

City of Springdale, Ohio



**Comprehensive Annual Financial Report
For the Year Ended December 31, 2012**



Dave Yost • Auditor of State

City Council
City of Springdale
11700 Springfield Pike
Springdale, Ohio 45246

We have reviewed the *Independent Auditor's Report* of the City of Springdale, Hamilton County, prepared by Berninger Maddox Inc., 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 Springdale is responsible for compliance with these laws and regulations.

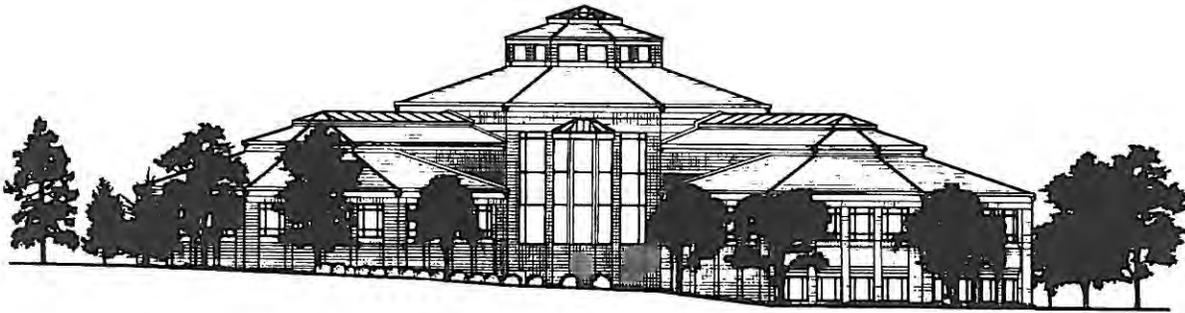
A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

September 17, 2013

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CITY OF SPRINGDALE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012



Prepared By:

Jeffrey T. Williams
Finance Officer/Tax Commissioner



On The Cover

Top Picture – Municipal Building from 1961 to 1974

Located at the northeast corner of Springfield Pike and Peach Street, the 1948 fire station became the first Springdale municipal building. Springdale was incorporated as a Village in 1959.

Middle Picture – Municipal Building from 1974 to 1992

Located at 12105 Lawnview Avenue, the second municipal building was completed in 1974. At the time, this building housed the administration, health, finance, and tax departments on one side and the police department on the other. The building department maintained the basement offices. This building is the current police station.

Bottom Picture – Municipal Building from 1992 to Present

Located at 11700 Springfield Pike, the current municipal building was completed in 1992. The City planned for many years and saved the necessary funds to not incur debt during construction. The municipal building houses the administration, health, building, finance, and tax departments.

**CITY OF SPRINGDALE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012**

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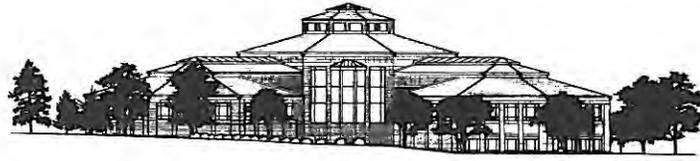
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INTRODUCTORY SECTION

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City of Springdale

DOYLE H. WEBSTER
Mayor

DERRICK PARHAM
City Administrator

KATHY McNEAR
Clerk of Council / Finance Director

May 31, 2013

Honorable Doyle H. Webster, Members of City Council, and
Citizens of the City of Springdale
City of Springdale, Ohio
11700 Springfield Pike
Springdale, Ohio 45246

Dear Mayor Webster, Members of City Council, and Citizens:

The Comprehensive Annual Financial Report of the City of Springdale, Ohio, for the year-ended December 31, 2012, is hereby submitted. While there is no legal requirement for the preparation of this report, it represents a commitment by the City to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City of Springdale's activities have been included.

The Comprehensive Annual Financial Report is prepared in accordance with GASB Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.*" GASB Statement No. 34 was developed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using government financial information. This report represents and reflects the City's financial operations and condition to the City's residents, its elected officials, management personnel, financial institutions, City bondholders, rating agencies and all other interested parties.

The Comprehensive Annual Financial Report is presented in three sections as follows:

1. Introductory Section – includes this letter of transmittal, which addresses the organization, accomplishments, and the operational structure of the City; a list of the principal officials and administrative personnel, and the City's organizational table.
2. Financial Section – includes the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements and notes, which provide an overview of the City's financial position and operating results, and the combining financial statements of nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

3. Statistical Section – presents social and economic data, financial trend information, and data relative to the fiscal capacity of the City.

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

THE CITY OF SPRINGDALE

The City of Springdale is an Ohio community located in northern Hamilton County, approximately twenty miles from downtown Cincinnati. The City is 5.08 square miles and serves a residential population of 11,223 and an estimated daytime population ranging from 55,000 to 60,000. The City maintains a highly developed commercial and industrial community, as well as stable residential neighborhoods.

The area was settled in the early 1800's and was incorporated as a Village in December of 1959 and became a City in February of 1971. The City is a home rule municipal corporation operating under its own charter, initially adopted on November 3, 1964, and last amended in November of 2009.

The City operates under a non-partisan Council/Mayor form of government. Under this system, seven council members, who are the policy makers (three elected at-large and four elected by districts), serve four-year terms. The Mayor is the chief executive and administrative officer of the City and is elected at-large to a four-year term. The Mayor appoints the City Administrator and all executive department directors, with the exception of the Finance Officer/Tax Commissioner, who is appointed by the Clerk of Council/Finance Director with the confirmation of City Council. The Clerk of Council/Finance Director is the chief fiscal officer of the City and is elected at-large to a four-year term.

The City was the recipient of the following awards in 2012:

- * The Police Department received the Gold Member Agency Award as part of the Hamilton County OVI Task Force,
- * Police Department accreditation from the Commission on Accredited Law Enforcement Agencies,
- * Community Traffic Safety Award, Platinum Level, awarded by the AAA Association (this is the eighth consecutive year for this award),
- * Tree-City USA Award (the City has received this award for the past twenty-one years),
- * The Health Department received the Healthy Ohio, Healthy Community Award - Gold level issued by the Ohio Department of Health, and
- * The Parks and Recreation Department was recognized by the Miami Valley Risk Management Association for maintaining a zero-loss record.

The City provides a full range of services including police and fire protection; parks and recreation; planning and zoning; sanitation services; construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events; and general administrative services. Following is a brief summary of the City departments:

Administration Department - responsible for providing support to all elected officials, information to the public and leadership and administrative support to City employees in executing the policies of Council and the laws of the City through effective communication, fiscal management, human resource management, and risk management.

Economic Development Department - responsible for contributing to the economic health and vitality of all segments of the City's commercial, industrial, and retail business sectors.

Police Department - responsible for interacting with the community and promoting public safety and providing service through crime prevention, proactive and responsive patrols, investigations, and support service.

Fire Department - responsible for preserving life and property by maintaining a corps of professional, properly trained and fully equipped personnel capable of providing fire prevention, fire suppression and rescue, and emergency medical services.

Building Department - responsible for ensuring a safe and sanitary environment for the community through enforcing City and State laws relating to new and existing construction and land use regulation. The Building Official enforces the provisions of the City code, issues zoning and plan reviews, and issues permits for new construction, modifications, and repairs.

Finance Department - responsible for financial management of the City's funds by recording receipts and expenditures, maintaining accurate financial records, investing inactive funds, and issuing the year-end financial report in accordance with accounting principles generally accepted in the United States of America.

Tax Department - responsible for enforcing the City tax code by collecting the City earnings tax, assisting taxpayers in the preparation of tax returns, issuing tax refunds, and maintaining accurate taxpayer records.

Parks and Recreation Department - responsible for providing year-round leisure activities and providing well maintained facilities for City citizens of all ages and interests, and maintaining the City Community Center, playgrounds, and parks.

Health Department - responsible for protecting and promoting the health and well-being of the people who live and work in the City through effective health policy that promotes disease prevention and community health education.

Public Works Department - responsible for providing a safe, effective, aesthetically pleasing physical environment through street maintenance and improvement, public building, grounds and facilities maintenance, vehicle and equipment maintenance, and environmental services.

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

The estimated daytime population of the City ranges from 55,000 to 60,000, representing the workforce and those who visit the numerous retail and other establishments. At year-end 2012 there were approximately 1,500 businesses and organizations located in the City limits. Also at year-end, there were 15 businesses located in Springdale that employed greater than 300 employees. Springdale also has

approximately 30 restaurants and 18 theatre screens. The 2012 unemployment rate for the Greater Cincinnati area was 7%.

The Tri-County Mall and over ten other shopping centers and retail establishments, collectively total more than 4.4 million square feet and comprise the largest concentration of retail development in Hamilton County. Springdale has approximately 2.2 million square feet of office space (1.45 million represents Class A office space), representing more than 12% of all office space in the suburban Greater Cincinnati area. Retail sales in Springdale total over \$900,000,000 annually.

Springdale is fortunate to have local and national businesses included as part of the corporate citizenry, including First Financial Bank, General Electric Aviation, Cincom Systems, The Sheakley Group, Ampac, Macy's, Sears Roebuck and Company, Humana, Cincinnati Bell Technology Solutions, Northrup Gruman, Costco, Maple Knoll Community, and Avon.

Springdale's manufacturing businesses include the Avon Company (cosmetic manufacturing), John Morrell (meat packing), the Ampac Company (plastic bag manufacturing) and the Kroger Company (ice cream manufacturing). Springdale also has many retail and restaurant businesses including Sears Roebuck and Company, Macy's, Dave and Busters, Costco, Lowes, Best Buy, Target, Sam's Wholesale, Outback Steakhouse, BJ's Restaurant and Brewhouse, and TGI Fridays among others. Currently there are five hotels/motels operating in the City, representing approximately 275 rooms.

The local economy can be broken down into four major use sectors; office, retail, service/governmental, and industrial. These contributed approximately \$698 million in payroll in 2012, broken down as follows:

- * Office: 53% of payroll generation
- * Service/ Governmental: 20% of payroll generation
- * Retail: 17% of payroll generation
- * Industrial: 10% of payroll generation

The recent trend in payroll generation, from 2008 to 2010, has been negative with a reduction of approximately \$103 million, or 14%. This reduction in payroll is associated with three major factors:

- * Loss of 300,000 square feet of office use, representing 1,000 employees and payroll generation of approximately \$75 million,
- * Loss of 400,000 square feet of retail use, representing 600 employees and payroll of approximately \$12 million, and
- * Loss of service and industrial use, representing 500 employees and payroll of approximately \$16 million.

Notwithstanding the recent negative trend from 2008 to 2010, 2011 to 2012 did show a significant upswing in payroll generation by 2.7% or approximately \$18.7 million. This occurred as a result of:

- * The attraction of twenty-five new retail businesses representing 616 new jobs in 673,000 square feet of retail space including Morris Furniture, Home Emporium, Front Room Furniture, Full Throttle Go-Karting, and Sky Zone.
- * The attraction of five major office businesses representing 1,815 new jobs in 357,000 square feet of office space including First Financial Bank, Cincinnati Bell Technology Solutions, Sugar Creek Packing, College Source, Humana Right Source, and Retirement Systems Inc.

Future Economic Outlook

The outlook for 2013 is positive primarily because of:

- * Humana Right Source, which has started occupying the Executive Centre One Office Building, with 1,100 employees in the facility during 2013 and beyond,
- * The redevelopment of three of Springdale's premier shopping centers, the Tri-County Towne Center, Cassinelli Square, and Tri-county Mall, and
- * The opening of new retail establishments including Burlington Coat Factory (70,000 square feet), Planet Fitness (30,000 square feet), and others.

Beyond 2013 the economy of the City will continue to be dominated by office use and grow modestly to pre-recession levels. It is particularly important to apply innovative redevelopment efforts to existing properties such as the Avon Facility and the Tri-County Mall, and use the limited amount of developable land judiciously.

MAJOR INITIATIVES

Major Projects for 2012

- * *Traffic Signal System Upgrade Project:* This project replaced all of the ageing traffic signal equipment and controllers, replaced the deteriorating communication cable with fiber optic cable, installed additional PTZ cameras for traffic management, converted the linear closed loop systems to a centrally controlled system and upgraded all pedestrian facilities to meet ADA requirements. The total construction cost of this project was approximately \$738,000, with 73% of the cost covered by Federal grant. The project was completed in 2012.
- * *Beaver Run Riparian Project – Phase II:* This project helped to stabilize and restore portions of the creek bank along approximately 230 linear feet of the Beaver Run in Chamberlain Park. The total construction cost of this project was approximately \$275,000, with 80% of the cost covered by Federal grant. The project was completed in 2012.
- * *State Route 747 Northbound to I-275 Westbound Improvement Project:* This project added a second left turn lane on State Route 747 to the westbound on-ramp of I-275, relieving congestion during rush hour. The total construction cost of this project was approximately \$130,000, with 95% of the cost covered by Federal and State grants. The project was completed in 2012.
- * *Merchant Street Rehabilitation Project:* This project replaced curbs and gutters along the majority of Merchant Street as well as resurfaced the entire road. The total construction cost of this project was approximately \$355,000, with 45% of the cost covered by State grant. The project was completed in 2012.
- * *Century Circle North Improvements Project:* This project involved the complete removal of existing concrete pavement and curb and installing under-drains to assist the movement of storm water. The total construction cost of this project was approximately \$342,000, with 70% of the cost covered by State grant. The project was completed in 2012.

Future Projects

- * *State Route 4 South Urban Paving Project:* This project will resurface State Route 4 from Sharon Road to Cameron Road. The total construction cost of this project is estimated at \$331,000 with approximately 50% to be covered by State grant. The project is scheduled for 2013.
- * *West Sharon Road Repair Project:* Starting at Springfield Pike and concluding at the western border on Sharon Road, this project will perform: a full-width pavement grinding, pavement repair, crack sealing, a 1" asphalt intermediate course to re-establish the crown, multi-seal surfacing and asphalt improvements, pavement markings, and installation of traffic loop detectors. The estimated cost of this project is \$371,000. Outside funding is anticipated at approximately 70% from State and local sources. The project is scheduled for 2013.
- * *West Kemper Road Improvements Project:* This project will run from just east of Springfield Pike to the Lawnview Avenue intersection. It will involve the total removal and replacement of pavement on West Kemper Road just east of Walnut Street and continuing for approximately 950 linear feet; the repairing and resurfacing of the balance of West Kemper; full curb replacement; sidewalk replacement on the south side of the road between Walnut Street and Hickory Street; and a major upgrade of the existing storm sewer system. The estimated construction cost for this project is \$1,048,000. Preliminary estimates for outside funding are 70% from State and local sources. The project is scheduled for 2014.

FINANCIAL INFORMATION

Internal Control Framework and Policies

City management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide reasonable assurance that these objectives are met through evaluation of the following criteria: (1) The cost of an internal control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits required involves estimates and judgments by management. Based on these internal controls, the City provides a sound accounting system for safeguarding the City's assets through the recording and reporting of financial transactions according to guidelines of Federal law, Ohio Revised Code, Generally Accepted Accounting Principles (GAAP), and City ordinance.

Budgetary Controls

In addition to the above, the City maintains budgetary internal controls to ensure compliance with legal provisions embodied in the annual appropriated budget by City Council. The activity of all funds is included in the annual appropriation budget. The City also maintains an encumbrance accounting system to maintain budgetary control. The control is maintained through the encumbering of estimated purchases through the use of formal approved purchase orders. City Council receives a monthly report of amounts in the City's bank accounts reconciled to the amounts on the City's internal records. Also, Council receives a monthly report comparing budgeted and actual revenue and expenditures.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues meeting its responsibility for sound financial management.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING - 2011

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Springdale, Ohio for its comprehensive annual financial report for the fiscal year-ended December 31, 2011. This was the twelfth consecutive year that the government received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

OTHER INFORMATION

Independent Audit

State statute requires that an annual audit be performed by the Auditor of State or by an independent certified public accountant approved by the Auditor of State. The firm of Berninger Maddox Inc., has performed the City audit for the year-ended December 31, 2012. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's "Government Auditing Standards" were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements and the combining and individual fund statements and schedules are included in the financial section of this report. The auditors' report on internal controls and compliance with applicable laws and regulations can be found in a separately issued audit report.

