

**CITY OF MT. HEALTHY  
HAMILTON COUNTY, OHIO  
FINANCIAL STATEMENTS  
December 31, 2012**





# Dave Yost • Auditor of State

City Council  
City of Mt. Healthy  
7700 Perry Street  
Mt. Healthy, Ohio 45231

We have reviewed the *Independent Auditor's Report* of the City of Mt. Healthy, Hamilton County, prepared by Joseph Decosimo and Company, LLC, for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Mt. Healthy is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 2, 2013

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**CITY OF MT. HEALTHY  
HAMILTON COUNTY, OHIO**

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## INDEPENDENT AUDITOR'S REPORT

The City Council  
City of Mt. Healthy  
Hamilton County, Ohio

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mt. Healthy (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City of Mt. Healthy's basic financial statements as listed in the table of contents.

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

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mt. Healthy, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Emphasis of Matter**

As discussed in Note 18 to the financial statements, during the year ended December 31, 2012, the City adopted the provisions of Governmental Accounting Standards Board Statements No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, and the budgetary comparison information on pages 45 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Joseph Decossimo and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio  
June 25, 2013

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
(Unaudited)

Management's Discussion and Analysis (MD&A) of the City of Mt. Healthy's financial performance provides an overview of the City's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

**Financial Highlights**

- The City's total net position increased \$226,853 from 2011.
- General revenues accounted for \$2,543,126 of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,579,919 of total governmental revenues of \$4,123,045.
- The City had \$3,896,192 in expenses; \$1,579,919 of these expenses were offset by program specific revenues in the form of charges for services and sales, grants and contributions.

**Using This Annual Financial Report**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Mt. Healthy's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

**Reporting the City as a Whole**

One of the most important questions asked about the City is, "How did we do financially during 2012?" The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
(Unaudited)

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 condition of the City has improved or diminished. However, the City's goal is to provide services to its citizens, not to generate profits as commercial entities do.

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

*Fund Financial Statements*

The analysis of the City's major funds begins on page six. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City Auditor, with the approval of Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The major funds for the City of Mt. Healthy are the General Fund, the Safety Tax Special Revenue Fund, and the Capital Improvement Capital Projects Fund.

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

*Fiduciary Funds* – The City's fiduciary funds consist of three agency funds. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
(Unaudited)

**The City as a Whole**

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2011 compared to 2012.

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

	Governmental Activities		
	2011	2012	Change
<b>ASSETS:</b>			
Current and Other Assets	\$ 2,432,823	\$2,507,267	\$ 74,444
Nondepreciable Capital Assets	648,330	648,330	-
Depreciable Capital Assets, Net	3,434,537	3,301,228	(133,309)
Total Assets	\$ 6,515,690	\$6,456,825	\$ (58,865)
<b>LIABILITIES:</b>			
Current and Other Liabilities	1,256,426	1,032,238	(224,188)
Long-Term Liabilities:			
Due Within One Year	109,823	90,764	(19,059)
Due in More Than One Year	1,880,828	1,838,357	(42,471)
Total Liabilities	3,247,077	2,961,359	(285,718)
<b>NET POSITION:</b>			
Net Investment in Capital			
Assets	2,256,749	2,147,818	(108,931)
Restricted	308,217	350,458	42,241
Unrestricted	703,647	997,190	293,543
Total Net Position	\$ 3,268,613	\$3,495,466	\$ 226,853

Nondepreciable Capital Assets did not change from 2011 to 2012 and Depreciable Capital Assets, Net decreased by \$133,309.

Total Liabilities decreased \$285,718. Current and Other Liabilities experienced a decrease of \$224,188 due to the City having fewer outstanding contracts payable at year-end. Long-Term Liabilities decreased \$61,530 as a result of the City making annual principal payments.

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
(Unaudited)

Total Net Position increased \$226,853. Net investment in capital assets decreased \$108,931 due primarily to current year depreciation on capital assets.

Restricted net position increased \$42,241.

Unrestricted net position increased \$293,543 as a result of the City's unrestricted resources not having to cover the operations of its restricted programs to the extent that they had in the past.

Table 2 shows the changes in net position for the year ended December 31, 2011, compared to 2012.

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
(Unaudited)

**Table 2**  
**Change in Net Position**

	Governmental Activities		
	2011	2012	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services and Sales	\$ 909,685	\$ 984,572	\$ 74,887
Operating Grants and Contributions	357,425	301,162	(56,263)
Capital Grants and Contributions	348,775	294,185	(54,590)
Total Program Revenues	<u>1,615,885</u>	<u>1,579,919</u>	<u>(35,966)</u>
General Revenues			
Property Taxes	849,396	755,712	(93,684)
Income Taxes	1,458,130	1,510,743	52,613
Other Local Taxes	74,182	-	(74,182)
Grants and Entitlements			
not Restricted for Specific Purposes	308,524	212,610	(95,914)
Unrestricted Interest	853	965	112
Other	185,264	63,096	(122,168)
Total General Revenues	<u>2,876,349</u>	<u>2,543,126</u>	<u>(333,223)</u>
Total Revenues	<u>4,492,234</u>	<u>4,123,045</u>	<u>(369,189)</u>
<b>Program Expenses</b>			
General Government	621,843	572,000	(49,843)
Security of Persons and Property	1,766,095	1,730,701	(35,394)
Public Works	472,406	464,524	(7,882)
Leisure Time Activities	204,999	216,387	11,388
Community Environment	116,668	118,610	1,942
Transportation	623,844	714,030	90,186
Interest and Fiscal Charges	89,954	79,940	(10,014)
Total Expenses	<u>3,895,809</u>	<u>3,896,192</u>	<u>383</u>
Change in Net Position	596,425	226,853	(369,572)
Net Position at Beginning of Year	2,672,188	3,268,613	596,425
Net Position at End of Year	<u>\$3,268,613</u>	<u>\$3,495,466</u>	<u>\$ 226,853</u>

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
(Unaudited)

*Governmental Activities*

Charges for Services and Sales increased \$74,887 primarily due to the increased revenues from ambulance services provided to citizens and building permits obtained within the City. Operating Grants and Contributions and Capital Grants and Contributions decreased \$56,263 and \$54,590, respectively, with less grant-type support received in 2012 than in 2011.

