</u>
GAAP basis	<u>\$ 1,560,712</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the park fund.

**CITY OF GREENVILLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2014.

**B. Litigation**

The City is involved in no material litigation as either a plaintiff or defendant.

**NOTE 18 - LANDFILL POSTCLOSURE COSTS**

State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The landfill was closed in 1989. The City completely retired the landfill liability in 2014. Any future costs for maintenance and monitoring will be presented as an expense as incurred.

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**CITY OF GREENVILLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 19 - FUND BALANCE**

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

Fund balance	General	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Materials and supplies inventory	\$ 4,615	\$ 39,868	\$ 44,483
Prepayments	<u>157,125</u>	<u>8,280</u>	<u>165,405</u>
Total nonspendable	<u>161,740</u>	<u>48,148</u>	<u>209,888</u>
Restricted:			
Debt service	-	785,000	785,000
Street constuction, maintenance and repair	-	1,302,999	1,302,999
Transportation programs	-	409,982	409,982
Police and fire pension	-	33,725	33,725
Other purposes	<u>-</u>	<u>97,076</u>	<u>97,076</u>
Total restricted	<u>-</u>	<u>2,628,782</u>	<u>2,628,782</u>
Committed:			
Leisure time activity	58,054	-	58,054
Other purposes	<u>-</u>	<u>6,544</u>	<u>6,544</u>
Total committed	<u>58,054</u>	<u>6,544</u>	<u>64,598</u>
Assigned:			
Debt service	-	523,245	523,245
Capital improvements	-	1,072,276	1,072,276
General government	24,263	-	24,263
Security of persons and property	13,579	-	13,579
Subsequent year appropriations	1,909,707	-	1,909,707
Capital outlay	67,214	-	67,214
Other purposes	<u>14,893</u>	<u>-</u>	<u>14,893</u>
Total assigned	<u>2,029,656</u>	<u>1,595,521</u>	<u>3,625,177</u>
Unassigned (deficit)	<u>2,985,923</u>	<u>(7,406)</u>	<u>2,978,517</u>
Total fund balances	<u>\$ 5,235,373</u>	<u>\$ 4,271,589</u>	<u>\$ 9,506,962</u>

**CITY OF GREENVILLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 20 - OTHER COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 125,595
Nonmajor governmental funds	<u>194,905</u>
Total	<u>\$ 320,500</u>

**NOTE 21 - SUBSEQUENT EVENT**

The 2004 various purpose refunding bonds were redeemed in full on January 12, 2015.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Greenville  
Darke County  
100 Public Square, Room 200  
Greenville, Ohio 45331

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, Darke County, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 23, 2015.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402  
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

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

November 23, 2015

**CITY OF GREENVILLE  
DARKE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	The City's 2013 federal schedule contained various errors	No	Not Corrected – Reported to management of the City in a separate letter as the City was not subject to an A-133 Single Audit in 2014.

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# Dave Yost • Auditor of State

**CITY OF GREENVILLE**

**DARKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 5, 2016**