Acknowledgements

The timely preparation of the Comprehensive Annual Financial Report for the year-ended December 31, 2012 was made possible by the dedicated service of Kathy McNear, Clerk of Council/Finance Director, finance department staff, Martha Holden and Cynthia Miller, as well as other City departments. We express our sincere appreciation for the contributions made in the preparation of this report. Also, we would like to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

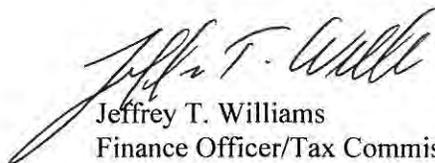
Respectfully submitted,



Derrick Parham
City Administrator



Kathy McNear
Clerk of Council/Finance Director



Jeffrey T. Williams
Finance Officer/Tax Commissioner

**CITY OF SPRINGDALE, OHIO
ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 2012**

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Salary</u>
Doyle H. Webster	Mayor	12/01/11-11/30/15	\$21,000
Marjorie Harlow	President	12/01/09-11/30/13	8,475
Thomas Vanover	Vice-President	12/01/09-11/30/13	7,875
Robert Diehl	Member	12/01/11-11/30/15	7,875
Holly Emerson	Member	12/01/09-11/30/13	7,875
Lawrence Hawkins III	Member	12/01/09-11/30/13	7,875
James Squires	Member	12/01/11-11/30/15	7,875
Edward Knox	Member	12/01/11-11/30/15	7,875
Kathy McNear (1)	Clerk of Council/ Finance Director	12/01/11-11/30/15	16,800

ADMINISTRATIVE PERSONNEL

Derrick Parham, City Administrator
Jerry Thamann, Assistant City Administrator
Jeff Tulloch, Economic Development Director

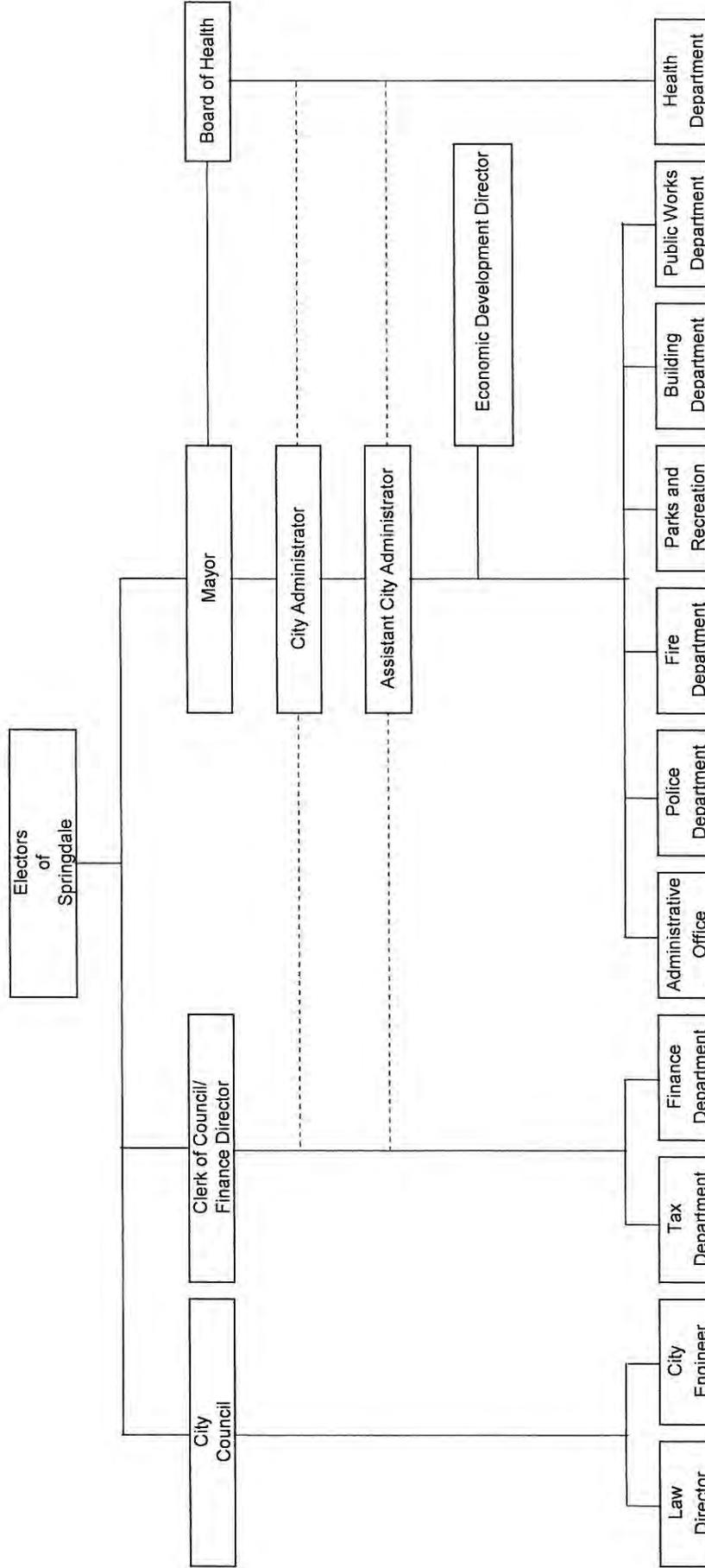
Jeff Agricola, Superintendent of Public Works
Greg Karle, Parks and Recreation Director
Michael Mathis, Chief of Police
William McErlane, Building Official
Cammie Mitrione, Health Commissioner
Michael Hoffman, Acting Fire Chief
Jeffrey Williams, Finance Officer/Tax Commissioner (1)

Jeffrey Forbes, Law Director
Don Shvezgda, City Engineer
Mark Piepmeier, City Prosecutor
Donald White, City Magistrate

(1) Surety bond is held with the Western Surety Company in the amount of \$25,000. The bond is renewed annually.

CITY OF SPRINGDALE

ORGANIZATIONAL TABLE



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Springdale
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Springdale, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Springdale, Ohio (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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Springdale, Ohio, as of December 31, 2012, and the respective changes in financial position, and, the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standards

As discussed in Note 3, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Recognized as Assets and Liabilities*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 - 23 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 Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013, on our consideration of the City of Springdale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Springdale's internal control over financial reporting and compliance.

Berninger Maddox, Inc.

Cincinnati Ohio
May 31, 2013

**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

The City of Springdale discussion and analysis of the financial performance provide an overall review 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; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2012 are as follows:

- * The assets of the City exceeded its liabilities at December 31, 2012 by \$49,125,017 (net position). Of this amount, \$8,285,009 (governmental unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- * The City's total net position increased by \$956,897, which represents a 2% increase from 2011.
- * The City's governmental funds reported a combined ending fund balance of \$8,436,054. Of this amount, \$6,407,053 represents the general fund unassigned fund balance available for spending on behalf of its citizens.
- * During 2012, the City reduced long-term general obligation debt by \$400,000 (cash basis).
- * During 2012, the City maintained a bond credit rating of Aa3, as issued by Moody's Investors Services in 2002.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are presented so the reader can understand the City's financial position as a whole and also give a detailed view of the City's fiscal condition.

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting a longer-term view of those activities. The fund financial statements look at the City's most significant, or major, funds with all other non-major funds presented in total in one column. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

The analysis of the City as a whole begins with the statement of net position and the statement of activities. These reports provide information that will help the reader to determine if the City is financially better or worse as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

These two statements report the City's net position and the change in that position. This change in net position informs the reader whether the City's financial position, as a whole, has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated. In the statement of net position and the statement of activities, the City reports government activities, where most of the City's services are reported, including police, fire, public works, administration, and all other departments.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds. Fund financial reports provide detailed information about the City's major funds.

Governmental Funds: Most of the City's services and activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end 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 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 basic financial statements.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City has one agency fund to report within the fiduciary fund category. Agency funds are reported on a full accrual basis and only present a statement of assets and liabilities.

Based on restrictions on the use of monies, the City has established separate funds which account for the services provided to residents. However, these fund financial statements focus on the City's most significant funds. The major funds are the general fund, capital improvements fund, and the northwest business district tax increment financing fund.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, the statement of net position and the statement of activities present information about the City as a whole. Table 1 provides a summary of the City's net position for 2012 as compared to 2011:

<u>Table 1</u>	Governmental Activities	
	2012	2011
<u>Assets</u>		
Current and other assets (1)	\$13,752,519	\$13,339,090
Capital assets, net	43,710,904	43,858,198
Total assets	<u>57,463,423</u>	<u>57,197,288</u>
<u>Liabilities</u>		
Current and other liabilities (1)	3,045,169	3,375,494
Long-term liabilities:		
Due within one year	771,245	722,722
Due in more than one year	4,521,992	4,930,952
Total liabilities	<u>8,338,406</u>	<u>9,029,168</u>
<u>Net Position</u>		
Invested in capital assets, net of debt	39,189,433	39,179,133
Restricted	1,650,575	1,708,670
Unrestricted (1)	8,285,009	7,280,317
Total net position	<u>\$49,125,017</u>	<u>\$48,168,120</u>

(1) – Prior period adjustments were noted to these accounts, for further description and the affect on net position see the Notes to the Financial Statements, Notes 3 and 4.

Net position of the City's governmental activities increased \$956,897 from 2011 to 2012. Notable changes include current and other assets and long-term liabilities - due in more than one year. The notable change in current and other assets includes taxes receivable, which reflects an increase of \$489,132. This increase is due to larger year-end 2012 accruals for municipal income taxes. The notable change in long-term liabilities - due in more than one year, is from the general obligation bond principal being reduced \$400,000 (cash basis) based on payments made in accordance with the bond amortization schedule.

The financial position of the City has improved from 2011 to 2012. This is based on the increase in unrestricted net assets in the amount of \$1,004,692.

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**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Table 2 provides a summary of the change in net position, and revenue and expense for 2012 as compared to 2011.

Table 2	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	\$1,183,314	\$975,904
Operating grants and contributions	57,091	121,159
Capital grants and contributions	1,243,668	88,541
Total program revenues	<u>2,484,073</u>	<u>1,185,604</u>
General revenues:		
Municipal income taxes	12,974,628	12,092,698
Property and other taxes	1,264,751	1,125,767
Payments in lieu of taxes	588,089	579,923
Special assessments	185,007	156,600
Grants and entitlements not restricted	1,718,217	1,873,767
Investment earnings	14,263	16,504
Other	388,835	400,816
Total general revenues	<u>17,133,790</u>	<u>16,246,075</u>
Total revenues	<u>19,617,863</u>	<u>17,431,679</u>
<u>Program Expenses</u>		
Governmental activities:		
Security of persons and property	8,355,590	8,302,605
Public health services	325,784	325,822
Leisure time activities	1,694,907	1,680,816
Community environment	547,371	496,284
Transportation	3,289,348	2,316,491
General government	4,200,749	3,994,792
Interest and fiscal charges	247,217	281,867
Total expenses	<u>18,660,966</u>	<u>17,398,677</u>
Change in net position	956,897	33,002
Beginning net position (1)	<u>48,168,120</u>	<u>48,135,118</u>
Ending net position (1)	<u>\$49,125,017</u>	<u>\$48,168,120</u>

(1) - Prior period adjustments were noted, for further description and the affect on net position see the Notes to the Financial Statements, Notes 3 and 4.

**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Governmental activities, total revenues, increased \$2,186,184 from 2011 to 2012, and total expenses increased \$1,262,289 from 2011 to 2012. Significant changes are addressed below:

Capital Grants and Contributions Revenue

Capital grants and contributions increased \$1,155,127. This is due to an increase of capital grant activity associated with road improvements and other capital projects in 2012. At the end of 2010, certain projects were in the completion stage, and therefore a very small amount of grant inflows was applicable to 2011 activity. A number of capital projects were started either at the end of 2011 or in 2012, such as the Traffic Signal System Upgrade, Beaver Run Riparian - Phase II, State Route 747 – I-275 Ramp Improvement, Merchant Street Repairs and Improvements, and Century Circle North Improvements, and therefore increasing the capital grant activity in 2012.

Municipal Income Tax Revenue

The largest revenue line item, municipal income taxes, increased \$881,930. The total cash basis income tax revenue for 2012 was \$12,967,119 as compared to \$12,485,560 in 2011, an increase of \$481,559. This difference is attributed to an increase in business employee withholdings as well as business tax returns. The year-end 2012 accrual for income taxes was \$437,000 larger than the accrual in 2011, due to larger amounts received. The difference between the cash and accrual basis are the result of year-end adjustments to convert the cash basis figures to accrual as required.

Transportation Expense

Transportation expense increased \$972,857. The increase is primarily due to amounts expended in the capital improvements fund that did not meet the criteria of a capital asset for financial statement presentation purposes.

General Government Expense

General government expense increased \$205,957. This is due to increased costs noted per the Mayor's Office, economic development, contractual services, and general administration function of general government.

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**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Table 3 below shows 2012 percentages of revenues and expenses:

Table 3

	\$	%
<u>Revenues</u>		
Program revenues:		
Charges for services	\$1,183,314	6%
Operating grants and contributions	57,091	1%
Capital grants and contributions	1,243,668	6%
Total program revenues	2,484,073	13%
General revenues:		
Municipal income taxes	12,974,628	66%
Property and other taxes	1,264,751	6%
Payments in lieu of taxes	588,089	3%
Special assessments	185,007	1%
Grants and entitlements not restricted	1,718,217	9%
Investment earnings	14,263	-
Other	388,835	2%
Total general revenues	17,133,790	87%
Total revenues	19,617,863	100%
<u>Program Expenses</u>		
Governmental activities:		
Security of persons and property	8,355,590	45%
Public health services	325,784	2%
Leisure time activities	1,694,907	9%
Community environment	547,371	3%
Transportation	3,289,348	17%
General government	4,200,749	23%
Interest and fiscal charges	247,217	1%
Total expenses	18,660,966	100%

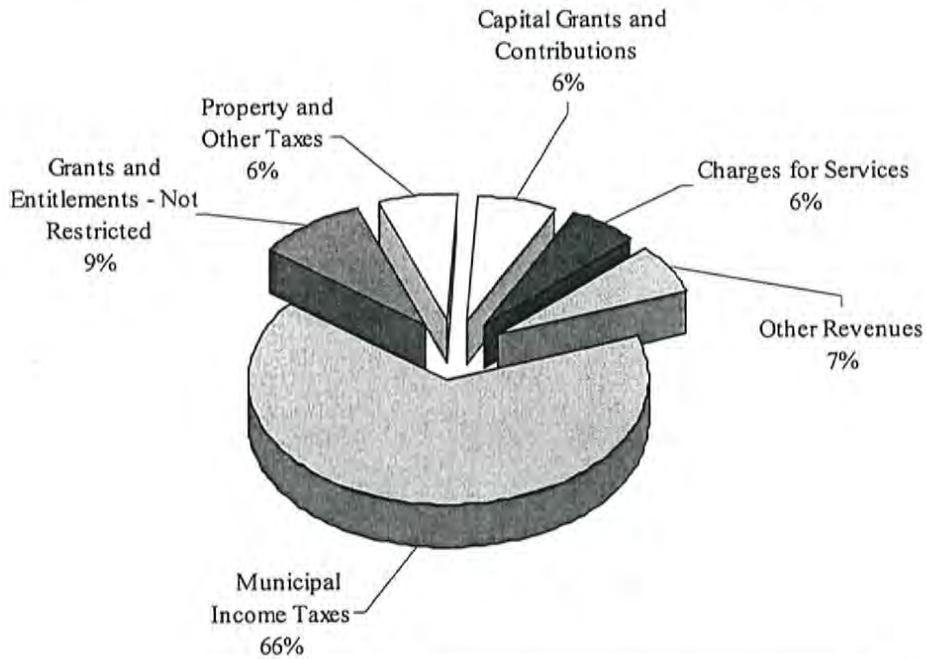
The largest sources of revenue are the municipal income taxes, grants and entitlements not restricted, and property and other taxes. The municipal income tax is received from business withholdings, business net profit tax returns, resident tax returns, and penalty and interest. Grants and entitlements not restricted is received from the State and County as local government funds, estate tax, homestead and rollback entitlement, gasoline tax, and license tax. Property and other taxes are from real estate tax settlement payments received from Hamilton County as well as other locally levied taxes, such as cinema admissions and transient occupancy.

The largest sources of expense are security of persons and property, general government, and transportation. Security of persons and property represent operational activity for the police and fire departments, general government represents administration as well as the tax and finance departments, and transportation represents the public works department as well as certain expenditures of a capital nature that did not meet the criteria of a capital asset, and therefore were recorded as transportation expense.

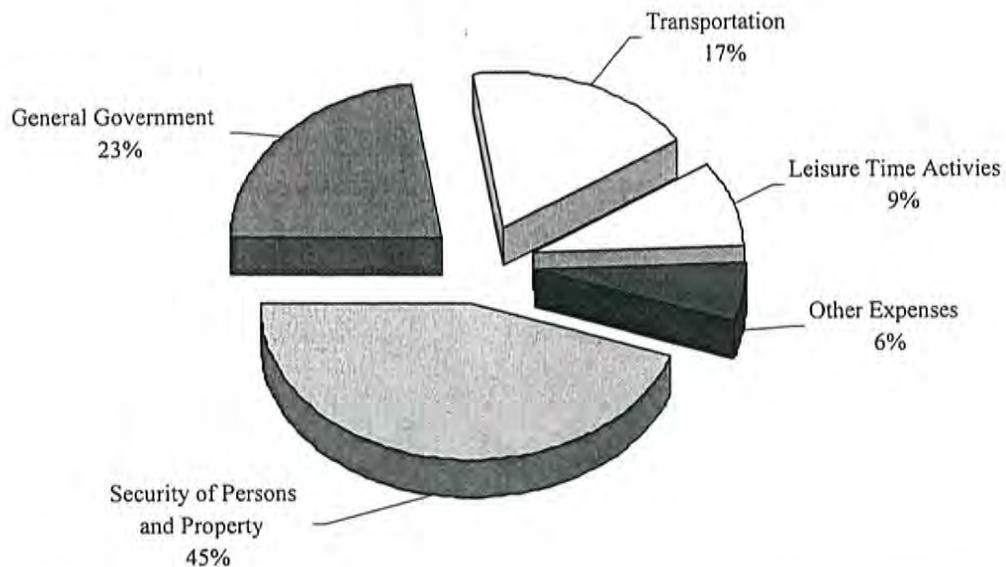
**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Following are graphs showing the percentages of revenue and expense for 2012:

Revenues by Source - Governmental Activities



Expenses by Function - Governmental Activities



**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The focus of City governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. These funds are accounted for by using the modified accrual basis of accounting. See the table of contents regarding the fund financial statements.

At year-end 2012, the City's governmental funds reported combined ending fund balances of \$8,436,054. Of this amount, \$5,914,586 represents unassigned fund balance. The remaining fund balance is classified as nonspendable, restricted, and assigned to indicate amounts not available for new spending due to allocations to liquidate encumbrances, reflect year-end inventory and prepaid items, and to account for long-term advances, health and liability insurance, capital improvements, debt service, operating grants, law enforcement, and road maintenance. All governmental funds had total revenues of \$19,294,017 and expenditures of \$18,980,834, leaving an excess of revenues over expenditures of \$313,183.

Following is an analysis of fund balance for the major funds.

General Fund

The general fund is the chief operating fund of the City and at year-end 2012 the total fund balance was \$7,783,978. This represents an increase of \$762,533 from year-end 2011. General fund revenues increased \$656,731 over 2011. This is primarily due to increased earnings tax over 2011. General fund expenditures increased \$613,568 over 2011. This is primarily due to increased operational expenditures in the police and fire departments and administration departments.

Capital Improvements Fund

At year-end 2012, the total fund balance for the capital improvements fund was \$243,551, which represents a decrease of \$457,178 from year-end 2011. This is the result of capital improvement project local share costs increasing due to increased road and other capital project activity.

Northwest Business District Tax Increment (TIF) Fund

At year-end 2012, the total fund balance for the northwest business district TIF fund was \$177,613, which represents an increase of \$10,878 from year-end 2011. In 2012, fund activity was consistent with 2011. Therefore, fund balance had a very small change.

GENERAL FUND BUDGETING HIGHLIGHTS

The City's budget is prepared according to Ohio law and the City Charter. All City funds are subject to the formal budgetary process. The most significant fund is the general fund, which is formally adopted at the departmental level (personal services and other expenditures). The budget is based on accounting for transactions on a cash receipts, disbursements, and encumbrance basis. Month-end financial reports, which compare budgeted projections to actual results, are presented to administration and City Council on a monthly basis to review and measure the effectiveness of budgetary controls. For 2012, there were two amendments to the City budget passed by City Council.

**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Comparison of Original Budget to Final Budget

For 2012, the original budgeted revenues for the general fund were approximately \$15.8 million and the final budgeted revenues were approximately \$16.8 million. The increase is primarily the result of receiving more earnings tax revenue than originally budgeted. Also, the general fund original budget for 2012 expenditures, including transfer and advance activity, was approximately \$17.7 million and the final budgeted expenditures were approximately \$17.5 million. The decrease is mainly the result of budgeted transfer activity which was not transferred.