The 1.5 percent income tax is the largest source of revenue for the General Fund and the City of Mt. Healthy. 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, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council.

**The City's Funds**

Information about the City's major governmental funds begins on page 12. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,113,565 and expenditures of \$3,823,969. The General Fund's balance increased \$228,253 as a result of the City's continuing efforts to trim General Fund expenditures.

The Safety Tax Fund's balance decreased \$13,896 due to a decrease in property tax revenues.

The Capital Improvement Fund's balance increased \$66,343 with project-related receipts exceeding project-related expenses in 2012.

*General Fund Budgeting Highlights*

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts and disbursements. The City's budget is adopted at the object level (personal services and other expenditures) within each department and fund by City Council in the form of an appropriations resolution.

Original General Fund budgeted revenues were \$2,896,423. The final budgeted amount was \$2,898,485, which is an insignificant increase. Actual revenues were \$2,958,849 at year-end, which is an increase of \$60,364 compared to final budgeted revenues.

Original General Fund appropriations were \$2,527,602 and final appropriations were \$2,540,102 for an increase of \$12,500. This increase was done to ensure that the City's budget was in line with rising expenditures throughout the year. The City's actual expenditures were \$2,509,817 at

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
(Unaudited)

year-end, which is a decrease of \$30,285 from final budgeted expenditures due to the City closely monitoring the budget during the year.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of 2012, the City had \$3,949,558 as a net investment in capital assets for governmental activities, a decrease of \$133,309 from the prior year. The decrease in capital assets is primarily due to current year depreciation expense.

See Note 8 of the notes to the basic financial statements for more detailed information on capital assets.

*Debt*

At December 31, 2012, the City had \$1,710,000 in general obligation bonds and \$88,390 in loans outstanding. The City's long-term obligations also included compensated absences of \$108,970, capital leases of \$3,350, and police pension liability of \$43,803.

See Note 15 of the notes to the basic financial statements for more detailed information related to debt.

**Contacting the City's Finance Department**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jill Claire, Auditor, City of Mt. Healthy, 7700 Perry Street, Mt. Healthy, Ohio 45231.

**City of Mt. Healthy**  
Hamilton County, Ohio  
Statement of Net Position  
December 31, 2012

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Mt. Healthy Community Improvement Corporation</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 733,770	\$ 53,166
Accounts Receivable	97,091	-
Income Taxes Receivable	571,423	-
Intergovernmental Receivable	258,976	-
Property Taxes Receivable	805,889	-
Deferred Charges	40,118	-
Nondepreciable Capital Assets	648,330	-
Depreciable Capital Assets, Net	<u>3,301,228</u>	<u>-</u>
Total Assets	<u>6,456,825</u>	<u>53,166</u>
<b>Liabilities</b>		
Accounts Payable	57,490	-
Accrued Wages and Benefits Payable	127,415	-
Accrued Interest Payable	6,618	-
Claims Payable	93,015	-
Deferred Revenue	747,700	-
Long-Term Liabilities:		
Due Within One Year	90,764	-
Due in More Than One Year	<u>1,838,357</u>	<u>-</u>
Total Liabilities	<u>2,961,359</u>	<u>-</u>
<b>Net Position</b>		
Net Investment in Capital Assets	2,147,818	-
Restricted for:		
Debt Service	1,210	-
Capital Outlay	182,408	-
Transportation	158,378	-
Security of Persons and Property	4,628	-
Leisure Time Activities	500	-
Other Purposes	3,334	-
Unrestricted	<u>997,190</u>	<u>53,166</u>
Total Net Position	<u>\$ 3,495,466</u>	<u>\$ 53,166</u>

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, Ohio  
Statement of Activities  
For the Year Ended December 31, 2012

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Mt. Healthy Community Improvement Corporation
<b>Governmental Activities</b>						
General Government	\$ 572,000	\$ 273,526	\$ -	\$ -	\$ (298,474)	\$ -
Security of Persons and Property	1,730,701	247,230	2,500	-	(1,480,971)	-
Public Works	464,524	397,902	-	-	(66,622)	-
Leisure Time Activities	216,387	39,108	750	-	(176,529)	-
Community Environment	118,610	26,271	9,825	-	(82,514)	-
Transportation	714,030	535	288,087	294,185	(131,223)	-
Interest and Fiscal Charges	79,940	-	-	-	(79,940)	-
<b>Total Governmental Activities</b>	<b>\$ 3,896,192</b>	<b>\$ 984,572</b>	<b>\$ 301,162</b>	<b>\$ 294,185</b>	<b>\$ (2,316,273)</b>	<b>\$ -</b>
<b>Component Unit</b>						
Mt. Healthy Community Improvement Corporation	\$ -	\$ 36	\$ -	\$ -	\$ -	\$ 36
General Revenues:						
Taxes:						
Property Taxes Levied for:						
General Purposes				\$ 311,569		-
Capital Outlay				98,869		-
Security of Persons and Property				345,274		-
Income Taxes				1,510,743		-
Grants and Entitlements not Restricted to Specific Programs				212,610		-
Unrestricted Interest				965		-
Other				63,096		-
<b>Total General Revenues</b>				<b>2,543,126</b>		<b>-</b>
Change in Net Position				226,853		36
Net Position at Beginning of Year				3,268,613		53,130
Net Position at End of Year				<b>\$ 3,495,466</b>		<b>\$ 53,166</b>

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2012

	General	Safety Tax	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 522,941	\$ 3,936	\$ 161,114	\$ 45,779	\$ 733,770
Intergovernmental Receivable	92,322	19,100	5,600	141,954	258,976
Income Taxes Receivable	571,423	-	-	-	571,423
Property Taxes Receivable	333,067	369,069	103,753	-	805,889
Accounts Receivable	97,091	-	-	-	97,091
<b>Total Assets</b>	<b><u>\$1,616,844</u></b>	<b><u>\$ 392,105</u></b>	<b><u>\$ 270,467</u></b>	<b><u>\$ 187,733</u></b>	<b><u>\$ 2,467,149</u></b>
<b>Liabilities</b>					
Accounts Payable	\$ 38,399	\$ 15,711	\$ 488	\$ 2,892	\$ 57,490
Accrued Wages and Benefits Payable	84,859	32,845	-	9,711	127,415
Claims Payable	93,015	-	-	-	93,015
Deferred Revenue	914,585	388,169	109,353	118,368	1,530,475
<b>Total Liabilities</b>	<b><u>1,130,858</u></b>	<b><u>436,725</u></b>	<b><u>109,841</u></b>	<b><u>130,971</u></b>	<b><u>1,808,395</u></b>
<b>Fund Balances</b>					
Restricted					
Security of Persons and Property	-	-	-	3,579	3,579
Streets and Transportation	-	-	-	40,010	40,010
Capital Improvement	-	-	160,626	-	160,626
Other	-	-	-	3,334	3,334
Total Restricted	<u>-</u>	<u>-</u>	<u>160,626</u>	<u>46,923</u>	<u>207,549</u>
Committed					
Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,529</u>	<u>5,529</u>
Assigned					
Debt Service	-	-	-	1,210	1,210
Recreation	500	-	-	-	500
Capital Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,100</u>	<u>3,100</u>
Total Assigned	<u>500</u>	<u>-</u>	<u>-</u>	<u>4,310</u>	<u>4,810</u>
Unassigned (Deficit)	<u>485,486</u>	<u>(44,620)</u>	<u>-</u>	<u>-</u>	<u>440,866</u>
<b>Total Fund Balances</b>	<b><u>485,986</u></b>	<b><u>(44,620)</u></b>	<b><u>160,626</u></b>	<b><u>56,762</u></b>	<b><u>658,754</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,616,844</u></b>	<b><u>\$ 392,105</u></b>	<b><u>\$ 270,467</u></b>	<b><u>\$ 187,733</u></b>	<b><u>\$ 2,467,149</u></b>

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, Ohio  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2012

Total Governmental Fund Balances		\$ 658,754
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	648,330	
Other Capital Assets	6,281,673	
Accumulated depreciation	<u>(2,980,445)</u>	3,949,558
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income Taxes	469,854	
Delinquent Property Taxes	58,189	
Charges for Services	17,252	
Intergovernmental and Other Revenues	<u>237,480</u>	782,775
In the statement of net position interest payable is accrued when incurred whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(6,618)
Governmental funds report general obligation bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the Statement of Activities.		
		40,118
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Premium on Bonds	(41,520)	
Deferred Loss on Bonds	66,912	
Capital Leases	(3,350)	
Bonds	(1,710,000)	
Loans	(88,390)	
Police Pension	(43,803)	
Compensated Absences	<u>(108,970)</u>	<u>(1,929,121)</u>
Net Position of Governmental Activities		<u><u>\$ 3,495,466</u></u>

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2012

	General	Safety Tax	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 316,824	\$ 351,076	\$ 100,518	\$ -	\$ 768,418
Income Taxes	1,386,785	-	-	14,394	1,401,179
Charges for Services	687,963	214	-	535	688,712
Fees, Licenses and Permits	86,654	-	-	-	86,654
Fines and Forfeitures	202,291	-	-	5,902	208,193
Intergovernmental	240,954	41,018	319,423	286,563	887,958
Interest	965	-	-	-	965
Other	33,043	2,529	-	35,914	71,486
<b>Total Revenues</b>	<u>2,955,479</u>	<u>394,837</u>	<u>419,941</u>	<u>343,308</u>	<u>4,113,565</u>
<b>Expenditures</b>					
Current:					
General Government	545,611	-	-	13,049	558,660
Security of Persons and Property	1,197,970	516,504	-	17,981	1,732,455
Public Works	464,524	-	-	-	464,524
Leisure Time Activities	158,502	-	-	-	158,502
Community Environment	77,268	-	-	64	77,332
Transportation	12,138	-	353,598	249,821	615,557
Capital Outlay	34,418	-	-	46,209	80,627
Debt Service:					
Principal Retirement	6,500	13,229	-	40,000	59,729
Interest and Fiscal Charges	95	-	-	76,488	76,583
<b>Total Expenditures</b>	<u>2,497,026</u>	<u>529,733</u>	<u>353,598</u>	<u>443,612</u>	<u>3,823,969</u>
Excess of Revenues Over (Under) Expenditures	<u>458,453</u>	<u>(134,896)</u>	<u>66,343</u>	<u>(100,304)</u>	<u>289,596</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	121,000	-	109,200	230,200
Transfers Out	(230,200)	-	-	-	(230,200)
<b>Total Other Financing Sources (Uses)</b>	<u>(230,200)</u>	<u>121,000</u>	<u>-</u>	<u>109,200</u>	<u>-</u>
Net Change in Fund Balances	228,253	(13,896)	66,343	8,896	289,596
Fund Balances (Deficit) at Beginning of Year	<u>257,733</u>	<u>(30,724)</u>	<u>94,283</u>	<u>47,866</u>	<u>369,158</u>
Fund Balances (Deficit) at End of Year	<u>\$ 485,986</u>	<u>\$ (44,620)</u>	<u>\$ 160,626</u>	<u>\$ 56,762</u>	<u>\$ 658,754</u>

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton 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, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 289,596

Amounts reported for governmental activities in the statement of activities  
are different because:

Capital outlays are reported as expenditures in the governmental funds.

However, in the statement of activities, the cost of those assets is allocated  
over their estimated useful lives as depreciation expense. This is the amount  
by which depreciation expense exceeded capital outlays in the current period. (133,309)

Because some revenues will not be collected for several months after the  
City's year-end, they are not considered "available" revenues and  
are reported as deferred revenue in the governmental funds.

Income Taxes	109,564	
Delinquent Property Taxes	(12,706)	
Charges for Services	1,013	
Intergovernmental and Other Revenues	<u>(88,391)</u>	9,480

Governmental funds report premiums, discounts, and bond issuance costs as  
expenditures, whereas these amounts are deferred and amortized in the  
statement of activities.