Comparison of Final Budget to Actual Results

For 2012, the final actual revenues for the general fund were consistent with final budgeted revenues, at approximately \$16.8 million. Also, the final 2012 actual expenditures, including transfer and advance activity were approximately \$16.8 million as compared to the final budgeted expenditures of approximately \$17.5 million. This difference is the result of actual expenditures being smaller than final budgeted expenditures for the functions of security of persons and property (police and fire departments) and general government (administration departments).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets at December 31
(Net of Depreciation)

Table 4	Governmental Activities	
	2012	2011
Land	\$1,944,739	\$1,944,739
Real estate held for development	442,910	442,910
Construction in progress	1,121,669	568,979
Building	13,390,443	13,738,774
Improvements other than building	877,781	981,057
Machinery and equipment	266,641	308,134
Furniture and fixtures	19,444	21,397
Vehicles	1,072,431	811,205
Infrastructure:		
Sewers	114,839	163,062
Roads	19,171,437	19,673,067
Right of way	279,752	279,752
Traffic control	685,391	737,115
Streetscape	1,819,551	1,907,370
Pedestrian traffic	224,224	249,890
Parks	1,619,652	1,346,149
TIF area public improvements	660,000	790,400
Total capital assets	\$43,710,904	\$43,964,000

Additional information concerning the City's capital assets can be found in Note 10 to the basic financial statements.

**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Debt

As of December 31, 2012, the City had outstanding debt of \$4,521,471 in bonds and capital leases, with \$600,038 due within one year.

<u>Table 5</u>	Outstanding Debt at December 31	
	Governmental Activities	
	2012	2011
General obligation bonds	\$1,900,000	\$2,306,120
TIF revenue bonds	2,387,909	2,463,364
Capital leases	233,562	150,384
Total debt	\$4,521,471	\$4,919,868

The general obligation bonds are the Community Center Expansion Bonds – Series 2012, issued in 2012. The bonds were issued to retire the Series 2002 bonds through a current refunding. The Series 2002 bonds were issued for the renovation of the City's Community Center facility. For the Series 2012 bonds, payments are made twice a year (two interest payments and one principal payment) from City funds.

The TIF revenue bonds are the Northwest Business District Tax Increment Financing (TIF) Phase I Revenue Bonds. The bonds were issued in 2000 to retire notes issued for the construction of infrastructure and a man-made lake in the Northwest Business District (Pictoria Island) TIF area. TIF revenue bond payments are made monthly (each payment incorporates interest and principal). Bond payments are made from service payments received in lieu of taxes and shortfall payments from the property developers.

In 2012, the City entered into lease agreements as well as retire a portion of lease agreements categorized as capital leases. At year-end 2012, the City has five leases categorized as capital leases. Payments for these leases were made from the general fund, the street construction, maintenance and repair fund, and the capital improvements fund.

Under the current City Charter, the City's 2012 general obligation bonded debt was subject to a legal limitation of \$33,237,934, based on 10.5 percent of the total assessed value of real and personal property located within the City.

Additional information concerning the City's debt can be found in Notes 12 and 13 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Budget Procedure

The City's budget procedure is a very detailed process. From May to June of the current year, the tax budget is prepared and approved by City Council for submission to the County in accordance with the Ohio Revised Code. This budget procedure forecasts fund balances at the end of the next fiscal year based on information available in May and June of the current year. The tax budget is prepared jointly between the finance and administration departments.

**CITY OF SPRINGDALE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

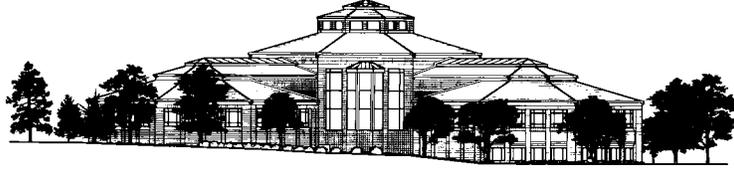
From October to November of the current year, the City five-year budget is prepared. This process starts with the budgeted current year figures and attempts to revise these figures (if applicable) for the remainder of the year. Then predictions are made for the next five years based on assumptions provided by administration. The five-year budget takes a long-term look at the direction of the City. Each department director prepares the budgeted expenditures that relate to the applicable department. The finance department prepares the budgeted revenues. The City Administrator then reviews all figures in detail, and amendments are made as necessary.

From November to December of the current year the one-year budget is prepared. This document becomes the basis for the appropriation/estimated revenue ordinance passed for the next fiscal year. Each department director prepares the budgeted expenditures that relate to the applicable department and the finance department prepares the budgeted revenues. The City Administrator then reviews all figures before the budget is final. At or near the first day of the fiscal year, the budget appropriations/estimated revenues ordinance is passed by City Council.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors, investors and elected officials with a general overview of the City's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact Jeffrey T. Williams, Finance Officer/Tax Commissioner, 11700 Springfield Pike, Springdale, Ohio 45246, (513) 346-5700, or e-mail at jwilliams@springdale.org.

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FINANCIAL SECTION

**CITY OF SPRINGDALE, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	\$6,433,911
Cash in segregated account	29,740
Receivables (net):	
Taxes	5,140,524
Payments in lieu of taxes	613,350
Special assessments	186,000
Accounts	224,341
Intergovernmental	707,503
Prepaid items	18,445
Inventory	346,133
Restricted assets:	
Funds on deposit for unclaimed monies	16,718
Funds on deposit for performance bonds and plan review fees	35,854
Nondepreciable capital assets	3,789,070
Depreciable capital assets, net	<u>39,921,834</u>
 Total assets	 <u>57,463,423</u>
Liabilities:	
Accounts payable	171,136
Contracts payable	201,698
Accrued wages and benefits payable	615,315
Accrued workers compensation payable	228,254
Accrued interest payable	2,299
Intergovernmental payable	51,288
Undistributed monies payable	43,249
Unclaimed monies payable	16,718
Claims payable	185,212
Unearned revenue	1,530,000
Long-term liabilities:	
Due within one year	771,245
Due in more than one year	<u>4,521,992</u>
 Total liabilities	 <u>8,338,406</u>
Net position:	
Net investment in capital assets	39,189,433
Restricted for:	
Capital projects	686,213
Street construction, maintenance and repair	794,548
Other purposes	169,814
Unrestricted	<u>8,285,009</u>
 Total net position	 <u>\$49,125,017</u>

See accompanying notes to the basic financial statements

**CITY OF SPRINGDALE, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Security of persons and property	\$8,355,590	\$778,009	\$26,669	\$0	(\$7,550,912)
Public health services	325,784	60,606	12,137	0	(253,041)
Leisure time activities	1,694,907	141,918	0	0	(1,552,989)
Community environment	547,371	79,397	18,285	0	(449,689)
Transportation	3,289,348	5,060	0	1,243,668	(2,040,620)
General government	4,200,749	118,324	0	0	(4,082,425)
Interest and fiscal charges	247,217	0	0	0	(247,217)
Total governmental activities	\$18,660,966	\$1,183,314	\$57,091	\$1,243,668	(16,176,893)
General revenues:					
Municipal income taxes					12,974,628
Property and other taxes					1,264,751
Payments in lieu of taxes					588,089
Special assessments					185,007
Grants and entitlements not restricted to specific programs					1,718,217
Investment earnings					14,263
Other revenues					388,835
Total general revenues					17,133,790
Change in net position					956,897
Net position - beginning (restated)					48,168,120
Net position - ending					\$49,125,017

See accompanying notes to the basic financial statements

**CITY OF SPRINGDALE, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General Fund	Capital Improvements Fund	Northwest Business TIF Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$5,163,761	\$397,626	\$189,551	\$682,973	\$6,433,911
Cash in segregated account	29,740	0	0	0	29,740
Receivables (net):					
Taxes	5,140,524	0	0	0	5,140,524
Payments in lieu of taxes	0	0	613,350	0	613,350
Special assessments	0	0	186,000	0	186,000
Accounts	219,479	0	0	4,862	224,341
Intergovernmental	329,193	93,446	0	284,864	707,503
Interfund loan receivable	2,862	0	0	0	2,862
Prepaid items	14,098	0	0	4,347	18,445
Inventory	346,133	0	0	0	346,133
Advances to other funds	492,378	0	0	0	492,378
Restricted assets:					
Funds on deposit for unclaimed monies	16,718	0	0	0	16,718
Funds on deposit for performance bonds and plan review fees	35,854	0	0	0	35,854
Total assets	\$11,790,740	\$491,072	\$988,901	\$977,046	\$14,247,759
Liabilities:					
Accounts payable	\$167,554	\$570	\$1,000	\$2,012	\$171,136
Contracts payable	0	201,698	0	0	201,698
Accrued wages and benefits payable	610,033	0	0	5,282	615,315
Accrued compensated absences payable	9,772	0	0	0	9,772
Accrued workers compensation payable	228,254	0	0	0	228,254
Intergovernmental payable	38,268	0	10,938	2,082	51,288
Interfund loan payable	0	0	0	2,862	2,862
Undistributed monies payable	43,249	0	0	0	43,249
Unclaimed monies payable	16,718	0	0	0	16,718
Claims payable	185,212	0	0	0	185,212
Advances from other funds	0	0	0	492,378	492,378
Unearned revenue	950,000	0	580,000	0	1,530,000
Total liabilities	2,249,060	202,268	591,938	504,616	3,547,882
Deferred inflows of resources:					
Municipal income tax	1,329,529	0	0	0	1,329,529
Property tax	44,750	0	0	0	44,750
Intergovernmental revenue	212,381	45,253	0	239,456	497,090
Payments in lieu of tax	0	0	33,350	0	33,350
Special assessments	0	0	186,000	0	186,000
Other revenue	171,042	0	0	2,062	173,104
Total deferred inflows of resources	1,757,702	45,253	219,350	241,518	2,263,823
Fund balances:					
Nonspendable	852,609	0	0	0	852,609
Restricted	0	243,551	173,139	723,379	1,140,069
Assigned	524,316	0	4,474	0	528,790
Unassigned	6,407,053	0	0	(492,467)	5,914,586
Total fund balances	7,783,978	243,551	177,613	230,912	8,436,054
Total liabilities, deferred inflows of resources and fund balances	\$11,790,740	\$491,072	\$988,901	\$977,046	\$14,247,759

See accompanying notes to the basic financial statements

CITY OF SPRINGDALE, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012

Total governmental fund balances	\$8,436,054
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.	43,710,904
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	2,263,823
Some liabilities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(761,473)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(4,521,992)
Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	<u>(2,299)</u>
Net position of governmental activities	<u><u>\$49,125,017</u></u>

See accompanying notes to the basic financial statements

**CITY OF SPRINGDALE, OHIO
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General Fund	Capital Improvements Fund	Northwest Business TIF Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Municipal income taxes	\$12,671,825	\$0	\$0	\$0	\$12,671,825
Property and other taxes	1,291,654	0	0	0	1,291,654
Payments in lieu of taxes	0	0	575,096	0	575,096
Special assessments	2,980	0	156,712	0	159,692
Intergovernmental	1,180,569	1,246,955	0	617,060	3,044,584
Charges for services	545,153	0	0	0	545,153
Fines and forfeitures	235,915	0	0	11,125	247,040
Fees, licenses and permits	361,324	0	0	7,438	368,762
Interest	13,924	0	339	0	14,263
Other	227,148	0	146,000	2,800	375,948
Total revenues	16,530,492	1,246,955	878,147	638,423	19,294,017
Expenditures:					
Current:					
Security of persons and property	8,121,800	0	0	44,656	8,166,456
Public health services	314,860	0	0	10,815	325,675
Leisure time activities	1,365,643	0	0	7,047	1,372,690
Community environment	498,446	0	0	42,345	540,791
Transportation	944,525	0	0	254,569	1,199,094
General government	3,312,699	0	629,071	12,734	3,954,504
Capital outlay	164,887	2,177,501	0	228,455	2,570,843
Debt service:					
Principal retirement	6,564	44,169	75,455	466,088	592,276
Interest and fiscal charges	1,035	2,463	162,743	92,264	258,505
Total expenditures	14,730,459	2,224,133	867,269	1,158,973	18,980,834
Excess (deficiency) of revenues over expenditures	1,800,033	(977,178)	10,878	(520,550)	313,183
Other financing sources (uses):					
Inception of capital lease	0	0	0	200,000	200,000
Face value of refunding bonds	0	0	0	1,900,000	1,900,000
Retirement from refunding bonds	0	0	0	(1,900,000)	(1,900,000)
Transfers-in	0	520,000	0	517,500	1,037,500
Transfers-out	(1,037,500)	0	0	0	(1,037,500)
Total other financing sources (uses)	(1,037,500)	520,000	0	717,500	200,000
Net change in fund balances	762,533	(457,178)	10,878	196,950	513,183
Beginning fund balances (restated)	7,021,445	700,729	166,735	33,962	7,922,871
Ending fund balances	<u>\$7,783,978</u>	<u>\$243,551</u>	<u>\$177,613</u>	<u>\$230,912</u>	<u>\$8,436,054</u>

See accompanying notes to the basic financial statements

CITY OF SPRINGDALE, 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 \$513,183

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital asset additions, not being depreciated	1,270,747	
Capital asset additions, being depreciated	1,181,297	
Depreciation expense	<u>(1,981,497)</u>	470,547

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposal) is to decrease net assets:

Capital asset deletions, not being depreciated	(718,058)	
Capital asset deletions, being depreciated	(145,719)	
Accumulated depreciation	140,134	
Gain on trade-in of capital asset	<u>2,413</u>	(721,230)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 323,846

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. 592,276

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (33,013)

Some expenses reported in the statement of activities, such as accrued interest and amortization of bond premium do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net effect is reported. 11,288

Proceeds from capital lease issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position. (200,000)

Change in net position of governmental activities \$956,897

See accompanying notes to the basic financial statements

CITY OF SPRINGDALE, OHIO
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Municipal income taxes	\$12,465,132	\$12,965,132	\$12,967,119	\$1,987
Property and other taxes	1,183,600	1,233,600	1,235,124	1,524
Special assessments	2,000	2,000	2,980	980
Intergovernmental	1,004,471	1,204,471	1,222,711	18,240
Charges for services	386,000	586,000	527,046	(58,954)
Fines and forfeitures	251,000	251,000	244,381	(6,619)
Fees, licenses and permits	356,400	356,400	387,414	31,014
Interest	16,000	16,000	13,924	(2,076)
Other	190,900	237,925	244,571	6,646
Total revenues	<u>15,855,503</u>	<u>16,852,528</u>	<u>16,845,270</u>	<u>(7,258)</u>
Expenditures:				
Current:				
Security of persons and property	8,585,918	8,615,156	8,405,951	209,205
Public health services	338,651	352,651	327,539	25,112
Leisure time activities	1,444,693	1,474,693	1,422,896	51,797
Community environment	519,958	529,958	498,126	31,832
Transportation	1,181,986	1,111,986	1,027,266	84,720
General government	3,931,035	4,158,549	3,884,443	274,106
Capital outlay	187,619	187,619	182,825	4,794
Debt service:				
Principal retirement	6,564	6,564	6,564	0
Interest	1,035	1,035	1,035	0
Total expenditures	<u>16,197,459</u>	<u>16,438,211</u>	<u>15,756,645</u>	<u>681,566</u>
Excess (deficiency) of revenues over expenditures	<u>(341,956)</u>	<u>414,317</u>	<u>1,088,625</u>	<u>674,308</u>
Other financing sources (uses):				
Transfers-in	3,748	4,161	4,161	0
Transfers-out	(1,472,114)	(1,037,500)	(1,037,500)	0
Advances-in	0	2,562	2,562	0
Advances-out	0	(2,862)	(2,862)	0
Total other financing sources (uses)	<u>(1,468,366)</u>	<u>(1,033,639)</u>	<u>(1,033,639)</u>	<u>0</u>
Net change in fund balance	(1,810,322)	(619,322)	54,986	674,308
Beginning fund balance	4,933,677	4,933,677	4,933,677	0
Prior year encumbrances	<u>131,398</u>	<u>131,398</u>	<u>131,398</u>	<u>0</u>
Ending fund balance	<u><u>\$3,254,753</u></u>	<u><u>\$4,445,753</u></u>	<u><u>\$5,120,061</u></u>	<u><u>\$674,308</u></u>

See accompanying notes to the basic financial statements

**CITY OF SPRINGDALE, OHIO
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUND
 DECEMBER 31, 2012**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$101
Total assets	\$101
Liabilities:	
Ohio board of building standards assessment (OBBS) payable	\$101
Total liabilities	\$101

See accompanying notes to the basic financial statements

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

The accounting methods and procedures adopted by the City of Springdale, Ohio, conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following notes to the financial statements are an integral part of the basic financial statements.

1. FINANCIAL REPORTING ENTITY

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*", in that the financial statements include all the funds and activity of the primary government. The primary government consists of all the organizations, activities, and functions that are not legally separate from the City. Component units are legally separate organizations for which the City is financially accountable. The City would consider an organization to be a component unit if:

1. The City appoints a voting majority of the organization's body; and is able to impose its will on that organization or there is a potential for the organization to provide specific financial burdens on the City; or
2. The organization is fiscally dependent upon the City; or
3. The nature of the relationship between the City and the organization is such that the exclusion from the financial reporting entity would render the financial statements misleading.

Based on above, potential component units were considered for inclusion, the City has no component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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 statement of net position presents the financial condition 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 are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City. The effect of interfund activity has been eliminated from the government-wide financial statements, but interfund services provided and used are not eliminated in the process of consolidation.

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Fund Financial Statements

During the year, the City segregates transactions related to certain functions or activities in separate funds in order to assist 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 financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The City's only fiduciary fund is an agency fund.

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. The City utilizes governmental funds and a fiduciary fund.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. The City maintains records showing revenues, actual and accrued expenditures and encumbrances to assure legal and accounting compliance and to assure that budgetary authority is not exceeded. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its residents. Municipal income tax, general tax revenues, as well as other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Capital Improvements Fund - This capital projects fund is used to account for various capital projects financed by governmental funds and to account for capital grants obtained from outside sources.

Northwest Business District Tax Increment Financing (TIF) Fund - This capital projects fund is used to account for the activity regarding the Northwest Business District TIF Project, including the issuance and payment of debt, as well as public improvements.

The other governmental funds of the City account for grants and other resources that are generally restricted to a particular purpose.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the City as a trustee or as an agent for individuals, private organizations, or other units of government. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds, and private purpose trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's fiduciary fund consists only of an agency fund that accounts for the collection and payments associated with the Ohio Board of Building Standards Assessments on building permits.