Deferred Loss on Bonds	(3,708)	
Amortization of Bond Issuance Costs	(2,168)	
Amortization of Bond Premiums	<u>2,244</u>	(3,632)

Repayment of long-term debt is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of  
net position.

Bond Principal Retirement	45,000	
Loan Principal Retirement	11,680	
Principal Payments on Capital Lease Obligation	3,049	
Payments on Police Pension Liability	<u>1,148</u>	60,877

In the statement of activities interest is accrued on outstanding bonds,  
whereas in governmental funds, interest is expensed when due. 275

Compensated Absences reported in the statement of activities do not  
require the use of current financial resources and therefore are not  
reported as expenditures in governmental funds. 3,566

Change in Net Position of Governmental Activities \$ 226,853

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, Ohio  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2012

**Assets**

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$ 11,731
Cash in Segregated Accounts	<u>25,003</u>

Total Assets \$ 36,734

**Liabilities**

Current Liabilities:

Due to Other Governments	\$ 17,248
Due to Other Individuals	4,545
Undistributed Monies	<u>14,941</u>

Total Liabilities \$ 36,734

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY**

The City of Mt. Healthy (the “City”) was incorporated in 1817 as a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City is directed by a publicly-elected eight-member Council.

The eight-member Council is elected to two year terms. The Mayor, City Auditor, and Treasurer are elected to four year terms. The Mayor appoints a Safety Service Director who executes the laws and administers the government of the City. The Safety Service Director appoints all of the department managers of the City.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government represents the primary City operations which are directly responsible to the Mayor and Council. The City is divided into departments and financial management and control systems. Services provided include police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, community development, and public health and welfare. A staff provides support (e.g., payroll processing, accounts payable, revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures. Water and sewer services are provided by the City of Cincinnati.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes.

The component unit column in the government-wide financial statements identifies the financial data of the City's discretely presented component unit, the Mt. Healthy Community Improvement Corporation (CIC). The CIC is reported separately to emphasize that it is legally separate from the City.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY** (continued)

The CIC was created as a not-for-profit corporation under Sections 1724.01 et. seq., Ohio Revised Code. The CIC was established in January, 1990, for the purpose of acquiring and developing real property located in the City of Mt. Healthy to increase the opportunities for employment and strengthen the economic development of the City. The CIC's original cash balances were established from the sale of property that was donated by the City, and the City occasionally provides funding for the purchase of properties to be restored and resold by the CIC. The CIC is governed by a nine member Board of Trustees, six of which are elected or appointed officials of the City. Based on the City's history of providing financial support to the CIC and the City's appointment of a voting majority of the CIC board, the CIC is presented as a component unit of the City. Separately issued financial statements can be obtained from the Mt. Healthy Community Improvement Corporation, 7700 Perry St., Mt. Healthy, Ohio 45231.

The information in Notes 2 through 18 relate to the primary government. Information for the CIC is presented in Note 19.

The Mayor's Court has been included in the City's financial statements as an agency fund. The Mayor is the City official who has fiduciary responsibility for the collection and distribution of the court fees and fines.

The City participates in an organization defined as a jointly governed organization and one which is defined as a joint venture. These organizations are the Center for Local Government and the Joint Economic Development District. These organizations are presented in Note 16 of the Basic Financial Statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

The financial statements 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 principles. The more significant of the City's accounting policies are described below.

**Basis of Presentation**

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 Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (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 statements normally distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities; however, the City has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental 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. 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 governmental program is self-financing or draws 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 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. Fiduciary funds are reported by type.

**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 two categories of funds utilized by the City: governmental and fiduciary.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (continued)

**Governmental Funds**

Governmental funds are those through which most governmental functions 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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

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

Safety Tax Fund - The Safety Tax Fund is used to account for and report monies received from property taxes levied restricted to support the City's fire department.

Capital Improvement Fund - The Capital Improvement Fund is used to account for and report monies received from property taxes levied restricted to support street improvements and repairs.

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

**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. The three types of trust funds are used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has three agency funds which are used to account for money held for individuals and organizations. These funds account for the collection and distribution of court fees, the distribution of payroll related taxes and withholdings, and the collection of seized and forfeited monies in criminal cases distributed to parties outside the City as determined by the court.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (continued)

**Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

**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 and current liabilities 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 governmental fund financial statements.

**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 and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is 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. “Measurable” means the amount of the transaction can be determined and “available” means 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 31 days of year-end.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 5.) 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 non-exchange transactions must also be available before it can be recognized.

**Deferred Revenues**

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2012, but were levied to finance 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**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.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (continued)

**Cash and Cash Equivalents**

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

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are reported on the financial statements as cash equivalents. The City had no investments during the year or at December 31, 2012.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Investment income credited to the General Fund during 2012 amounted to \$965.

**Internal Activities**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Capital Assets**

All of the City's capital assets are classified as general capital assets. General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in 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.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (continued)

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values on the date donated. The City maintains a capitalization threshold of \$5,000. 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 expensed.

All capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Descriptions</u>	<u>Estimated Life</u>
Land/Site Improvements	10-25 years
Buildings and Building Improvements	20-30 years
Equipment and Vehicles	3-20 years
Furnitures, Fixtures, and Equipment	3-10 years
Infrastructure	10-60 years

The City's infrastructure consists of streets, curbs and gutters, sidewalks and street lighting. The City reported infrastructure for the first time in 2004 and is only reporting infrastructure additions prospectively.

**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. The City records a liability for accumulated, unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

Compensatory time is accumulated by employees at the applicable overtime rate for each hour of overtime worked. The City records a liability for compensatory time payable for the balance carried over at year-end. City employees must use their compensatory time balance that has been carried forward within 180 days of earning it.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (continued)

**Accrued Liabilities and Long-Term Debt**

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans, capital leases, and the police pension liability are recognized as liabilities on the governmental fund financial statements when due.

**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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**Restricted**

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (continued)

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. 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 or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. 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 the City.

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 used only to report a deficit balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (continued)

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**NOTE 3 – ACCOUNTABILITY**

The Safety Tax Special Revenue Fund had a deficit fund balance of \$44,620 for the year ended December 31, 2012. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

The investment and deposit of City monies are governed by the Ohio Revised Code. 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 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.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 4 – DEPOSITS AND INVESTMENTS** (continued)

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;
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;
4. Commercial paper and bankers acceptances if trading requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2); and
7. The State Treasurer's investment pool (STAROhio).