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of 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 liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the source (i.e., revenues and other financial 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 on the government-wide financial statements are prepared. Government fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

Basis of Accounting

Accounting basis determines when transactions and economic events are reflected in its financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

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

Nonexchange transactions, in which the City received value without directly giving equal value in return, include income tax, admissions tax, occupancy tax, property tax, payments in lieu of taxes, special assessments, cable franchise fees, state levied taxes, grants, and entitlements. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from state-levied taxes, grants, and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Under the modified accrual basis of accounting, the following revenue sources are considered to be both measurable and available (either in-part or in-full) at year-end: income tax, admissions tax, transient occupancy tax, certain reimbursements, certain charges for services, estate tax, joint economic development district tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), license and permit fees, and grants.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The following transactions recorded a receivable and deferred inflows of resources at year-end: municipal income tax, property and other taxes, payments in lieu of taxes, special assessments, intergovernmental, and miscellaneous.

Unearned Revenue

Unearned revenues are presented on the full accrual statements as well as the modified accrual statements. Unearned revenue represents amounts for which asset recognition criteria has been met, but for which revenue recognition has not yet been met because such amounts have not yet been earned. The following transactions recorded a receivable and unearned revenue: current property taxes and payments in lieu of taxes.

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 recorded when the related fund liability is incurred. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Budgets and the Budgetary Process

The budgetary process, prescribed by provisions of the Ohio Revised Code and the City Charter, entails the preparation of budgetary documents within an established timetable. This includes the preparation of the tax budget, a certificate of estimated resources, and the appropriation/estimated receipts ordinance, all of which are prepared on the non-GAAP budgetary basis of accounting. The certificate of estimated resources and the appropriation/estimated receipts ordinance may be amended by councilmanic action throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The City adopts a budget and approves appropriations for all funds. The legal level of budgetary control is defined as the level at which City Council must approve any over-expenditure of appropriations or transfers of appropriated amounts. City Council must approve any increase or decrease in appropriations and estimated receipts. The legal level of budgetary control for the general fund is at the departmental level (personal services and all other expenditures), all other funds are at the fund level (personal services and all other expenditures). Administrative control is maintained through the establishment of detailed line item budgets. For 2012, all appropriations were approved as required and all funds and departments completed the year within the legally authorized appropriations.

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 20 of each year, for the period January 1 to December 31 of the following year. The County Budget Commission certifies its actions to the City by September 1, and as part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must prepare its annual budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if a new source of revenue is received or actual receipts exceed current estimated receipts. The amounts reported on the budgetary statement reflect as final budget the amounts in the final amended official certificate of estimated resources.

Appropriations - A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance may be supplemented during the year by councilmanic action, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

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. On the modified accrual basis, encumbrances outstanding at year-end are reported within restricted or assigned fund balance.

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. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Budgetary Basis of Accounting – While the City is reporting financial position, results of operations and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balances – budget (non-GAAP basis) and actual (presented for the general fund) is presented on a 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:

- * Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP),
- * Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP),
- * Year-end encumbrances are treated as expenditures (budget) rather than restricted or assigned fund balance (GAAP).

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

	Net Change in Fund Balance - General Fund
GAAP Basis	\$762,533
Net adjustment for revenue accruals	(136,711)
Net adjustment for expenditure accruals	(494,658)
2011 prepaid items for 2012	17,473
2012 prepaid items for 2013	(14,098)
Encumbrances	(79,553)
Budget basis	\$54,986

Cash and Cash Equivalents

Cash is pooled and invested short-term for cash management purposes. Investments with original maturities of three months or less are considered to be cash equivalents. The City reports cash in segregated account in the general fund. The general fund amount represents the balance at year-end of Mayor's Court activity.

The City's investment and depository policy is based on the Ohio Revised Code, Chapter 135, and includes the following objectives and general guidelines:

- * preservation of capital and protection of principal while earning investment interest,
- * investments are to remain liquid to meet reasonable anticipated operating requirements,
- * investment instruments shall be purchased for the safety of capital as well as the income to be derived and never for speculation, and
- * manage bank account relations to secure adequate services while minimizing costs.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable.

Prepaid Items

Certain payments made to vendors for services that will benefit subsequent periods are recorded as prepaid items. On government-wide and fund financial statements, prepaid items are presented based on the consumption method, whereas an asset is recognized at year-end for the value of the prepayment remaining and the expense/expenditures are reflected in the year in which services are consumed. On the fund financial statements, prepaid items are equally offset as nonspendable fund balance, which indicates that the prepaid items do not constitute available spendable resources even though they are a component of net current assets.

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Inventory

On government-wide and fund financial statements, inventories are presented based on the consumption method at the lower of cost or market on a first-in, first-out basis and are expensed when used. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption.

Capital Assets

Governmental capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. Governmental capital 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. For purposes of financial reporting, only capital assets valued at \$5,000 or more are reported. Donated capital assets are recorded at their fair market value as of the date received, if valued at \$5,000 or more. The City's infrastructure consists of sewer lines, streets, traffic signals, sidewalks, parks, and construction in progress. Improvements are capitalized if value is added and the life of the asset is materially extended; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

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

Buildings	15 - 60 years
Improvements other than building	10 - 25 years
Machinery and equipment	5 - 10 years
Furniture and fixtures	15 - 20 years
Vehicles	5 - 20 years
Infrastructure	15-100 years

Interest Income

Interest income is distributed to the funds according to the Ohio Revised Code and City Ordinance. The Ohio Revised Code requires interest to be credited to the general fund, however, the City passes legislation allowing interest to be allocated to the applicable funds based on the principal balance. Total interest revenue during 2012 was \$14,263. Total interest credited to the general fund during 2012 was \$13,924, which includes \$1,027 assigned from other funds.

Payments In Lieu Of Taxes

Payments in lieu of taxes represent service payments received from the Hamilton County Auditor in lieu of property taxes, based on the Tax Increment Financing (TIF) Service Agreement, for the purpose of making Northwest Business District Tax Increment Financing - Phase I bond payments and other applicable expenditures.

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Special Assessments

Special assessments represent amounts received from the Hamilton County Auditor based on the Tax Increment Financing (TIF) Service Agreement. As part of the Pictoria Island Service Agreement, Phase II, long term bonds were issued by the Greater Cincinnati Port Authority (Port). Phase II of the agreement covers an office tower as well as the adjacent parking garage. The special assessments were levied based on lost service payments as a result of the parking garage becoming a public purpose parcel and therefore the TIF value was decreased to \$0. The special assessments were levied on the tenants of the office tower to make up the shortfall in service payments. When the special assessments are received from the County Auditor at settlement, the amount is then remitted to the Port bond trustee in accordance with the Service Agreement. On the statement of activities, special assessments at December 31, 2012 are \$185,007.

Special assessments were also collected as a result of unpaid amounts owed by residents for grass cutting services performed. Billings are sent to the resident owners. If payment is not received within 30 days, a special assessment is levied on property taxes through the Hamilton County Auditor's Office.

Restricted Assets

The statement of net position and the balance sheet, general fund, report amounts that are restricted for a specific use. These are amounts on deposit for unclaimed monies, performance bonds and plan review fees.

Interfund Balances

On the fund financial statements balance sheet, long-term interfund loans are classified as "advances to other funds/advances from other funds". These amounts are eliminated in the governmental activities column of the statement of net position. Also on the fund financial statements balance sheet, short-term interfund loans are classified as "interfund loan receivable/interfund loan payable". These amounts are also eliminated in the governmental activities column of the statement of net position.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *"Accounting for Compensated Absences."* Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Accumulated vacation leave must be used by year-end.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the City's personnel manual. At year-end 2012, a compensated absence liability is reported on the government-wide financial statements as long-term liabilities.

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "accrued compensated absences payable" in the fund from which the employees who have accumulated leave are paid. In prior years, the liability for compensated absences has been liquidated from the general fund, street construction, maintenance and repair fund, and the state highway fund. The noncurrent portion of the liability is not reported. The City has reported a

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compensated absences liability in the fund financial statements at year-end 2012.

Accrued Liabilities and Long-Term Obligations

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, claims and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Contractually required pension contributions are fully recognized in the fund financial statements. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

Net Position

On the statement of 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 borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted for other purposes is comprised of net position restricted for non-capital grants. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the City's \$1,650,575 restricted net position, \$0 is restricted for enabling legislation.

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 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 are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash. It also includes advances to/from other funds.

Restricted - 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 ordinance).

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.

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Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by an ordinance 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 formal action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance may be redirected 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. The City had no amounts reported as committed fund balance at December 31, 2012.

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 City Council or the Finance Director.

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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which 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.

Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as transfers, and are reported as other financing sources/uses in governmental funds. Interfund transfers are eliminated in the statement of activities, but the interfund services provided and used are not eliminated in the process of consolidation. On the fund financial statements, long-term outstanding interfund loans are reported as "Advances to other funds" and "Advances from other funds". The short-term outstanding interfund loans are reported as "Interfund loan receivable" and "Interfund loan payable". These interfund loans are classified as nonspendable fund balance which indicates they are not in spendable form even though they are a component of net current assets. These amounts are eliminated in the statement of net position.

Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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3. CHANGE IN ACCOUNTING PRINCIPLE

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*; and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the fiscal year. The implementation of GASB 65 removed the line item bond issuance costs as reported on the statement of net position, as those items, other than prepaid insurance, are considered current period costs. The change in accounting principles had the effect of reducing net position at December 31, 2011 by \$105,802. See Note 4 below for a complete list of adjustments.

4. PRIOR PERIOD ADJUSTMENTS

As a result of an error of a prior year regarding classification and omissions, the balance of deferred inflows of resources on the modified accrual basis and unearned revenue on the full accrual basis have been restated from the prior year. Following is a summary of the line items, by category, which were affected, documenting the beginning balance as previously stated, adjustments noted, and the restated beginning balance.

	Beginning Balance as Previously Stated	Adjustments	Restated Beginning Balance
Statement of Net Position:			
Unearned revenue	\$1,247,499	\$261,579	\$1,509,078
Balance Sheet – General Fund:			
Deferred inflows of resources	2,397,869	22,655	2,420,524
Balance sheet – Grants Fund:			
Deferred inflows of resources	9,159	(2,281)	6,878

The above restatements, including the adjustment noted in Note 3 above, had the following affect on net position and fund balance as previously stated:

<u>Statement of Net Position:</u>	
Net position at 12-31-11	\$48,535,501
Adjustment per above	(261,579)
Adjustment noted per Note 3 above	<u>(105,802)</u>
Net position at 12-31-11, restated	<u>\$48,168,120</u>
 <u>Balance Sheet – General Fund:</u>	
Fund balance at 12-31-11	\$7,044,100
Adjustment noted above	<u>(22,655)</u>
Fund balance at 12-31-11, restated	<u>\$7,021,445</u>

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Balance Sheet – Grants Fund:

Fund balance at 12-31-11	\$64,604
Adjustment noted above	<u>2,281</u>
Fund balance at 12-31-11, restated	<u>\$66,885</u>

The grants fund is a nonmajor special revenue fund.

5. FUND BALANCES

Fund balance is classified as nonspendable, restricted, assigned, and unassigned. The constraints placed on fund balance for the major governmental funds and all other governmental funds are as follows:

<u>Fund Balance</u>	<u>General Fund</u>	<u>Capital Improve- ments Fund</u>	<u>Northwest Business TIF Fund</u>	<u>Nonmajor Govern- mental Funds</u>	<u>Total</u>
<u>Nonspendable:</u>					
Interfund loans	\$492,378	\$0	\$0	\$0	\$492,378
Prepaid items	14,098	0	0	0	14,098
Inventory	<u>346,133</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>346,133</u>
Total nonspendable	852,609	0	0	0	852,609
<u>Restricted for:</u>					
Capital improvements	0	243,551	0	0	243,551
Debt service	0	0	173,139	447	173,586
Operating grants	0	0	0	59,993	59,993
Road maintenance	0	0	0	604,214	604,214
Law enforcement	0	0	0	47,219	47,219
Leisure time activities	0	0	0	7,106	7,106
Community environment	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,400</u>	<u>4,400</u>
Total restricted	0	243,551	173,139	723,379	1,140,069
<u>Assigned to:</u>					
Health insurance	39,086	0	0	0	39,086
Liability insurance	433,221	0	0	0	433,221
Other purposes	<u>52,009</u>	<u>0</u>	<u>4,474</u>	<u>0</u>	<u>56,483</u>
Total assigned	524,316	0	4,474	0	528,790
Unassigned	<u>6,407,053</u>	<u>0</u>	<u>0</u>	<u>(492,467)</u>	<u>5,914,586</u>
Total fund balance	<u>\$7,783,978</u>	<u>\$243,551</u>	<u>\$177,613</u>	<u>\$230,912</u>	<u>\$8,436,054</u>

6. FUND DEFICITS

The capital projects, Tri-County Mall tax increment financing fund, and the special revenue, residential recycling fund, at December 31, 2012 included fund deficits of \$492,378 and \$89, respectively. These are due to the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recorded on the cash basis. The general fund is liable for fund deficits and provides transfers when cash is required, not when accruals occur.

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7. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund has an equity interest in this account. Monies of substantially all funds of the City are maintained or invested in a common group of bank accounts and in short-term investments. The provisions of the Ohio Revised Code (ORC) and City Ordinance govern the investment and deposit of City monies. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits.

Ohio law requires the classification of funds held by the City into the following category:

Interim funds – those funds not needed for immediate use but needed before the end of the current period of designation of depositories. The City’s investment policy allows interim funds to be invested in the following:

- * Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest thereon;
- * Bonds, notes, debentures or other obligations or securities issued by any federal government agency, or the export-import bank of Washington;
- * The Clerk of Council/Finance Director may enter into a repurchase agreement with any eligible institution mentioned in the ORC Section 135.03 and confirmed by Council, under the terms of which agreement the Clerk of Council/Finance Director purchases for the City, and such institution agrees unconditionally to repurchase any of the securities listed (in the investment policy) that will mature or are redeemable within five (5) years from the date of purchase;
- * Certificates of deposit of eligible depositories, which may provide (and if so, shall be shown on its face) that the amount of such deposit is payable upon written notice a specified period before the date of the repayment maturity;
- * Insured deposit amounts in eligible depositories paying interest at a rate greater than the interest rate paid on the City’s active deposits; and
- * Star Ohio, an investment pool managed by the Treasurer of the State.

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

CITY OF SPRINGDALE, OHIO
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Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC), or may pledge a pool of government securities the face value of which is at least 105 percent of the total value of public monies on deposit at the institution.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. Of the bank balance of \$6,803,793, \$529,220 was covered by federal deposit insurance. The remaining amount, \$6,274,573 was covered by provided collateral and not subject to custodial credit risk. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

The City had no items classified as investments at December 31, 2012.

Interest Rate Risk – Interest rate risk is the risk that an investment’s value will change as interest rates change. The City has no formal policy regarding interest rate risk, but as a means of limiting its exposure to fair value losses caused by changing interest rates, the City attempts, to the extent possible, to match investments with anticipated cash flow requirements.

Credit Risk – Credit risk is the risk of loss due to a debtor’s non-payment of debt. The City has no formal policy regarding credit risk. The City limits their investments to those authorized by the City investment policy.

Custodial Credit Risk - Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City’s securities are either insured and registered in the name of the City or at least registered in the name of the City. The City has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk - The City places no limit on the amount it may invest in any one issuer.

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The County Treasurer collects property taxes on behalf of all taxing districts in the county. The County Auditor remits to the City its portion of the taxes collected as advances and at settlement twice a year. Accrued property taxes receivable represent real property taxes, public utility taxes and outstanding delinquencies which are measurable as of year-end for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at year-end, nor were they levied to finance current year operations. The receivable is therefore offset by deferred inflows of resources - property tax in the fund financial statements. The receivable is also offset by unearned revenue in the government-wide financial statements, with the exception of delinquencies, which are presented as property tax revenue.

Income Taxes

In 2012, the City levied a municipal income tax of 1.5% on substantially all earnings (qualified wages and other personal service compensation) of its residents working both in and out of the City and to earnings of nonresidents working within the City. In conjunction with a mandatory filing requirement, the City allows a credit for applicable income taxes paid to other governments up to 100% of the City's tax rate.

The municipal income tax also applies to net income of business conducted in the City. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City on a quarterly basis. Corporations and other individual taxpayers are encouraged to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are used to provide for general municipal operations, maintenance, new equipment, extension and enlargement of municipal services and facilities and permanent improvements of the City and the discharge of principal and interest of obligations for permanent improvements.

Intergovernmental Receivables

A summary of the principle items of intergovernmental receivables is as follows:

Local government	\$127,618
Gasoline tax	184,000
License tax	83,200
Estate tax	110,564
Homestead/rollback	30,000
Grants	104,910
Other	<u>67,211</u>
Total	<u><u>\$707,503</u></u>

CITY OF SPRINGDALE, OHIO
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9. INTERFUND TRANSACTIONS

Interfund Loan Receivable/Payable

Interfund loan asset and liability balances reflected by fund at December 31, 2012 are as follows:

<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>	<u>Amount</u>
General fund	Grants fund	\$2,862

The special revenue, grants fund is a non-major fund. Interfund loans were the result of cash flow needs within the fund.

Advances To/From Other Funds

A previous year's interfund loan was made from the general fund to the Tri-County Mall tax increment financing fund. This loan was made regarding the East Kemper Road at Tri-County Mall Road Improvements project and will be repaid to the general fund when service payments are received to the fund. At the time, it was believed the interfund loan would be repaid within a year, but since has been determined that this should be shown as long-term advances on the fund financial statements. Following is a schedule of advances to/from other funds:

<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
General fund	Capital projects, Tri-County Mall TIF fund	\$492,378

The capital projects, Tri-County Mall TIF fund, is a nonmajor fund.

Transfers In/Transfers Out

In 2012, the City had the following interfund transfers:

<u>Transfer-Out Fund</u>	<u>Transfer-In Fund</u>	<u>Amount</u>
General fund	Capital projects, community center debt fund	\$501,500
General fund	Special revenue, residential recycling fund	16,000
		517,500
General fund	Capital projects, capital improvements fund	520,000
		\$1,037,500

The capital projects, community center debt fund, and the special revenue, residential recycling fund are nonmajor funds. The capital projects, capital improvements fund is a major fund. All transfer activity was the result of cash flow needs within the fund.

On the statement of revenues, expenditures, and changes in fund balances, budget and actual, general fund, \$4,161 was transferred in from the unclaimed money fund. On the GAAP basis, the activity in the unclaimed money fund is reflected in the general fund. Therefore, this transfer was eliminated on the GAAP basis statements.