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 4 – DEPOSITS AND INVESTMENTS** (continued)

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.

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. Investments may only be made through specified dealers and institutions.

**NOTE 5 – PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2012.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 5 – PROPERTY TAXES** (continued)

The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>	<u>Percentage</u>
Real Property		
Residential/Agricultural	\$ 49,687,200	62.13%
Commercial/Industrial/Public Utility	25,323,050	31.67%
Public Utility Personal	4,957,090	6.20%
Total Property Taxes	<u>\$ 79,967,340</u>	<u>100%</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Mt. Healthy. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2012, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2012 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

**NOTE 6 – INCOME TAX**

The City levies a municipal income tax of 1.5 percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 1.25 percent of the City’s current tax rate.

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.

In 2012, income tax proceeds were allocated to the General Fund and the Joint Economic Development District Special Revenue Fund.

**NOTE 7 – RECEIVABLES**

Receivables at December 31, 2012, consisted of intergovernmental receivables, arising from grants and entitlements, fines, fees and shared revenues, taxes, and accounts. All receivables, except property and income taxes, are considered fully collectible and will be collected within one year. Property and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

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**NOTE 8 – CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2012, was as follows:

	<u>Balance at</u> 12/31/2011	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> 12/31/2012
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 648,330	\$ -	\$ -	\$ 648,330
Total Capital Assets, Not Being Depreciated	<u>648,330</u>	<u>-</u>	<u>-</u>	<u>648,330</u>
Depreciable Capital Assets:				
Land/Site Improvements	471,194	-	-	471,194
Buildings and Building Improvements	1,320,209	-	-	1,320,209
Equipment and Vehicles	2,061,500	59,304	(57,501)	2,063,303
Infrastructure	2,368,317	58,650	-	2,426,967
Total Depreciable Capital Assets	<u>6,221,220</u>	<u>117,954</u>	<u>(57,501)</u>	<u>6,281,673</u>
Less Accumulated Depreciation:				
Land/Site Improvements	(215,393)	(28,885)	-	(244,278)
Buildings and Building Improvements	(384,312)	(39,051)	-	(423,363)
Equipment and Vehicles	(1,663,271)	(81,803)	54,501	(1,690,573)
Infrastructure	(523,707)	(98,524)	-	(622,231)
Total Accumulated Depreciation	<u>(2,786,683)</u>	<u>(248,263) *</u>	<u>54,501</u>	<u>(2,980,445)</u>
Depreciable Capital Assets, Net	<u>3,434,537</u>	<u>(130,309)</u>	<u>(3,000)</u>	<u>3,301,228</u>
Governmental Activities Capital Assets, Net	<u>\$4,082,867</u>	<u>\$(130,309)</u>	<u>\$ (3,000)</u>	<u>\$3,949,558</u>

\* Depreciation expense was charged to governmental programs as follows:

General Government	\$ 8,194
Security of Persons and Property	29,167
Leisure Time Activities	53,448
Transportation	157,454
Total Depreciation Expense	<u>\$248,263</u>

**City of Mt. Healthy**  
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**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

**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 percent 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

**City of Mt. Healthy**  
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Notes To The Basic Financial Statements  
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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (continued)

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$107,265, \$81,226, and \$64,359, respectively. The full amount has been contributed for 2012, 2011 and 2010.

**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 information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$85,313 and \$11,017 for the year ended December 31, 2012, \$64,848 and \$7,979 for the year ended December 31, 2011, and \$104,133 and \$9,483 for the year ended December 31, 2010. The full amount has been contributed for 2012, 2011 and 2010.

**NOTE 10 – POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

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

**City of Mt. Healthy**  
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**NOTE 10 – POST-EMPLOYMENT BENEFITS** (continued)

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care 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, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012.

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 health care plan.

**City of Mt. Healthy**  
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**NOTE 10 – POST-EMPLOYMENT BENEFITS** (continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$30,645, \$32,490 and \$35,755, respectively. The full amount has been contributed for 2012, 2011 and 2010.

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

**Ohio Police and Fire Pension Fund**

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

**City of Mt. Healthy**  
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**NOTE 10 – POST-EMPLOYMENT BENEFITS** (continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees 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 health care benefits for police and firefighters were \$29,518 and \$3,096 for the year ended December 31, 2012, \$34,331 and \$3,122 for the year ended December 31, 2011, and \$55,129 and \$3,711 for the year ended December 31, 2010. The full amount has been contributed for 2012, 2011 and 2010.

**NOTE 11 – OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

City employees earn vacation leave at varying rates based upon length of service. Upon departure from City employment, an employee (or their estate) will be paid for unused vacation leave.

Full-time employees of the City of Mt. Healthy are credited with 15 days of sick leave per year. There is not a maximum sick leave accumulation amount. Upon retirement with 10 or more years of service with the City, the State or another political subdivision, an employee shall be paid for one-fourth of his/her total sick leave accumulation.

**City of Mt. Healthy**  
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**NOTE 11 – OTHER EMPLOYEE BENEFITS** (continued)

City employees working in excess of designated work hours are entitled to either overtime pay or compensatory time according to the Fair Labor Standards Act. Employees may elect to receive compensatory time in lieu of overtime pay. Compensatory time must be used within 180 days.

**Insurance Benefits**

The City is self-insured for employee healthcare benefits for all its employees. The City provides life insurance benefits through Reliance Standard. For medical/surgical and life insurance benefits, the City pays 100 percent of the monthly premium for all full-time employees under the family plan and the single plan. The City also pays 70 percent of the monthly premium for spouses and dependents of full-time employees under the family plan for medical/surgical and life insurance benefits. The City provides employee dental insurance through Dental Care Plus. The City pays 100 percent of dental insurance for all full-time employees and their families.