CITY OF SPRINGDALE, OHIO
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10. CAPITAL ASSETS

Capital asset activity is summarized below:

<u>Governmental Activities</u>	Balance 1/1/12	Additions	Deletions	Balance 12/31/12
Capital assets, not being depreciated:				
Land	\$1,944,739	\$0	\$0	\$1,944,739
Real estate held for development	442,910	0	0	442,910
Infrastructure – right of way	279,752	0	0	279,752
Construction in progress	568,980	1,270,747	(718,058)	1,121,669
Total capital assets not being depreciated	<u>3,236,381</u>	<u>1,270,747</u>	<u>(718,058)</u>	<u>3,789,070</u>
Capital assets, being depreciated:				
Buildings	19,781,607	0	0	19,781,607
Improvements other than building	2,523,354	0	0	2,523,354
Machinery and equipment	1,544,528	33,815	0	1,578,343
Furniture and fixtures	36,582	0	0	36,582
Vehicles	3,366,503	429,424	(111,689)	3,684,238
Infrastructure	52,903,174	718,058	(34,030)	53,587,202
Total capital assets being depreciated	<u>80,155,748</u>	<u>1,181,297</u>	<u>(145,719)</u>	<u>81,191,326</u>
Less accumulated depreciation:				
Buildings	(6,042,833)	(348,331)	0	(6,391,164)
Improvements other than building	(1,542,297)	(103,276)	0	(1,645,573)
Machinery and equipment	(1,236,395)	(75,307)	0	(1,311,702)
Furniture and fixtures	(15,185)	(1,953)	0	(17,138)
Vehicles	(2,555,298)	(162,613)	106,104	(2,611,807)
Infrastructure	(28,036,121)	(1,290,017)	34,030	(29,292,108)
Total accumulated depreciation	<u>(39,428,129)</u>	<u>(1,981,497)</u>	<u>140,134</u>	<u>(41,269,492)</u>
Total capital assets being depreciated, net	<u>40,727,619</u>	<u>(800,200)</u>	<u>(5,585)</u>	<u>39,921,834</u>
Governmental activities capital assets, net	<u>\$43,964,000</u>	<u>\$470,547</u>	<u>(\$723,643)</u>	<u>\$43,710,904</u>

**CITY OF SPRINGDALE, OHIO
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In 2012, depreciation expense was charged to governmental functions as follows:

Security of persons and property	\$226,941
Leisure time activities	304,657
Community environment	4,056
Transportation	1,191,822
General government	254,021
	<u>\$1,981,497</u>

11. COMPENSATED ABSENCES

Accumulated Unpaid Vacation Leave

Full-time City employees earn vacation leave at varying rates based upon years of service. Those employees under union contract are compensated at year-end for any unused vacation if requested by the employee. Vacation leave accumulated must be used by year-end.

Accumulated Unpaid Sick Leave

Full-time City employees earn sick leave at the rate of ten hours per month, provided that in each month, one hundred hours were worked. Sick leave balances at year-end are carried over to the next year. Sick leave may be accumulated up to 1,600 hours. Employees are compensated at year-end for sick leave balances over 1,600 (paid out at one-half the hours over 1,600). At retirement, an employee (or the employee's estate in the case of an employee's death) is paid for the accumulated sick leave hours as follows:

<u>Hours of Sick Leave</u>	<u>Conversion Rate</u>
1 to 400	No conversion
401 to 800	3 to 1 conversion
801 to 1,200	2 to 1 conversion
1,201 to 1,600	1 to 1 conversion

Compensatory Time

Compensatory time can only be accumulated by full-time employees for hours worked in excess of their regular schedule. Compensatory hours are compensated at a rate of one and one-half times the employees regular pay rate. Compensatory time balances at year-end are carried over to the next year. For non-union employees, the maximum balance of compensatory time to be accumulated at any given time is sixty-eight hours. Employees of the fire department under union contract can accrue and use up to a balance of seventy-two hours at any given time. Employees of the police department under union contract can accrue and use up to a balance of one hundred hours at any given time.

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12. LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the City during the current year is as follows:

<u>Governmental Activities</u>	<u>Balance 1-1-12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-12</u>	<u>Amount Due Within A Year</u>
General obligation bonds:					
Community center expansion Bonds – Series 2002	\$2,306,120	\$0	(\$2,306,120)	\$0	\$0
Community center expansion Bonds – Series 2012	<u>0</u>	<u>1,900,000</u>	<u>0</u>	<u>1,900,000</u>	<u>400,000</u>
Total general obligation bonds	<u>2,306,120</u>	<u>1,900,000</u>	<u>(2,306,120)</u>	<u>1,900,000</u>	<u>400,000</u>
Tax increment financing phase I revenue bonds	2,463,364	0	(75,455)	2,387,909	80,221
Capital leases	150,383	200,000	(116,821)	233,562	119,817
Compensated absences	<u>733,806</u>	<u>810,884</u>	<u>(772,924)</u>	<u>771,766</u>	<u>171,207</u>
Total governmental activities	<u>\$5,653,673</u>	<u>\$2,910,884</u>	<u>(\$3,271,320)</u>	<u>\$5,293,237</u>	<u>\$771,245</u>

The 1-1-12 balance reflects unamortized bond premium for the general obligation bond issue. The deletions above reflect amortization of bond premium of \$6,120 for the community center expansion bonds – series 2002 that is not reflected in the fund financial statements.

Community Center Expansion General Obligation Bonds – Series 2002

The City issued \$5,900,000 of Community Center Expansion General Obligation Bonds – Series 2002 dated September 15, 2002. The bonds were issued for the purpose of paying the cost of constructing, furnishing and equipping additions and renovations to the Municipal Community Center, and paying related costs, under authority of the general laws of the State of Ohio and the Uniform Public Securities Law of the Ohio Revised Code and by virtue of ordinances duly adopted by Council. The bonds bear interest at the rate of 3.72%. For the fiscal year 2012, principal and interest payments were \$400,000 and \$89,600, respectively. In October of 2012, these bonds were retired through a current refunding. As such, the balance at December 31, 2012 is \$0.

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Community Center Expansion General Obligation Bonds – Series 2012

The City issued \$1,900,000 of Community Center Expansion General Obligation Bonds – Series 2012 dated October 25, 2012. The bonds were issued for the purpose of retiring the above noted Series 2002 bonds through a current refunding through a private placement. The bonds bear interest at the rate of 1.21% and mature on December 1, 2017. For the fiscal year 2012, no principal or interest payments were made.

Tax Increment Financing, Pictoria Island - Phase I Revenue Bonds

The City issued \$3,040,000 of Pictoria Island Phase I Tax Increment Financing (TIF) Revenue Bonds dated September 14, 2000. The bonds retired notes that were issued for the construction of infrastructure and a man-made lake in the Northwest Business District (Pictoria Island) TIF area. The bonds mature September 1, 2029 and bear interest at the rate of 6.70%. The City has pledged future service payments (payments in lieu of taxes) received from the owners of the property under the TIF agreement to repay the bond principal and interest. The service payments are based on the incremental value of improvements made to the property under the agreement. If at any time a shortfall exists in the fund making the bond payments, the developers of the property are liable for the shortfall amount. The service payments, and anticipated shortfall payments, are projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$3,983,530 payable through September 2029. For fiscal year 2012, principal and interest payments made and total service payments and shortfall received were \$238,198 and \$249,135, respectively. The liability at December 31, 2012 for the TIF – Phase 1 Revenue Bonds Payable is \$2,387,909 and is presented in the government-wide financial statements.

Principal and interest requirements to retire the City’s long-term obligations outstanding at year-end are as follows:

Year-Ending December 31	General Obligation Bonds		TIF Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$400,000	\$25,289	\$80,221	\$157,977
2014	400,000	18,150	85,764	152,434
2015	400,000	13,310	91,690	146,508
2016	400,000	8,470	98,025	140,174
2017	300,000	3,630	104,798	133,400
2018-2022	0	0	643,147	547,842
2023-2027	0	0	898,244	292,745
2028-2029	0	0	386,020	24,541
Total	<u>\$1,900,000</u>	<u>\$68,849</u>	<u>\$2,387,909</u>	<u>\$1,595,621</u>

Under the current City Charter, the City’s 2012 general obligation bonded debt was subject to a legal limitation of \$33,237,934, based on 10.5 percent of the total assessed value of real and public utility tangible personal property located within the City.

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Tax Increment Financing, Pictoria Island – Phase II

As part of the Pictoria Island Service Agreement, Phase II, long term bonds were issued by the Greater Cincinnati Port Authority (Port). Phase II of the agreement covers an office tower as well as the adjacent parking garage. Under the service agreement, when the Phase II service payments are received from Hamilton County at settlement, the amounts are remitted to the Port bond trustee. The City has no other responsibility regarding the issuance of the bonds.

13. LEASES

The City’s lease obligations that meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 “*Accounting for Leases*”, have been recorded on the government-wide statements. The following is a schedule of the future long-term minimum lease payments required under capital lease, and the present value of the minimum lease payments:

<u>Year Ending December 31</u>	
2013	\$124,458
2014	<u>115,769</u>
Total minimum lease payments	240,227
Less: amount representing interest	<u>(6,665)</u>
Present value of minimum lease	<u>\$233,562</u>

The leased assets have been capitalized for the amount of the present value of the minimum lease payments at the inception of the lease. \$374,452 represents the amount of capital assets under capital lease obligation at December 31, 2012. In 2012, \$6,564 was paid from the general fund as principal retirement, \$44,169 was paid from the capital improvements fund as principal retirement, and \$66,088 was paid from the street construction, maintenance and repair fund as principal retirement. Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements and on the budgetary basis.

14. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Substantially all City employees, other than full-time fire and police personnel, participate in the Ohio Public Employees Retirement System (OPERS). The OPERS administers three separate pension plans as described below:

The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.

The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

CITY OF SPRINGDALE, OHIO
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The Combined Plan - 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 in Chapter 145 of the Ohio Revised Code (ORC). OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800 222-7377.

The ORC provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. 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. The 2012 member contribution rates were 10% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.5% and 12.1%, respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement members increased to 12% and 12.6%, respectively.

The 2012 employer contribution rate for state and local employers was 14% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll. The City's contributions (employer share) to OPERS for the years ended December 31, 2012, 2011, and 2010 were \$526,463, \$520,157, \$545,608, respectively, equal to the required contribution for each year.

Ohio Police and Fire Pension Fund

All full-time police officers and firefighters participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. 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.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions (employer share) to OP&F for the years ending December 31, 2012, 2011, and 2010, were \$914,274, \$898,883, and \$952,746, respectively, or 57% of the required contributions for 2012, and 100% of the required contributions for 2011 and 2010.

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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15. POST EMPLOYMENT BENEFITS

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 - a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined plan - a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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 health care coverage provided by the OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension*".

The Ohio Revised Code (ORC) permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the ORC. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800 222-7377.

Funding Policy - The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care coverage. 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% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the ORC. Active members do not make contributions to the OPEB Plan.

The OPERS' Post Employment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees 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% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependants and the coverage selected.

CITY OF SPRINGDALE, OHIO
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The rates stated above are the contractually required contribution rates for OPERS. The employer contributions actually made by the City to fund post-employment benefits for the years ending December 31, 2012, 2011, and 2010 were \$150,410, \$148,609, and \$198,569, respectively, equal to 100% of the required contributions.

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% 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 postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by the OP&F meets the definition of an Other Post Employment Benefit as described in GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension*".

The ORC 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 are codified in Chapter 742 of the ORC. 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. The report is also available on OP&F's website at www.op-f.org.

Funding Policy - The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 Trust and one for Medicare Part B reimbursements administered as an IRS Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the ORC 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% of covered payroll. The amount of employer contributions allocated to

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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.

Of the City's contributions to OP&F for the years ending December 31, 2012, 2011, and 2010, \$573,250, \$563,599, and \$597,372, respectively, was allocated to the healthcare plan.

16. OTHER EMPLOYEE BENEFITS

Deferred Compensation Plan

City employees may participate in the Ohio Public Employees Deferred Compensation Plan ("Plan") created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary, payroll deduction basis. Under the Plan, employees can defer up to \$11,000 annually until a future time (usually after retirement). The deferred amounts as well as any income earned related to the deferral are not subject to federal or state income tax until actually received by the employee. The Plan permits deferral of compensation until future years. According to the Plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan agreement states that the City and the Plan have no liability for losses under the Plan with the exception of fraud or wrongful taking. The Deferred Compensation Plan assets are placed in trust for the sole benefit of employees or other beneficiaries. In accordance with GASB Statement No. 32, "*Accounting and Financial Reporting for Internal Revenue Code, Section 457, Deferred Compensation Plans*", these amounts are not reflected on the City's financial statements.

17. RISK MANAGEMENT

Property Insurance Program

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 and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. Effective June 1, 1991, the City joined the Miami Valley Risk Management Association (MVRMA), a property and casualty pooling arrangement. MVRMA's deductible is \$2,500 per community per occurrence. MVRMA retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess reinsurance contracts. MVRMA's per-occurrence retention limit for property was \$250,000 effective July 1, 2009 with the exception of boiler and machinery for which there was a \$5,000 per-occurrence retention limit. General liability had a per-occurrence retention limit of \$10,000,000 in 2012. Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

Workers Compensation Program

The City pays the state Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

CITY OF SPRINGDALE, OHIO
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Health and Dental Insurance Program

Health insurance coverage is offered to employees through a self-funded insurance plan. Under this program, coverage is provided for up to \$100,000 per covered person. The plan is offered to local governments state-wide through the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) located in Steubenville, Ohio, and administered by United Healthcare of Ohio. The City joined this plan effective August 1, 2010. The City accounts for this activity in the general fund (premium payments are made on a monthly basis).

Premium payments are made based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage, medical conversion, and administrative fees and services). OME-RESA's independent advisor has determined that \$181,281 is a good and sufficient provision for incurred but not reported health claims as of December 31, 2012. This amount is non-discounted and is based on historical claims experience.

Also, the City provides a dental plan with coverage ranging from 50 percent to 100 percent depending on the type of dental services performed. A third party administrator (Dental Care Plus) reviews all claims which then are paid by the City. There is a monthly charge for employees enrolled in the dental plan. The liability for incurred but not reported dental claims as of December 31, 2012 is \$3,931.

The total health and dental claims liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims.

Following are reconciliations of the changes in aggregate liabilities for claims payable for the past two years for the health and dental insurance programs:

<u>Health Insurance</u>	<u>2012</u>	<u>2011</u>
Claims payable, beginning of the year	\$705,508	\$725,888
Claims incurred during the year	430,461	973,898
Claim payments during the year	(954,688)	(994,278)
Claims payable, end of year	<u>\$181,281</u>	<u>\$705,508</u>
<u>Dental Insurance</u>	<u>2012</u>	<u>2011</u>
Claims payable, beginning of the year	\$7,516	\$27,050
Claims incurred during the year	104,390	90,831
Claim payments during the year	(107,975)	(110,365)
Claims payable, end of year	<u>\$3,931</u>	<u>\$7,516</u>

The total liability for claims payable at December 31, 2012 is \$185,212.

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18. JOINT VENTURES

Miami Valley Risk Management Association

The cities and other entity of Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Indian Hill, Kettering, Madeira, Mason, Miamisburg, Montgomery, Northern Area Water Authority (NAWA), Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming, have entered a joint venture for the purpose of providing various types of insurance coverage. This association is organized as an Ohio not-for-profit corporation operating under the name of Miami Valley Risk Management Association (MVRMA). The association exists for the public purpose of enabling its member political subdivisions to obtain insurance coverage, provide methods for paying claims, and provide a formalized, jointly administered self-insurance pool. In addition to the self-insurance pool, the Association provides risk management services, loss prevention programs, and various other educational materials.

MVRMA was incorporated December 1, 1988 under Section 2744.081 of the Ohio Revised Code and is governed by a twenty-one member Board of Trustees, consisting of a trustee appointed by each of the member cities with each trustee having a single vote. The Board of Trustees elects the officers of the corporation, and is responsible for its own financial matters including budgeting. The City exercises no significant influence over the Board of Trustees and there is no liability on the part of the City for MVRMA's fiscal matters. MVRMA issues a stand-alone Comprehensive Annual Financial Report. Interested parties may obtain a copy by making a written request to 4625 Presidential Way, Kettering, OH 45429 or by calling (937) 438-8878.

MVRMA maintains excess reinsurance contracts with insurance carriers who provide various limits of coverage over MVRMA's self-insured retention limits. For the year-ended December 31, 2012, MVRMA purchased the following types of insurance/reinsurance in excess of its self-insurance retention:

General liability	\$10,000,000 per occurrence
Automobile liability	10,000,000 per occurrence
Police professional liability	10,000,000 per occurrence
Employment practices liability	500,000 per occurrence and annual aggregate
Public officials liability including employee benefits liability	500,000 per occurrence and annual aggregate
Property (excluding flood and earthquake)	1,000,000,000 per occurrence
Property – flood and earthquake	25,000,000 per occurrence and annual aggregate
Boiler and machinery	100,000,000 per occurrence
Cyber coverage	100,000 per occurrence
Pollution liability	100,000 pollution condition, 750,000 underground storage tank

MVRMA has established a Shock Loss Fund (SLF) to replace the aggregate stop-loss policy. Each year a moving target equal to the annual loss fund is established. MVRMA members will fund approximately 15% of that amount annually with the expectation that over a period of time, the balance of the SLF will be equivalent to the current year's annual loss fund. Contributions to the SLF will be recorded with separate accounting designed to preserve each member municipality's percentage ownership. Each member's SLF balance will be reviewed annually in conjunction with MVRMA's preliminary budget process. Any member whose balance is equivalent to its upcoming annual loss fund contribution will not

CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

be required to make an additional deposit. Unless otherwise waived by the MVRMA Board, any member whose balance falls below its targeted amount, will be required to contribute the amount needed to reach the targeted amount or 15% of the annual loss year contribution, whichever is less.

There was no joint venture debt at December 31, 2012. MVRMA was created to enable its members to share risk, and it is reasonably possible that MVRMA, Inc. may make additional assessments to the City. The pool contribution factors at December 31, 2012 are: Beavercreek - 5.83%, Bellbrook - 1.02%, Blue Ash - 6.87%, Centerville - 4.52%, Englewood - 3.43%, Indian Hill - 3.37%, Kettering - 11.85%, Maderia - 1.89%, Mason - 6.44%, Miamisburg - 8.26%, Montgomery - 3.09%, NAWA - .30%, Piqua - 6.13%, Sidney - 6.74%, Springdale - 3.97%, Tipp City - 2.80%, Troy - 7.12%, Vandalia - 4.69%, West Carolton - 3.22%, Wilmington - 5.70%, Wyoming - 2.76%.