**Deferred Compensation**

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**NOTE 12 – RISK MANAGEMENT**

**Property and Liability**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage with the Hylant Group for building contents, vehicles, general liability, and public official liability. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

**Employee Health Care Benefits**

The City is self-insured for employee health care benefits for all of its employees. Under the plan, the Risk Management Agency provides coverage for up to a maximum of \$100,000 per person. The plan is offered to local governments Statewide through the Ohio Mid-Eastern Regional Education Service Agency (“OME-RESA”) in Steubenville, Ohio and administered by United Healthcare of Ohio.

**City of Mt. Healthy**  
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Notes To The Basic Financial Statements  
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**NOTE 12 – RISK MANAGEMENT** (continued)

The City participates in the plan and makes payment to the Risk Management Agency based on actuarial estimates of the amount needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage, medical conversion, and administrative fees and services).

The liability for unpaid claims of \$93,015 reported in the General Fund at December 31, 2012, is based on the requirements of GASB Statements No. 10, “*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*,” as amended by GASB Statement No. 30, “*Risk Management Omnibus*,” which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Estimates were calculated based upon an independent actuarial evaluation of claims payable. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claims adjustment expenses.

Changes in claims activity for employee health care benefits for the past three years are as follows:

		<u>Balance at Beginning of Year</u>		<u>Current Year Claims</u>		<u>Claims Payments</u>		<u>Balance at End of Year</u>
2010	\$	-	\$	280,856	\$	154,325	\$	126,531
2011		126,531		163,532		169,670		120,393
2012		120,393		39,124		66,502		93,015

**NOTE 13 – TRANSFERS FROM/TO OTHER FUNDS**

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

		Transfers To		
		Safety Tax Fund	Nonmajor Governmental Funds	Total
Transfers From	General Fund	<u>\$ 121,000</u>	<u>\$ 109,200</u>	<u>\$ 230,200</u>

**City of Mt. Healthy**  
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**NOTE 13 – TRANSFERS FROM/TO OTHER FUNDS** (continued)

Transfers from the General Fund to the Safety Tax Special Revenue Fund were made for operating monies for the Fire Department. Transfers from the General Fund to the Nonmajor Governmental Funds were made for scheduled debt service payments, to cover additional costs for street maintenance and repair, and to cover costs associated with continued capital projects.

**NOTE 14 – LEASES**

In prior years, the City has entered into capitalized leases for copier machines. The leases meet the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as functional expenditures on the budgetary statements.

Capital assets acquired by lease were initially capitalized in the amount of \$15,602 for governmental activities, which is equal to the present value of the minimum lease payments at the time of acquisition. Corresponding liabilities were recorded on the Statement of Net Position for governmental activities. Principal payments in 2012 totaled \$3,049.

The assets acquired through capital leases as of December 31, 2012, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Copiers	\$ 15,602	\$ (14,102)	\$ 1,500

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2012:

Year Ending December 31,	Amount
2013	\$ 1,564
2014	1,429
2015	357
Present Value of Net Minimum Lease Payments	\$ 3,350

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**NOTE 15 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations during 2012 were as follows:

	Balance at December 31, 2011	Increase	Decrease	Balance at December 31, 2012	Amounts Due in One Year
<u>General Obligation Bonds:</u>					
2007 Various Purpose Bonds					
\$100,000 3.98%	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ -
2011 Various Purpose Real Property Acquisition and Refunding Bonds \$1,745,000					
Serial Bonds 2.00%	175,000	-	-	175,000	-
Term Bonds 5.00%	1,560,000	-	25,000	1,535,000	40,000
Premium on Bonds Issued	43,764	-	2,244	41,520	-
Deferred Loss on Refunding	(70,620)	-	(3,708)	(66,912)	-
Total - General Obligation Bonds	<u>1,728,144</u>	<u>-</u>	<u>43,536</u>	<u>1,684,608</u>	<u>40,000</u>
<u>Loans:</u>					
2010 Ohio Department of Commerce					
Loan \$116,800 0.00%	100,070	-	11,680	88,390	11,680
<u>Other Long-Term Obligations:</u>					
Compensated Absences	111,087	46,829	48,946	108,970	36,323
Capital Leases Payable	6,399	-	3,049	3,350	1,564
Police Pension Liability	44,951	-	1,148	43,803	1,197
Total - Other Long-Term Obligations	<u>162,437</u>	<u>46,829</u>	<u>53,143</u>	<u>156,123</u>	<u>39,084</u>
Total - General Long-Term Obligations	<u>\$ 1,990,651</u>	<u>\$ 46,829</u>	<u>\$ 108,359</u>	<u>\$ 1,929,121</u>	<u>\$ 90,764</u>

On March 2, 2007, the City issued Various Purpose Bonds for \$100,000. The bonds had an interest rate of 3.98 percent and matured on March 30, 2012. The bonds were issued for the purpose of acquiring a new truck and computers for the City. The bonds were repaid from the General Fund and the Street Maintenance and Repair Special Revenue Fund.

On June 9, 2011, the City issued \$1,745,000 in general obligation bonds for the purpose of advance refunding previously issued and outstanding bonds.

**City of Mt. Healthy**  
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Notes To The Basic Financial Statements  
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**NOTE 15 – LONG-TERM OBLIGATIONS** (continued)

The term bonds of the 2011 Various Purpose Real Property Acquisition and Refunding Bonds, issued at \$1,560,000, will mature on December 1, 2031, and are subject to mandatory sinking fund redemption on the mandatory redemption dates and in the principal amounts as follows (with the balances of \$70,000, \$85,000, \$110,000, and \$160,000 to be paid at stated maturities on December 1, 2019, December 1, 2023, December 1, 2027, and December 1, 2031, respectively):

<u>Year</u>	<u>Amount</u>
2016	\$ 65,000
2017	65,000
2018	65,000
2020	75,000
2021	80,000
2022	80,000
2024	90,000
2025	100,000
2026	105,000
2028	120,000
2029	135,000
2030	155,000
Totals	<u>\$ 1,135,000</u>

The 2011 Various Purpose Real Property Acquisition and Refunding Bonds will be retired from the Debt Service Fund.

On June 15, 2010, the City entered into an interest-free loan agreement with the Ohio Department of Commerce in the amount of \$116,800 for the purchase of property. The loan is due to mature on July 1, 2020. The loan will be repaid from the Safety Tax Special Revenue Fund.