A summary of audited financial information for MVRMA as of December 31, 2011, the latest information available, is presented below:

Total assets	<u>\$18,681,014</u>
Total liabilities	\$6,311,600
Total net position	<u>12,369,414</u>
Total liabilities and net position	<u>\$18,681,014</u>
Total operating revenues	\$4,739,215
Total non-operating revenues	<u>104,945</u>
Total revenue	4,844,160
Total expenses	<u>3,989,701</u>
Change in net position	854,459
Beginning net position	<u>11,514,955</u>
Ending net position	<u>\$12,369,414</u>

Joint Economic Development District

In 2009, a Joint Economic Development District (JEDD) was created between West Chester Township, the City of Fairfield, and the City of Springdale. The purpose of the JEDD is to encourage economic development and job creation for the designated JEDD district. The JEDD district is comprised of 43 acres located at the northwest corner of Union Center Boulevard and Cincinnati-Dayton Road in West Chester Township, Ohio.

A 1% income tax was enacted effective September 15, 2009 covering the JEDD district. The income tax is administered by the City of Fairfield. The City of Springdale is involved based on the loss of income tax revenue due to a portion of Springdale's largest employer leaving Springdale and locating to West Chester Township.

The City of Springdale receives funding under the JEDD for a total of 10 years, at 7% of the net distribution. The City began receiving JEDD distributions in January of 2010. The amounts received are recorded to the general fund as intergovernmental revenue. A total of \$114,433 was recorded as revenue in 2012. The distribution of funds under the JEDD is as follows:

**CITY OF SPRINGDALE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

Distribution of Gross Tax:

- 5% Service fee for collection to the City of Fairfield
- 2% Escrow account for payment of refunds
- 93% Net Distribution

Net Distribution:

- 83% West Chester Township
- 10% City of Fairfield
- 7% City of Springdale

19. CONSTRUCTION COMMITMENTS

As of December 31, 2012, the City had the following construction commitments with respect to capital improvement projects:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid at 12/31/12</u>	<u>Remaining Construction Commitment</u>
Traffic Signal System Upgrades	\$737,872	\$707,022	\$30,850
Northbound State Route 747, Westbound I-275 Ramp Improvements	134,617	86,424	48,193
Merchant Street Improvements	355,964	243,612	112,352

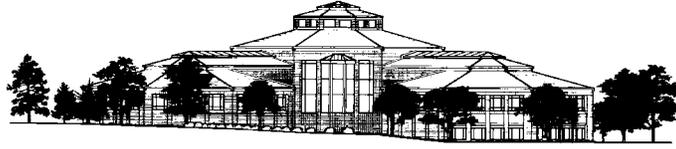
The Traffic Signal System Upgrade project as well as the Northbound State Route 747, Westbound I-275 Ramp Improvements project are administered by the Ohio Department of Transportation (ODOT), except for the City’s local obligation. The City records transactions as ODOT makes on-behalf-of-payments to the contractor. ODOT has encumbered these transactions on their internal financial system, therefore, no amounts are encumbered by the City at year-end outside any anticipated remaining local obligation.

The Merchant Street Improvements project is administered by the Ohio Public Works Commission (OPWC), except for the City’s local obligation. The City records on-behalf-of-payments made from OPWC to the contractor. OPWC has encumbered these transactions on their internal financial system, therefore, no amounts are encumbered by the City at year-end outside any anticipated remaining local obligation.

The remaining construction commitments will be paid from the capital projects, capital improvements fund.

20. CONTINGENT LIABILITIES

The City’s attorney is of the opinion that ultimate disposition of actual or potential claims against the City and other actual or potential legal proceedings will not materially affect the financial condition of the City. Therefore, the financial statements do not present estimated claims from legal proceedings.



Combining Statements and Individual Fund Schedules

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes.

Street Construction, Maintenance and Repair Fund - To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City. Ninety-two and one-half percent of gasoline and auto license taxes are allocated to this fund.

State Highway Fund - To account for that portion of the state gasoline and motor vehicle registration fees designated for maintenance of state highways within the City. Seven and one-half percent of gasoline and auto license taxes are allocated to this fund.

Grants Fund - To account for grants obtained from outside agencies for other than capital purposes.

Drug Law Enforcement Fund – To account for mandatory fines collected for drug agencies.

Law Enforcement Fund – To account for proceeds from the confiscation of contraband.

Law Enforcement Training Fund - To account for proceeds from the State of Ohio under the law enforcement continuing professional training program and shall be used for paying the cost of continuing education.

Driving Under the Influence Fund – To account for fines imposed on DUI offenders. Under state law disbursements may be made from this fund for law enforcement purposes related to informing the public of laws governing the operation of a motor vehicle while under the influence of alcohol.

Residential Recycling Incentive Fund – To account for payments received from the Hamilton County Solid Waste Management District incentive funds and expenditures made for solid waste management activities.

Vehicle Immobilization Fee Fund – To account for the vehicle immobilization fee received by the State and make expenditures for law enforcement purposes relating to the costs incurred in enforcing Ohio Revised Code Section 4503.233.

Parks and Urban Forestry Fund – To account for the cost of purchasing and planting municipal street trees.

Adult Sports Fund – To account for the fees collected and the costs incurred for adults who participate in league sports at the City Community Center.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Tri-County Mall Tax Increment Financing (TIF) Fund - To account for the activity related to the Tri-County Mall TIF Project.

Community Center Debt Fund – To account for the outstanding debt payments related to the Community Center Expansion project.

**CITY OF SPRINGDALE, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$682,526	\$447	\$682,973
Receivables:			
Accounts	4,862	0	4,862
Intergovernmental	284,864	0	284,864
Prepaid items	4,347	0	4,347
 Total assets	 \$976,599	 \$447	 \$977,046
Liabilities:			
Accounts payable	\$2,012	\$0	\$2,012
Accrued wages and benefits payable	5,282	0	5,282
Intergovernmental payable	2,082	0	2,082
Interfund loan payable	2,862	0	2,862
Advances from other funds	0	492,378	492,378
 Total liabilities	 12,238	 492,378	 504,616
Deferred resources of inflows:			
Intergovernmental revenue	239,456	0	239,456
Other revenue	2,062	0	2,062
 Total deferred resources of inflows	 241,518	 0	 241,518
Fund balances:			
Restricted	722,932	447	723,379
Unassigned (deficit)	(89)	(492,378)	(492,467)
 Total fund balance (deficit)	 722,843	 (491,931)	 230,912
 Total liabilities, deferred resources of inflows and fund balances	 \$976,599	 \$447	 \$977,046

**CITY OF SPRINGDALE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$617,060	\$0	\$617,060
Fines and forfeitures	11,125	0	11,125
Fees, licenses and permits	7,438	0	7,438
Other	2,800	0	2,800
Total revenues	<u>638,423</u>	<u>0</u>	<u>638,423</u>
Expenditures:			
Current:			
Security of persons and property	44,656	0	44,656
Public health services	10,815	0	10,815
Leisure time activities	7,047	0	7,047
Community environment	42,345	0	42,345
Transportation	254,569	0	254,569
General government	1,281	11,453	12,734
Capital outlay	228,455	0	228,455
Debt service:			
Principal retirement	66,088	400,000	466,088
Interest and fiscal charges	2,664	89,600	92,264
Total expenditures	<u>657,920</u>	<u>501,053</u>	<u>1,158,973</u>
Excess (deficiency) of revenues over expenditures	<u>(19,497)</u>	<u>(501,053)</u>	<u>(520,550)</u>
Other financing sources (uses):			
Inception of capital lease	200,000	0	200,000
Face value of refunding bonds	0	1,900,000	1,900,000
Retirement from refunding bonds	0	(1,900,000)	(1,900,000)
Transfers-in	16,000	501,500	517,500
Total other financing sources (uses)	<u>216,000</u>	<u>501,500</u>	<u>717,500</u>
Net change in fund balances	196,503	447	196,950
Beginning fund balance (deficit) - restated	<u>526,340</u>	<u>(492,378)</u>	<u>33,962</u>
Ending fund balance (deficit)	<u><u>\$722,843</u></u>	<u><u>(\$491,931)</u></u>	<u><u>\$230,912</u></u>

**CITY OF SPRINGDALE, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012**

	Street Construction, Maintenance and Repair Fund	State Highway Fund	Grants Fund	Drug Law Enforcement Fund	Law Enforcement Fund
Assets:					
Equity in pooled cash and cash equivalents	\$552,830	\$14,537	\$58,508	\$12,395	\$8,997
Receivables:					
Accounts	0	0	0	4,862	0
Intergovernmental	247,000	20,200	7,624	5,200	0
Prepaid items	0	0	4,347	0	0
	<u>0</u>	<u>0</u>	<u>4,347</u>	<u>0</u>	<u>0</u>
Total assets	<u><u>\$799,830</u></u>	<u><u>\$34,737</u></u>	<u><u>\$70,479</u></u>	<u><u>\$22,457</u></u>	<u><u>\$8,997</u></u>
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$0
Accrued wages and benefits payable	5,282	0	0	0	0
Intergovernmental payable	0	0	0	0	2,082
Interfund loan payable	0	0	2,862	0	0
	<u>0</u>	<u>0</u>	<u>2,862</u>	<u>0</u>	<u>0</u>
Total liabilities	<u><u>5,282</u></u>	<u><u>0</u></u>	<u><u>2,862</u></u>	<u><u>0</u></u>	<u><u>2,082</u></u>
Deferred inflows of resources:					
Intergovernmental revenue	208,030	17,041	7,624	2,200	0
Other revenue	0	0	0	2,062	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,062</u>	<u>0</u>
Total deferred inflows of resources	<u><u>208,030</u></u>	<u><u>17,041</u></u>	<u><u>7,624</u></u>	<u><u>4,262</u></u>	<u><u>0</u></u>
Fund balances:					
Restricted	586,518	17,696	59,993	18,195	6,915
Unassigned	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total fund balances (deficit)	<u><u>586,518</u></u>	<u><u>17,696</u></u>	<u><u>59,993</u></u>	<u><u>18,195</u></u>	<u><u>6,915</u></u>
Total liabilities, deferred inflows of revenues and fund balances	<u><u>\$799,830</u></u>	<u><u>\$34,737</u></u>	<u><u>\$70,479</u></u>	<u><u>\$22,457</u></u>	<u><u>\$8,997</u></u>

Law Enforcement Training Fund	Driving Under the Influence Fund	Residential Recycling Fund	Vehicle Immobilization Fee Fund	Parks and Urban Forestry Fund	Adult Sports Fund	Total Nonmajor Special Revenue Funds
\$3,135	\$16,396	\$1,923	\$2,299	\$4,400	\$7,106	\$682,526
0	0	0	0	0	0	4,862
0	1,000	3,840	0	0	0	284,864
0	0	0	0	0	0	4,347
<u>\$3,135</u>	<u>\$17,396</u>	<u>\$5,763</u>	<u>\$2,299</u>	<u>\$4,400</u>	<u>\$7,106</u>	<u>\$976,599</u>
\$0	\$0	\$2,012	\$0	\$0	\$0	\$2,012
0	0	0	0	0	0	5,282
0	0	0	0	0	0	2,082
0	0	0	0	0	0	2,862
0	0	2,012	0	0	0	12,238
0	721	3,840	0	0	0	239,456
0	0	0	0	0	0	2,062
0	721	3,840	0	0	0	241,518
3,135	16,675	0	2,299	4,400	7,106	722,932
0	0	(89)	0	0	0	(89)
<u>3,135</u>	<u>16,675</u>	<u>(89)</u>	<u>2,299</u>	<u>4,400</u>	<u>7,106</u>	<u>722,843</u>
<u>\$3,135</u>	<u>\$17,396</u>	<u>\$5,763</u>	<u>\$2,299</u>	<u>\$4,400</u>	<u>\$7,106</u>	<u>\$976,599</u>

**CITY OF SPRINGDALE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Street Construction, Maintenance and Repair Fund	State Highway Fund	Grants Fund	Drug Law Enforcement Fund	Law Enforcement Fund
Revenues:					
Intergovernmental	\$507,048	\$41,111	\$56,344	\$3,000	\$0
Fines and forfeitures	0	0	0	1,334	7,093
Fees, licenses and permits	0	0	0	0	0
Other	0	0	0	2,800	0
Total revenues	507,048	41,111	56,344	7,134	7,093
Expenditures:					
Current:					
Security of persons and property	0	0	34,136	1,081	2,388
Public health services	0	0	10,815	0	0
Leisure time activities	0	0	0	0	0
Community environment	0	0	18,285	0	0
Transportation	216,179	38,390	0	0	0
General government	1,281	0	0	0	0
Capital outlay	216,300	0	0	0	2,995
Debt service:					
Principal retirement	66,088	0	0	0	0
Interest and fiscal charges	2,664	0	0	0	0
Total expenditures	502,512	38,390	63,236	1,081	5,383
Excess (deficiency) of revenues over expenditures	4,536	2,721	(6,892)	6,053	1,710
Other financing sources:					
Inception of capital lease	200,000	0	0	0	0
Transfers-in	0	0	0	0	0
Total other financing sources	200,000	0	0	0	0
Net change in fund balances	204,536	2,721	(6,892)	6,053	1,710
Beginning fund balances (deficit) - restated	381,982	14,975	66,885	12,142	5,205
Ending fund balances (deficit)	\$586,518	\$17,696	\$59,993	\$18,195	\$6,915

Law Enforcement Training Fund	Driving Under the Influence Fund	Residential Recycling Fund	Vehicle Immobilization Fee Fund	Parks and Urban Forestry Fund	Adult Sports Fund	Total Nonmajor Special Revenue Funds
\$0	\$279	\$9,278	\$0	\$0	\$0	\$617,060
0	2,698	0	0	0	0	11,125
0	0	0	0	0	7,438	7,438
0	0	0	0	0	0	2,800
0	2,977	9,278	0	0	7,438	638,423
5,275	1,776	0	0	0	0	44,656
0	0	0	0	0	0	10,815
0	0	0	0	0	7,047	7,047
0	0	24,060	0	0	0	42,345
0	0	0	0	0	0	254,569
0	0	0	0	0	0	1,281
0	9,160	0	0	0	0	228,455
0	0	0	0	0	0	66,088
0	0	0	0	0	0	2,664
5,275	10,936	24,060	0	0	7,047	657,920
(5,275)	(7,959)	(14,782)	0	0	391	(19,497)
0	0	0	0	0	0	200,000
0	0	16,000	0	0	0	16,000
0	0	16,000	0	0	0	216,000
(5,275)	(7,959)	1,218	0	0	391	196,503
8,410	24,634	(1,307)	2,299	4,400	6,715	526,340
\$3,135	\$16,675	(\$89)	\$2,299	\$4,400	\$7,106	\$722,843

**CITY OF SPRINGDALE, OHIO
BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
DECEMBER 31, 2012**

	<u>Tri-County Mall TIF Fund</u>	<u>Community Center Debt Fund</u>	<u>Total Nonmajor Capital Projects Fund</u>
Assets:			
Equity in pooled cash and cash equivalents	<u>\$0</u>	<u>\$447</u>	<u>\$447</u>
Total assets	<u><u>\$0</u></u>	<u><u>\$447</u></u>	<u><u>\$447</u></u>
Liabilities:			
Advances from other funds	<u>\$492,378</u>	<u>\$0</u>	<u>\$492,378</u>
Total liabilities	<u>492,378</u>	<u>0</u>	<u>492,378</u>
Fund balance:			
Restricted	0	447	447
Unassigned (deficit)	<u>(492,378)</u>	<u>0</u>	<u>(492,378)</u>
Total fund balance (deficit)	<u>(492,378)</u>	<u>447</u>	<u>(491,931)</u>
Total liabilities and fund balance	<u><u>\$0</u></u>	<u><u>\$447</u></u>	<u><u>\$447</u></u>

CITY OF SPRINGDALE, OHIO
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Tri-County Mall TIF Fund</u>	<u>Community Center Debt Fund</u>	<u>Total Capital Projects Funds</u>
Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
General government	0	11,453	11,453
Debt service:			
Principal retirement	0	400,000	400,000
Interest and fiscal charges	<u>0</u>	<u>89,600</u>	<u>89,600</u>
Total expenditures	<u>0</u>	<u>501,053</u>	<u>501,053</u>
Deficiency of revenues over expenditures	<u>0</u>	<u>(501,053)</u>	<u>(501,053)</u>
Other financing sources (uses):			
Face value of refunding bonds	0	1,900,000	1,900,000
Retirement from refunding bonds	0	(1,900,000)	(1,900,000)
Transfers-in	<u>0</u>	<u>501,500</u>	<u>501,500</u>
Total other financing sources	<u>0</u>	<u>501,500</u>	<u>501,500</u>
Net change in fund balance	0	447	447
Beginning fund balance (deficit)	<u>(492,378)</u>	<u>0</u>	<u>(492,378)</u>
Ending fund balance (deficit)	<u><u>(\$492,378)</u></u>	<u><u>\$447</u></u>	<u><u>(\$491,931)</u></u>

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Municipal income taxes	\$12,465,132	\$12,965,132	\$12,967,119	\$1,987
Property and other taxes	1,183,600	1,233,600	1,235,124	1,524
Special assessments	2,000	2,000	2,980	980
Intergovernmental	1,004,471	1,204,471	1,222,711	18,240
Charges for services	386,000	586,000	527,046	(58,954)
Fines and forfeitures	251,000	251,000	244,381	(6,619)
Fees, licenses and permits	356,400	356,400	387,414	31,014
Interest	16,000	16,000	13,924	(2,076)
Other	190,900	237,925	244,571	6,646
Total revenues	15,855,503	16,852,528	16,845,270	(7,258)
Expenditures:				
Police department:				
Personal services	4,406,115	4,381,115	4,328,059	53,056
Other	731,834	756,834	687,118	69,716
Total police department	5,137,949	5,137,949	5,015,177	122,772
Fire department:				
Personal services	3,197,619	3,191,857	3,136,521	55,336
Other	385,158	420,158	381,492	38,666
Total fire department	3,582,777	3,612,015	3,518,013	94,002
Health department:				
Personal services	304,843	308,843	298,081	10,762
Other	33,808	43,808	29,468	14,340
Total health department	338,651	352,651	327,549	25,102
Parks and recreation department:				
Personal services	1,105,840	1,085,840	1,058,900	26,940
Other	372,435	422,435	398,847	23,588
Total parks and recreation department	1,478,275	1,508,275	1,457,747	50,528
Building department:				
Personal services	464,251	474,251	461,101	13,150
Other	58,291	58,291	39,567	18,724
Total building department	522,542	532,542	500,668	31,874
Public works department:				
Personal services	764,032	694,032	661,669	32,363
Other	436,198	436,198	385,889	50,309
Total public works department	1,200,230	1,130,230	1,047,558	82,672
Finance department:				
Personal services	225,459	235,459	225,242	10,217
Other	80,609	90,609	83,644	6,965
Total finance department	306,068	326,068	308,886	17,182

CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Tax department:				
Personal services	367,269	377,269	365,827	11,442
Other	455,092	505,092	486,424	18,668
Total tax department	<u>822,361</u>	<u>882,361</u>	<u>852,251</u>	<u>30,110</u>
Administration department:				
Personal services	831,990	851,990	828,330	23,660
Other	1,976,616	2,104,130	1,900,466	203,664
Total administration department	<u>2,808,606</u>	<u>2,956,120</u>	<u>2,728,796</u>	<u>227,324</u>
Total expenditures	<u>16,197,459</u>	<u>16,438,211</u>	<u>15,756,645</u>	<u>681,566</u>
Excess (deficiency) of revenues over expenditures	<u>(341,956)</u>	<u>414,317</u>	<u>1,088,625</u>	<u>674,308</u>
Other financing sources (uses):				
Transfers-in	3,748	4,161	4,161	0
Transfers-out	(1,472,114)	(1,037,500)	(1,037,500)	0
Advances-in	0	2,562	2,562	0
Advances-out	0	(2,862)	(2,862)	0
Total other financing sources (uses)	<u>(1,468,366)</u>	<u>(1,033,639)</u>	<u>(1,033,639)</u>	<u>0</u>
Net change in fund balance	(1,810,322)	(619,322)	54,986	674,308
Beginning fund balance	4,933,677	4,933,677	4,933,677	0
Prior years encumbrances	<u>131,398</u>	<u>131,398</u>	<u>131,398</u>	<u>0</u>
Ending fund balance	<u>\$3,254,753</u>	<u>\$4,445,753</u>	<u>\$5,120,061</u>	<u>\$674,308</u>

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Capital Improvements Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$1,836,938	\$1,270,452	\$1,198,762	(\$71,690)
Expenditures:				
Other	3,378,869	2,363,869	2,238,652	125,217
Total expenditures	3,378,869	2,363,869	2,238,652	125,217
Excess (deficiency) of revenues over expenditures	(1,541,931)	(1,093,417)	(1,039,890)	53,527
Other financing sources:				
Transfers-in	968,514	520,000	520,000	0
Total other financing sources	968,514	520,000	520,000	0
Net change in fund balance	(573,417)	(573,417)	(519,890)	53,527
Beginning fund balance	473,751	473,751	473,751	0
Prior year encumbrances	147,642	147,642	147,642	0
Ending fund balance	<u>\$47,976</u>	<u>\$47,976</u>	<u>\$101,503</u>	<u>\$53,527</u>

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Northwest Business District TIF Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$891,498	\$891,498	\$878,147	(\$13,351)
Expenditures:				
Other	876,790	876,790	868,317	8,473
Total expenditures	876,790	876,790	868,317	8,473
Net change in fund balance	14,708	14,708	9,830	(4,878)
Beginning fund balance	179,721	179,721	179,721	0
Ending fund balance	\$194,429	\$194,429	\$189,551	(\$4,878)

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Street Construction, Maintenance and Repair Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues	\$475,000	\$475,000	\$507,402	\$32,402
Expenditures:				
Personal services	200,000	200,000	98,757	101,243
Other	<u>326,350</u>	<u>326,350</u>	<u>233,231</u>	<u>93,119</u>
Total expenditures	<u>526,350</u>	<u>526,350</u>	<u>331,988</u>	<u>194,362</u>
Net change in fund balance	(51,350)	(51,350)	175,414	226,764
Beginning fund balance	346,918	346,918	346,918	0
Prior year encumbrances	<u>18,470</u>	<u>18,470</u>	<u>18,470</u>	<u>0</u>
Ending fund balance	<u><u>\$314,038</u></u>	<u><u>\$314,038</u></u>	<u><u>\$540,802</u></u>	<u><u>\$226,764</u></u>

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	State Highway Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$38,500	\$38,500	\$41,140	\$2,640
Expenditures:				
Personal services	30,000	45,000	40,350	4,650
Other	15,000	0	0	0
Total expenditures	45,000	45,000	40,350	4,650
Net change in fund balance	(6,500)	(6,500)	790	7,290
Beginning fund balance	13,746	13,746	13,746	0
Ending fund balance	\$7,246	\$7,246	\$14,536	\$7,290

CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$54,000	\$61,000	\$62,045	\$1,045
Expenditures:				
Personal services	22,400	28,400	23,967	4,433
Other	36,829	48,829	45,739	3,090
Total expenditures	59,229	77,229	69,706	7,523
Excess (deficiency) of revenues over expenditures	(5,229)	(16,229)	(7,661)	8,568
Other financing sources (uses):				
Advance-in	0	2,862	2,862	0
Advance-out	0	(2,562)	(2,562)	0
Total other financing sources (uses)	0	300	300	0
Net change in fund balance	(5,229)	(15,929)	(7,361)	8,568
Beginning fund balance	53,787	53,787	53,787	0
Prior year encumbrances	7,550	7,550	7,550	0
Ending fund balance	\$56,108	\$45,408	\$53,976	\$8,568

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$0	\$0	\$1,334	\$1,334
Expenditures:				
Other	13,439	13,439	3,179	10,260
Total expenditures	13,439	13,439	3,179	10,260
Net change in fund balance	(13,439)	(13,439)	(1,845)	11,594
Beginning fund balance	12,142	12,142	12,142	0
Prior year encumbrances	1,298	1,298	1,298	0
Ending fund balance	\$1	\$1	\$11,595	\$11,594

CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$0	\$0	\$7,093	\$7,093
Expenditures:				
Other	5,204	5,204	3,301	1,903
Total expenditures	5,204	5,204	3,301	1,903
Net change in fund balance	(5,204)	(5,204)	3,792	8,996
Beginning fund balance	5,205	5,205	5,205	0
Ending fund balance	\$1	\$1	\$8,997	\$8,996

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Law Enforcement Training Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Other	8,410	8,410	5,275	3,135
Total expenditures	8,410	8,410	5,275	3,135
Net change in fund balance	(8,410)	(8,410)	(5,275)	3,135
Beginning fund balance	8,410	8,410	8,410	0
Ending fund balance	\$0	\$0	\$3,135	\$3,135

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Driving Under the Influence Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$0	\$0	\$2,998	\$2,998
Expenditures:				
Other	26,516	26,516	14,186	12,330
Total expenditures	26,516	26,516	14,186	12,330
Net change in fund balance	(26,516)	(26,516)	(11,188)	15,328
Beginning fund balance	24,334	24,334	24,334	0
Prior year encumbrances	3,250	3,250	3,250	0
Ending fund balance	\$1,068	\$1,068	\$16,396	\$15,328

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Residential Recycling Incentive Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues	\$11,000	\$11,000	\$9,278	(\$1,722)
Expenditures:				
Other	<u>23,880</u>	<u>25,880</u>	<u>24,038</u>	<u>1,842</u>
Total expenditures	<u>23,880</u>	<u>25,880</u>	<u>24,038</u>	<u>1,842</u>
Excess (deficiency) of revenues over expenditures	<u>(12,880)</u>	<u>(14,880)</u>	<u>(14,760)</u>	<u>120</u>
Other financing sources:				
Transfers-in	<u>14,000</u>	<u>16,000</u>	<u>16,000</u>	<u>0</u>
Total other financing sources	<u>14,000</u>	<u>16,000</u>	<u>16,000</u>	<u>0</u>
Net change in fund balance	1,120	1,120	1,240	120
Beginning fund balance	<u>684</u>	<u>684</u>	<u>684</u>	<u>0</u>
Ending fund balance	<u><u>\$1,804</u></u>	<u><u>\$1,804</u></u>	<u><u>\$1,924</u></u>	<u><u>\$120</u></u>

CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Vehicle Immobilization Fee Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Other	2,299	2,299	0	2,299
Total expenditures	2,299	2,299	0	2,299
Net change in fund balance	(2,299)	(2,299)	0	2,299
Beginning fund balance	2,299	2,299	2,299	0
Ending fund balance	\$0	\$0	\$2,299	\$2,299

CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Parks and Urban Forestry Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Other	4,400	4,400	0	4,400
Total expenditures	4,400	4,400	0	4,400
Net change in fund balance	(4,400)	(4,400)	0	4,400
Beginning fund balance	4,400	4,400	4,400	0
Ending fund balance	\$0	\$0	\$4,400	\$4,400

CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Adult Sports Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$8,000	\$8,000	\$7,438	(\$562)
Expenditures:				
Other	9,000	9,000	7,047	1,953
Total expenditures	9,000	9,000	7,047	1,953
Net change in fund balance	(1,000)	(1,000)	391	1,391
Beginning fund balance	6,715	6,715	6,715	0
Ending fund balance	\$5,715	\$5,715	\$7,106	\$1,391

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Tri-County Mall TIF Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Other	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	0	0
Other financing sources:				
Advances-in	0	0	0	0
Total other financing sources	0	0	0	0
Net change in fund balance	0	0	0	0
Beginning fund balance	0	0	0	0
Ending fund balance	\$0	\$0	\$0	\$0

This fund was included in the budgeting process, all activity was budgeted at \$0.

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Community Center Debt Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Other	489,600	501,500	501,053	447
Total expenditures	489,600	501,500	501,053	447
Deficiency of revenues over expenditures	(489,600)	(501,500)	(501,053)	447
Other financing sources (uses):				
Face value of refunding bonds	0	1,900,000	1,900,000	0
Retirement from refunding bonds	0	(1,900,000)	(1,900,000)	0
Transfers-in	489,600	501,500	501,500	0
Total other financing sources (uses)	489,600	501,500	501,500	0
Net change in fund balance	0	0	447	447
Beginning fund balance	0	0	0	0
Ending fund balance	\$0	\$0	\$447	\$447

AGENCY FUND

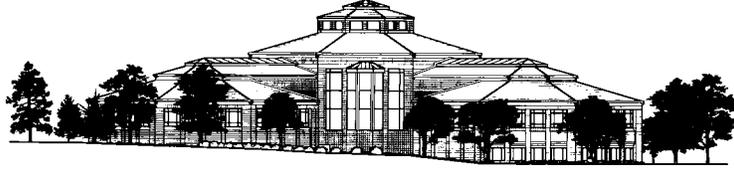
An agency fund is used to account for assets held by the City in the capacity of an agent for individuals, private organizations, other governmental units, and/or other funds. The City had the following agency fund at year-end 2012:

Ohio Board of Building Standards Assessment Fund - To account for the collection of the Ohio Board of Building Standards Assessment on building permits in the amount of 3%. The amounts collected are remitted to the state on a monthly basis.

**CITY OF SPRINGDALE, OHIO
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

OHIO BOARD OF BUILDING STANDARDS ASSESSMENT FUND

	Balance 1-1-12	Additions	Deductions	Balance 12-31-12
Assets:				
Equity in pooled cash and cash equivalents	\$70	\$1,555	(\$1,524)	\$101
Total assets	\$70	\$1,555	(\$1,524)	\$101
Liabilities:				
OBBS assessment payable	\$70	\$1,555	(\$1,524)	\$101
Total liabilities	\$70	\$1,555	(\$1,524)	\$101



STATISTICAL SECTION

STATISTICAL TABLES

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

CONTENTS	PAGES
Financial Trends	94 - 101
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	102 - 107
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	108 - 112
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	113 - 114
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating information	115 - 119
These schedules contain service and capital asset data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 during fiscal year 2003. Fiscal year 2006 was the City's first year implementation of the GASB Statement No. 44 statistical tables.

CITY OF SPRINGDALE, OHIO
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2012	2011 (1)	2010 (1)	2009 (1)	2008	2007 (1)	2006	2005	2004	2003
Governmental Activities:										
Net investment in capital assets	\$39,189,433	\$39,179,133	\$40,153,924	\$39,758,751	\$38,409,204	\$37,384,095	\$31,627,778	\$30,253,167	\$33,757,865	\$30,481,274
Restricted for:										
Capital projects	686,213	957,961	807,915	1,233,445	1,493,138	426,277	405,459	500,209	634,709	530,535
Street construction, maintenance and repair (2)	794,548	577,658	437,259	296,822	304,504	310,226	0	0	0	0
Other purposes	169,814	173,051	143,200	218,237	343,119	145,191	478,039	466,818	247,618	270,272
Unrestricted	8,285,009	7,280,317	6,592,820	8,142,658	8,024,198	9,721,624	10,137,553	9,350,967	9,569,466	6,847,416
Total governmental activities net position	<u>\$49,125,017</u>	<u>\$48,168,120</u>	<u>\$48,135,118</u>	<u>\$49,649,913</u>	<u>\$48,574,163</u>	<u>\$47,987,413</u>	<u>\$42,648,829</u>	<u>\$40,571,161</u>	<u>\$44,209,658</u>	<u>\$38,129,497</u>

(1) - restated from originally reported.

(2) - for years 2006 and prior, this was not presented separately.

Note - The figures above reflect the primary government

Source: City of Springdale, Finance Department.

CITY OF SPRINGDALE, OHIO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental activities:										
Security of persons and property	\$8,355,590	\$8,302,605	\$8,810,920	\$8,456,664	\$8,621,133	\$8,012,932	\$7,736,040	\$7,530,755	\$6,787,024	\$6,680,416
Public health services	325,784	325,822	374,701	329,233	350,211	307,216	291,719	271,193	237,012	238,119
Leisure time activities	1,694,907	1,680,816	1,857,647	1,966,513	2,165,723	2,122,880	1,982,092	1,780,450	1,561,162	1,599,793
Community environment	547,371	496,284	697,507	636,329	569,724	665,349	550,008	898,820	429,532	815,457
Basic utility services	0	0	0	0	0	0	0	0	351,761	346,257
Transportation	3,289,348	2,316,491	2,405,106	3,042,133	2,404,303	2,754,111	4,040,086	2,698,600	2,966,044	1,903,066
General government	4,200,749	3,994,792	5,403,997	5,934,624	6,009,237	5,878,925	9,856,646	4,654,747	3,493,078	4,019,434
Interest and fiscal charges	247,217	281,867	300,536	318,455	334,096	379,544	422,062	435,450	429,712	451,051
Total governmental activities	18,660,966	17,398,677	19,850,414	20,683,951	20,454,427	20,120,957	24,878,653	18,270,015	16,255,325	16,053,593
Program revenues:										
Governmental activities:										
Charges for services:										
Security of persons and property	778,009	571,589	697,654	686,782	635,002	701,787	624,188	585,253	295,960	312,763
Public health services	60,606	63,923	63,643	60,417	57,306	48,048	54,279	60,608	4,170	2,250
Leisure time activities	141,918	143,706	166,211	188,263	173,481	180,271	204,824	152,927	8,039	10,126
Community environment	79,397	76,933	99,775	57,079	69,096	198,392	105,286	112,247	0	0
Transportation	5,060	4,600	5,190	3,780	5,690	4,005	6,328	5,032	0	0
General government	118,324	115,153	115,973	106,800	105,075	100,732	100,312	99,358	0	0
Operating grants and contributions:										
Security of persons and property	26,669	25,716	24,538	105,998	74,859	35,043	21,294	78,055	141,294	79,499
Public health services	12,137	36,380	63,992	47,140	24,374	22,117	29,049	7,498	6,238	1,633
Leisure time activities	0	29,350	0	0	4,669	0	1,000	0	0	0
Community environment	18,285	29,713	23,195	16,801	0	0	0	0	0	0
Transportation	0	0	0	0	151,263	0	0	0	35,493	5,105
General government	0	0	0	0	0	0	1,000	0	0	0
Capital grants and contributions:										
Security of persons and property	0	0	0	0	0	56,770	0	0	0	0
Leisure time activities	0	0	0	0	0	10,076	88,080	0	0	0
Transportation	1,243,668	88,541	1,137,457	2,472,788	225,827	2,978,570	6,689,584	4,113,591	4,332,571	839,874
General government	0	0	0	0	0	0	0	0	0	358,821
Total governmental activities program revenues	2,484,073	1,185,604	2,397,628	3,745,848	1,526,642	4,335,811	7,925,224	5,214,569	4,823,765	1,610,071
Net expense	(16,176,893)	(16,213,073)	(17,452,786)	(16,938,103)	(18,927,785)	(15,785,146)	(16,953,429)	(13,055,446)	(11,431,560)	(14,443,522)

CITY OF SPRINGDALE, OHIO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Page 2

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net position:										
Governmental activities:										
Municipal income taxes	12,974,628	12,092,698	11,720,803	12,903,475	13,924,066	14,911,874	15,882,753	14,328,990	10,683,944	9,370,885
Property and other taxes	1,264,751	1,125,767	1,520,103	1,533,906	1,615,652	1,763,277	1,627,413	1,719,428	1,883,142	1,847,701
Payments in lieu of taxes	588,089	579,923	359,032	682,506	813,210	822,556	712,138	615,809	888,758	715,444
Special assessments	185,007	156,600	108,135	430,108	217,836	293,925	39,000	0	0	0
Grants and entitlements - not restricted	1,718,217	1,873,767	2,006,063	1,921,521	2,305,337	2,547,912	2,020,579	2,668,820	2,379,086	2,215,435
Contributions	0	0	0	0	0	13,495	52,297	5,500	11,902	3,350
Investment earnings	14,263	16,504	23,728	30,041	190,659	531,424	549,867	228,536	69,224	64,280
Other revenues	388,835	400,816	567,508	439,322	447,775	239,267	445,524	317,532	891,194	618,591
Total general revenues	<u>17,133,790</u>	<u>16,246,075</u>	<u>16,305,372</u>	<u>17,940,879</u>	<u>19,514,535</u>	<u>21,123,730</u>	<u>21,329,571</u>	<u>19,884,615</u>	<u>16,807,250</u>	<u>14,835,686</u>
Special item	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>275,000</u>	<u>0</u>
Change in net position:										
Governmental activities	<u>\$956,897</u>	<u>\$33,002</u>	<u>(\$1,147,414)</u>	<u>\$1,002,776</u>	<u>\$586,750</u>	<u>\$5,338,584</u>	<u>\$4,376,142</u>	<u>\$6,829,169</u>	<u>\$5,375,690</u>	<u>\$392,164</u>

Note - The above figures reflect the primary government
Source: City of Springdale, Finance Department.