Compensated absences will be paid from the General Fund and the Street Construction, Maintenance and Repair and Safety Tax Special Revenue Funds. The capital leases will be repaid from the General Fund.

The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police personnel in 1967. The original liability was \$54,126. The liability is payable semiannually from the General Fund.

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**NOTE 15 – LONG-TERM OBLIGATIONS** (continued)

Principal and interest requirements to retire the City's outstanding bond and loan obligations at December 31, 2012, are:

	General Obligation Bonds		Loans	Total	
	Principal	Interest	Principal	Principal	Interest
2013	\$ 40,000	\$ 75,700	\$ 11,680	\$ 51,680	\$ 75,700
2014	50,000	74,900	11,680	61,680	74,900
2015	60,000	73,900	11,680	71,680	73,900
2016	65,000	72,700	11,680	76,680	72,700
2017	65,000	70,750	11,680	76,680	70,750
2018-2022	370,000	318,400	29,990	399,990	318,400
2023-2027	490,000	219,250	-	490,000	219,250
2028-2031	570,000	74,750	-	570,000	74,750
Total	<u>\$ 1,710,000</u>	<u>\$ 980,350</u>	<u>\$ 88,390</u>	<u>\$ 1,798,390</u>	<u>\$ 980,350</u>

Principal and interest requirements to retire the City's police pension obligation at December 31, 2012, are:

	Police Pension	
	Principal	Interest
2013	\$ 1,197	\$ 1,849
2014	1,249	1,798
2015	1,302	1,744
2016	1,358	1,688
2017	1,417	1,630
2018-2022	8,050	7,181
2023-2027	9,935	5,297
2028-2032	12,260	2,972
2033-2035	7,035	449
Total	<u>\$ 43,803</u>	<u>\$ 24,608</u>

**Defeased Debt**

In 2011 the City defeased various bond issues by creating separate irrevocable trust funds. New debt had been issued and the proceeds were used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's financial statements. As of December 31, 2012, the amount of defeased debt outstanding amounted to \$2,120,000.

**City of Mt. Healthy**  
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**NOTE 16 – JOINTLY GOVERNED ORGANIZATION / JOINT VENTURE**

**Center for Local Government**

The Center for Local Government (the Center) was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Center is governed by a five member board of trustees. Each of the trustees is the chief administrative officer of the entity that they represent. Trustees are volunteer members, ratified by the general members of the Center. The City does not have any financial interest in or responsibility for the Center. Information can be obtained from the Center by writing to Lee Meyer, Director of the Center for Local Government, 4144 Crossgate Drive, Cincinnati, Ohio 45236.

**Joint Economic Development District**

The City participates in a joint venture with Springfield Township of Hamilton County, the joint economic development district (the JEDD). The purpose of the JEDD is to facilitate economic development along the Hamilton Avenue Corridor and to create and preserve jobs and employment opportunities in the area of the contracting parties. The Board of Directors of the JEDD consists of five members, including one municipal member, one Township member, one business owner, one worker and one member selected by the other four members. The City Council selects the municipal member and the Township Board of Trustees selects the Township member. The Township Board of Trustees selects the business and the worker members. The Board of Directors of the JEDD levied an income tax for the JEDD territory at the rate of one and one-half percent and entered into a contract with the City to collect and administer the taxes. Seventy-five percent of the income taxes collected will be distributed to the Township and 25 percent will be distributed to the City. The Township shall use a portion of the income taxes it receives from the JEDD to expand public services to the JEDD area. The City will provide transportation network improvements to benefit the JEDD area.

**NOTE 17 – CONTINGENT LIABILITIES**

**Litigation**

The City is not party to any legal proceedings.

**Federal and State Grants**

For the period January 1, 2012, to December 31, 2012, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

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**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2012

**NOTE 18 – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

For the year ended December 31, 2012, the City has implemented Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which was issued by the GASB in December 2010. The objective of this statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in Pre-November 30, 1989 FASBs and AICPA pronouncements. This statement supersedes GASB statement number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Funds and Other Governmental Entities that use Proprietary Fund Accounting*. It is effective for financial statement periods beginning after December 31, 2011 and is included in this report.

For the year ended December 31, 2012, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement is effective for financial statements for periods beginning after December 15, 2011 and is included in this report. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

**NOTE 19 – MT. HEALTHY COMMUNITY IMPROVEMENT CORPORATION**

As indicated in Note 1 to the Basic Financial Statements, the following disclosure is made on behalf of the Mt. Healthy Community Improvement Corporation (CIC).

**Basis of Accounting**

The CIC prepares financial statements on the accrual basis of accounting in conformity with generally accepted accounting principles. Revenues to the CIC consisted primarily of interest income. The CIC had no expenditures for 2012. The CIC had no investments as of December 31, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

**City of Mt. Healthy**  
Hamilton County, Ohio  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property Taxes	\$ 313,162	\$ 315,224	\$ 316,824	\$ 1,600
Income Taxes	1,431,501	1,431,501	1,400,350	(31,151)
Charges for Services	650,738	650,738	659,072	8,334
Fees, Licenses and Permits	71,000	71,000	71,597	597
Fines and Forfeitures	210,883	210,883	218,036	7,153
Intergovernmental	217,839	217,839	258,812	40,973
Interest	800	800	965	165
Other	500	500	33,193	32,693
<b>Total Revenues</b>	<b>2,896,423</b>	<b>2,898,485</b>	<b>2,958,849</b>	<b>60,364</b>
<b>Expenditures</b>				
Current:				
General Government	597,905	598,905	584,216	14,689
Security of Persons and Property	1,227,256	1,189,256	1,188,766	490
Public Works	473,271	469,271	457,950	11,321
Leisure Time Activities	150,575	160,075	157,536	2,539
Community Environment	72,000	76,000	75,241	759
Capital Outlay	0	40,000	39,513	487
Debt Service:				
Principal Retirement	6,500	6,500	6,500	0
Interest and Fiscal Charges	95	95	95	0
<b>Total Expenditures</b>	<b>2,527,602</b>	<b>2,540,102</b>	<b>2,509,817</b>	<b>30,285</b>
<b>Excess of Revenues Over Expenditures</b>	<b>368,821</b>	<b>358,383</b>	<b>449,032</b>	<b>90,649</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(269,200)	(230,700)	(230,700)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(269,200)</b>	<b>(230,700)</b>	<b>(230,700)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>99,621</b>	<b>127,683</b>	<b>218,332</b>	<b>90,649</b>
<b>Fund Balance at Beginning of Year</b>	<b>304,609</b>	<b>304,609</b>	<b>304,609</b>	<b>0</b>
<b>Fund Balance at End of Year</b>	<b>\$ 404,230</b>	<b>\$ 432,292</b>	<b>\$ 522,941</b>	<b>\$ 90,649</b>

See accompanying notes to the required supplementary information

**City of Mt. Healthy**  
Hamilton County, Ohio  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
Safety Tax Special Revenue Fund  
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property Taxes	\$ 351,019	\$ 351,019	\$ 351,076	\$ 57
Intergovernmental	44,863	44,863	41,018	(3,845)
Other	3,000	3,000	2,743	(257)
<b>Total Revenues</b>	<b>398,882</b>	<b>398,882</b>	<b>394,837</b>	<b>(4,045)</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	505,699	505,699	500,232	5,467
Debt Service:				
Principal Retirement	11,680	11,680	11,680	0
<b>Total Expenditures</b>	<b>517,379</b>	<b>517,379</b>	<b>511,912</b>	<b>5,467</b>
Excess of Revenues Over (Under) Expenditures	(118,497)	(118,497)	(117,075)	1,422
<b>Other Financing Sources</b>				
Transfers In	121,000	121,000	121,000	0
<b>Total Other Financing Sources</b>	<b>121,000</b>	<b>121,000</b>	<b>121,000</b>	<b>0</b>
Net Change in Fund Balance	2,503	2,503	3,925	1,422
Fund Balance at Beginning of Year	11	11	11	0
Fund Balance at End of Year	<u>\$ 2,514</u>	<u>\$ 2,514</u>	<u>\$ 3,936</u>	<u>\$ 1,422</u>

See accompanying notes to the required supplementary information

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes to the Required Supplementary Information  
For The Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Budgets**

An annual appropriated budget is legally required to be prepared for all funds of the City, except for the agency funds. The Council passes appropriations at the object level (personal services and other expenditures) within each department and fund. The following are the procedures used by the City in establishing the budgetary data reported in the required supplementary information.

**Tax Budget**

A tax budget of estimated revenues and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year for the period January 1 to December 31 of the following year.

**Estimated Resources**

The County Budget Commission determines if the tax 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 October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal 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 any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the Council agrees that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2012.

**Appropriations**

A temporary appropriation resolution 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 resolution must be passed by April 1 of each year, for the period January 1 to December 31. The appropriation resolution may be supplemented during the year by action of the Council, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes to the Required Supplementary Information  
For The Year Ended December 31, 2012

**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**

As part of formal budgetary control purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent year expenditures of governmental funds.

**Budgetary Basis of Accounting**

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for each major governmental 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 GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the City's General Fund and the Safety Tax Special Revenue Fund.

	General	Safety Tax
GAAP Basis	\$ 228,253	\$ (13,896)
Adjustments		
Revenue Accruals	2,870	-
Expenditure Accruals	(12,791)	17,821
Budget Basis	\$ 218,332	\$ 3,925

**CITY OF MT. HEALTHY  
HAMILTON COUNTY, OHIO**

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL AND COMPLIANCE**

**December 31, 2012**

**CITY OF MT. HEALTHY  
HAMILTON COUNTY, OHIO**

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**Independent Auditor's Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

To City Council  
City of Mt. Healthy  
Hamilton County, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mt. Healthy (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2013, in which it is also noted that the City adopted the provisions of Governmental Accounting Standards Board Statements No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2012-001, that we consider to be a significant deficiency in internal control over financial reporting.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2012-001.

**The City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses as item 2012-001. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Joseph Decosimo and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio  
June 25, 2013

**CITY OF MT. HEALTHY**  
**HAMILTON COUNTY, OHIO**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**Year Ended December 31, 2012**

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**FINDING NUMBER 2012-001 - Significant Deficiency - Internal Control - Compliance Citation - Proper Certification of Purchases**

**Criteria**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Additionally, an entity's internal control should be designed to prevent or detect misstatements in the financial statement assertions. Obtaining proper certification of the availability of funds prior to entering into a contract or ordering an expenditure is a key element to a strong system of internal controls over the cash disbursement process.

**Condition**

During testwork over non-payroll disbursements for the year ended December 31, 2012, we noted 11 disbursements out of a total of 40 disbursements selected for testwork, for which the proper fiscal officer certification was not obtained prior to making the contract or ordering the expenditures.

**Cause**

City personnel state that the departments are not always aware of the requirement to obtain a purchase order signed by the fiscal officer prior to entering into a contract or purchasing goods and services.

**Effect**

Failure to properly certify the availability of funds prior entering into a contract or purchasing goods or services can result in overspending funds, negative cash balances, and fraud or abuse.

**Recommendation**

We recommend that the City review and amend its policies and procedures as appropriate to ensure that the appropriate certification of the availability of funds is obtained prior to entering into contracts or expenditures of funds.

**View of Responsible Officials and Planned Corrective Action**

The City will provide additional ongoing training to department heads in order to ensure compliance with this requirement. Additionally, in those instances in which an emergency purchase is necessary, the City auditor will utilize a "then and now" certification in the future.

**CITY OF MT. HEALTHY  
HAMILTON COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2011-001	During the course of our audit, it was identified by the City that the net asset balances at December 31, 2010, were incorrectly stated. This error was not originally identified by the City's internal control. Throughout the year, the City maintains its books on the cash basis of accounting and converts its financial statements at year end to generally accepted accounting principles. The restatement was necessary to correct the opening net assets as part of the conversion process.	Yes	



# Dave Yost • Auditor of State

**CITY OF MT. HEALTHY**

**HAMILTON 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  
AUGUST 15, 2013**