**CITY OF SPRINGDALE, OHIO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
Page 3**

Explanation of large and/or unusual changes as noted in the components of changes in net assets :

Expenses:

- Basic utility services: 2003 and 2004 show expenditures, subsequent years show \$0:
 - determined that transactions should be reflected as community environment expense.
- Transportation: Increase of \$1,341,486 from 2005-2006 due to the following:
 - increase in payroll expenses per hiring of Public Works Assistant Superintendent.
 - increase in expense accruals at year-end 2006 that were not applicable for capital asset inclusion related to road projects.
 Decrease of \$1,285,975 from 2006-2007 due to the following:
 - decrease in expense accruals at year-end 2007 that were not applicable for capital asset inclusion related to road projects.
- General government: Increase of \$5,201,899 from 2005-2006 due to the following:
 - in 2006 as part of the Pictoria Island TIF phase II bond issue closing (bonds issued by the Port of Greater Cincinnati Development Authority), the surplus service payments held by the City were expensed to the Port Authority. The amount expensed was \$2,420,229.
 - in prior years, parcels of commercial property and a parcel of residential property were purchased and held for sale. In 2006, the properties were sold, and as a result a loss on sale was incurred in the amount of \$1,847,662.
 Decrease of \$3,977,721 from 2006-2007 due to the following:
 - the two situations described directly above were not applicable for 2007. A TIF payment was made to the Port Authority in 2007, but was a much smaller amount.
 Decrease of \$1,409,205 from 2010-2011 due to the following:
 - In October of 2010, City changed from self-insured health insurance program to joining health insurance pool. Prior claim expenses were recorded as general government. Under the current program, premiums are allocated to all City departments.

Program revenues:

- Operating grants and contributions:
 - Transportation: Increase of \$151,263 from 2007-2008 due to the following:
 - recognition at year end 2008 regarding F.E.M.A. grant reimbursement received in 2009.
- Capital grants and contributions:
 - Transportation: Increase of \$2,575,993 from 2005-2006 due to the following:
 - increase in the amount of grant funding received for road projects.
 Decrease of \$3,711,014 from 2006-2007 due to the following:
 - decrease in the amount of grant funding received for road projects.
 Decrease of \$2,752,743 from 2007-2008 due to the following:
 - decrease in the amount of grant funding received for road projects.
 Increase of \$2,246,961 from 2008-2009 due to the following:
 - increase in the amount of grant funding received for road projects.
 Decrease of \$1,048,916 from 2010-2011 due to the following:
 - general decrease in capital related projects.
 Increase of \$1,155,127 from 2011-2012 due to the following:
 - increase in the amount of grant funding received for road projects.

General revenues:

- Municipal income taxes: Increase of \$3,645,046 from 2004-2005 due to the following:
 - voted increase in the earnings tax rate from 1% to 1.5% effective July 1, 2004.
 Increase of \$1,553,763 from 2005-2006 due to the following:
 - increase in overall earnings tax revenue as a result of the increase in the earnings tax rate.

**CITY OF SPRINGDALE, OHIO
FUND BALANCES OF GOVERNMENTAL FUNDS
2003 TO 2008**

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
General fund:						
Reserved	\$355,177	\$445,239	\$361,580	\$391,429	\$693,491	\$636,607
Unreserved, designated	1,018,149	1,158,419	982,601	370,498	827,470	942,556
Unreserved, undesignated	5,982,500	6,333,372	6,760,794	5,864,970	3,916,729	2,101,035
Total general fund	7,355,826	7,937,030	8,104,975	6,626,897	5,437,690	3,680,198
All other governmental funds:						
Reserved	1,031,609	709,099	1,316,668	128,994	646,907	141,110
Unreserved, reported in:						
Special revenue funds	238,687	197,787	259,959	171,206	147,469	31,627
Capital projects funds (deficit)	(545,758)	(1,183,421)	(962,847)	(86,627)	87,951	665,013
Total all other governmental funds	724,538	(276,535)	613,780	213,573	882,327	837,750
Total governmental funds	\$8,080,364	\$7,660,495	\$8,718,755	\$6,840,470	\$6,320,017	\$4,517,948

Source: City of Springdale, Finance Department.

CITY OF SPRINGDALE, OHIO
FUND BALANCES OF GOVERNMENTAL FUNDS - GASB 54
LAST FOUR FISCAL YEARS

	Fiscal Year			
	2012	2011	2010	2009
General fund:				
Nonspendable	\$852,609	\$822,942	\$736,668	\$761,361
Assigned	524,316	658,193	761,575	1,044,782
Unassigned	<u>6,407,053</u>	<u>5,562,965</u>	<u>4,552,787</u>	<u>5,763,841</u>
Total general fund	<u>7,783,978</u>	<u>7,044,100</u>	<u>6,051,030</u>	<u>7,569,984</u>
All other governmental funds:				
Restricted	1,140,069	1,389,495	1,041,045	809,552
Committed	0	0	5,618	3,347
Assigned	4,474	3,335	0	0
Unassigned	<u>(492,467)</u>	<u>(493,685)</u>	<u>(464,673)</u>	<u>(519,136)</u>
Total all other governmental funds	<u>652,076</u>	<u>899,145</u>	<u>581,990</u>	<u>293,763</u>
Total governmental funds	<u><u>\$8,436,054</u></u>	<u><u>\$7,943,245</u></u>	<u><u>\$6,633,020</u></u>	<u><u>\$7,863,747</u></u>

Source: City of Springdale, Finance Department.

Note - In 2010, the City implemented GASB Statement No. 54

CITY OF SPRINGDALE, OHIO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Municipal income taxes	\$12,671,825	\$12,058,356	\$11,557,740	\$13,080,829	\$14,461,358	\$14,404,184	\$16,078,321	\$14,566,459	\$11,180,495	\$7,949,572
Property and other taxes	1,291,654	1,245,380	1,494,203	1,477,370	1,619,032	1,814,939	1,820,299	1,685,775	1,701,993	1,817,457
Payments in lieu of taxes	575,096	559,566	359,032	682,506	813,210	822,556	804,220	709,717	702,767	715,444
Special assessments	159,692	104,712	434,728	209,128	302,535	39,226	0	0	0	5,600
Intergovernmental	3,044,584	2,070,566	3,519,833	4,666,460	3,105,629	5,026,769	8,949,194	6,821,970	7,255,039	3,173,085
Charges for services	545,153	309,450	387,996	377,922	261,639	300,654	363,065	323,797	313,901	292,263
Fines and forfeitures	247,040	292,462	281,087	339,888	373,985	359,820	315,589	274,318	218,577	210,759
Fees, licenses and permits	368,762	418,156	428,055	400,417	391,356	518,593	450,932	419,479	362,885	350,538
Interest	14,263	16,504	23,728	30,042	190,659	531,424	549,867	228,536	69,224	64,280
Contributions	0	4,400	0	751	575	30,195	35,598	5,500	11,902	3,350
Other	375,948	429,099	555,052	544,911	287,506	286,423	390,310	338,692	260,576	21,215
Total revenues	19,294,017	17,508,651	19,041,454	21,810,224	21,807,484	24,134,783	29,757,395	25,374,243	22,077,359	14,603,563
Expenditures:										
Current:										
Security of persons and property	8,166,456	7,978,954	8,518,865	8,017,532	8,130,860	7,611,391	7,360,010	7,062,613	6,444,052	6,115,425
Public health services	325,675	325,481	368,056	324,026	329,263	297,746	304,679	264,326	233,212	219,686
Leisure time activities	1,372,690	1,372,776	1,543,884	1,664,188	1,817,404	1,789,681	1,597,798	1,390,308	1,269,150	1,302,775
Community environment	540,791	495,347	682,047	634,854	560,983	675,411	549,928	850,070	415,126	743,674
Basic utility services	0	0	0	0	0	0	0	0	351,761	346,257
Transportation	1,199,094	1,231,140	1,432,936	1,436,394	1,679,504	1,599,785	3,549,015	1,349,958	1,259,781	1,315,080
General government	3,954,504	3,743,571	5,115,314	5,737,292	5,493,993	5,591,828	7,570,993	3,941,265	3,281,585	3,232,456
Capital outlay	2,570,843	436,755	1,848,077	3,440,393	2,628,467	6,574,381	7,200,735	8,874,766	6,238,427	3,015,420
Debt service:										
Principal retirement	592,276	476,499	471,480	469,626	481,691	695,783	712,823	704,333	701,097	674,909
Interest and fiscal charges	258,505	272,903	291,522	309,391	325,032	371,819	415,185	428,315	420,110	421,889
Total expenditures	18,980,834	16,333,426	20,272,181	22,033,696	21,447,197	25,207,825	29,261,166	24,865,954	20,614,301	17,387,571
Excess (deficiency) of revenues over expenditures	313,183	1,175,225	(1,230,727)	(223,472)	360,287	(1,073,042)	496,229	508,289	1,463,058	(2,784,008)
Other financing sources (uses):										
Inception of capital lease	200,000	135,000	0	6,855	24,599	0	12,362	9,163	64,011	79,446
Face value of refunding bonds	1,900,000	0	0	0	0	0	0	0	0	0
Retirement from refunding bonds	(1,900,000)	0	0	0	0	0	0	0	0	0
Proceeds from the sale of assets	0	0	0	0	34,983	14,782	1,372,695	0	0	0
Transfers-in	1,037,500	763,800	1,080,400	865,400	2,973,780	4,125,400	4,005,993	3,978,485	1,625,644	1,965,052
Transfers-out	(1,037,500)	(763,800)	(1,080,400)	(865,400)	(2,973,780)	(4,125,400)	(4,005,993)	(3,978,485)	(1,625,644)	(1,965,052)
Total other financing sources (uses)	200,000	135,000	0	6,855	59,582	14,782	1,385,057	9,163	64,011	79,446
Special Item	0	0	0	0	0	0	0	0	275,000	0
Net change in fund balances	513,183	1,310,225	(1,230,727)	(216,617)	419,869	(1,058,260)	1,881,286	517,452	1,802,069	(2,704,562)
Beginning fund balance (restated)	7,922,871	6,612,646	7,843,373	8,059,990	7,640,121	8,698,381	6,817,095	6,299,643	4,497,574	7,202,136
Ending fund balance	\$8,436,054	\$7,922,871	\$6,612,646	\$7,843,373	\$8,059,990	\$7,640,121	\$8,698,381	\$6,817,095	\$6,299,643	\$4,497,574
Debt service as a percentage of noncapital expenditures	5%	5%	4%	4%	4%	6%	5%	7%	8%	8%

CITY OF SPRINGDALE, OHIO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Page 2

Explanation of large and/or unusual changes as noted in the components of changes in fund balances.

Revenues:

Municipal income taxes: Increase of \$3,385,964 from 2004-2005 due to the following:
- voted increase in the earnings tax rate from 1% to 1.5% effective July 1, 2004.
Increase of \$1,511,862 from 2005-2006 due to the following:
- increase in overall earnings tax revenues as a result of the increase of the earnings tax rate.
Decrease of \$1,674,137 from 2006-2007 due to the following:
- larger year-end accruals for 2006 as compared to 2007.
Decrease of \$1,380,529 from 2008-2009 due to the following:
- larger year-end accruals for 2008 as compared to 2009.
Decrease of \$1,523,089 from 2009-2010 due to the following:
Smaller amounts received in 2010 based on the general economy and businesses closing.

Intergovernmental: Decrease of \$3,922,425 from 2006-2007 due to the following:
- decrease in the amount of grant funding received for road projects.
Decrease of \$1,921,140 from 2007-2008 due to the following:
- decrease in the amount of grant funding received for road projects.
Increase of \$1,560,831 from 2008-2009 due to the following:
- increase in the amount of grant funding received for road projects.
Decrease of \$1,449,267 from 2010-2011 due to the following:
- decrease in the amount of road project capital grants.

Expenditures:

Transportation: Increase of \$2,199,057 from 2005-2006 due to the following:
- increase in payroll expenditures per hiring of Public Works Assistant Superintendent.
- increase in accruals at year-end 2006 for road construction projects.
Decrease of \$1,949,230 from 2006-2007 due to the following:
- decrease in accruals at year-end 2006 for road construction projects.
General government: Increase of \$3,629,728 from 2005-2006 due to the following:
- in 2006 as part of the Pictoria Island TIF phase II bond issue closing (bonds issued by the Port of Greater Cincinnati Development Authority), the surplus service payments held by the City were paid to the Port Authority. The amount paid was \$2,420,229.
Decrease of \$1,979,165 from 2006-2007 due to the following:
- in 2006 as part of the Pictoria Island TIF phase II bond issue closing (bonds issued by the Port of Greater Cincinnati Development Authority), the surplus service payments held by the City were paid to the Port Authority. In 2007 the amount paid was a smaller amount.
Decrease of \$1,371,743 from 2010-2011 due to the following:
- In October of 2010, City changed from self-insured health insurance program to joining health insurance pool. Prior claim expenditures were recorded as general government. Under the current program, premiums are allocated to all City departments.

Capital Outlay: Decrease of \$3,945,914 from 2007-2008 due to the following:
- decrease in road improvement projects in 2008.
Decrease of \$3,945,914 from 2009-2010 due to the following:
- decrease in road improvement projects in 2010.
Decrease of \$1,411,322 from 2010-2011 due to the following:
- decrease in road improvement projects in 2011.
Increase of \$2,134,088 from 2011-2012 due to the following:
- Increase in road improvement projects in 2012.

CITY OF SPRINGDALE, OHIO
ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Real Property		Public Utility - Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value	Total Direct Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2002/2003	\$409,639,450	\$1,170,398,429	\$6,900,910	\$6,900,910	\$97,091,650	\$388,366,600	\$513,632,010	\$1,565,665,939	32.81%	3.08
2003/2004	402,402,890	1,149,722,543	6,920,450	6,920,450	89,565,420	358,261,680	498,888,760	1,514,904,673	32.93%	3.08
2004/2005	397,960,080	1,137,028,800	8,239,230	8,239,230	88,825,590	355,302,360	495,024,900	1,500,570,390	32.99%	3.08
2005/2006	433,234,010	1,237,811,457	7,980,030	7,980,030	89,553,900	358,215,600	530,767,940	1,604,007,087	33.09%	3.08
2006/2007	428,485,490	1,224,244,257	7,602,980	7,602,980	64,267,110	257,068,440	500,355,580	1,488,915,677	33.61%	3.08
2007/2008	433,739,770	1,239,256,486	6,607,440	6,607,440	46,206,990	184,827,960	486,554,200	1,430,691,886	34.01%	3.08
2008/2009	423,920,790	1,211,202,257	7,279,450	7,279,450	583,050	2,332,200	431,783,290	1,220,813,907	35.37%	3.08
2009/2010	365,922,290	1,045,492,257	8,598,540	8,598,540	2,497,350	9,989,400	377,018,180	1,064,080,197	35.43%	3.08
2010/2011	328,657,460	939,021,314	9,301,190	9,301,190	0	0	337,958,650	948,322,504	35.64%	3.08
2011/2012	325,063,190	928,751,971	9,583,800	9,583,800	0	0	334,646,990	938,335,771	35.66%	3.08

Source - Hamilton County Auditor

The assessed valuation of property within the City is subject to the levy of ad valorem taxes and includes real property and public utilities property (and tangible personal property prior to 2011). The City's property taxes are collected by the Hamilton County Auditor and are remitted to the City on a periodic basis. The direct tax rate for all City operations for the years ended as noted above was \$3.08 per \$1,000 of assessed value. Assessed values are established by the County Auditor at no more than 35% of appraised market value. The laws of the State of Ohio require that all property be revalued every six years, and at any time the County Auditor finds that true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed as ordered by the State Commissioner of Tax Equalization.

Public utilities real and tangible personal property taxes collected in any calendar year are those levied on assessed values as of December 31 of the preceding year. Certain tangible personal property of public utilities is currently assessed at 100% of its true value. Real property of public utilities is currently assessed at 35% of true value. Property taxes on public utilities are subject to the same calendar as real property taxes, which are described above.

The County Treasurer collects property taxes on behalf of all taxing districts in the county. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real property taxes, public utility taxes and outstanding delinquencies which are measurable as of year-end for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at year-end, nor were they levied to finance current year operations. The receivable is therefore offset by deferred revenue in the fund financial statements. The receivable is also offset by unearned revenue in the government-wide financial statements, with the exception of delinquencies, which are presented as property tax revenue.

CITY OF SPRINGDALE, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Assessed Valuation)
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Direct Rate City of Springdale	Overlapping Rates			Total Full Rate
		Hamilton County	Princeton City School District	Winton Woods School District	
2002/2003	3.08	21.87	45.79	70.08	73.44
2003/2004	3.08	21.51	49.03	70.08	76.32
2004/2005	3.08	21.06	49.03	78.03	75.87
2005/2006	3.08	20.81	49.03	78.03	75.62
2006/2007	3.08	20.18	49.03	78.03	74.99
2007/2008	3.08	20.56	49.03	78.03	75.37
2008/2009	3.08	20.63	48.99	78.03	75.40
2009/2010	3.08	20.48	48.99	85.93	76.25
2010/2011	3.08	19.45	50.48	86.03	77.74
2011/2012	3.08	19.03	50.83	87.32	77.67

Source: Hamilton County, Ohio: County Auditor.

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Values Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by the majority vote of the City residents.

The components of the Total Full Rate are City of Springdale, Hamilton County, Princeton City School District, and Great Oaks Joint Vocational School.

The City has no debt service millage. All millage is for operating purposes.

Overlapping rates are those of the local and county governments that apply to property owners within the City.

**CITY OF SPRINGDALE, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Tax Levy	Current Tax Levy Collections	Percent of Current Tax Levy Collected	Delinquent Tax Levy Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Tax	Percent of Delinquent Taxes to Total Tax Levy
2002/2003	\$1,566,369	\$147,353	\$1,713,722	\$1,507,336	96.23%	\$60,359	\$1,567,695	91.48%	\$142,605	8.32%
2003/2004	1,537,364	313,482	1,850,846	1,468,355	95.51%	74,515	1,542,870	83.36%	307,976	16.64%
2004/2005	1,536,064	332,387	1,868,451	1,476,075	96.09%	58,350	1,534,425	82.12%	329,068	17.61%
2005/2006	1,546,413	183,797	1,730,210	1,475,484	95.41%	109,178	1,584,662	91.59%	149,660	8.65%
2006/2007	1,495,740	175,198	1,670,938	1,443,253	96.49%	128,569	1,571,822	94.07%	99,116	5.93%
2007/2008	1,421,941	103,772	1,525,713	1,374,382	96.66%	49,383	1,423,765	93.32%	101,999	6.69%
2008/2009	1,343,107	139,648	1,482,755	1,302,250	96.96%	88,057	1,390,307	93.77%	92,423	6.23%
2009/2010	1,319,247	102,650	1,421,897	1,250,657	94.80%	52,742	1,303,399	91.67%	118,418	8.33%
2010/2011	1,159,497	104,512	1,264,009	1,110,489	95.77%	44,888	1,155,377	91.41%	108,605	8.59%
2011/2012	1,039,831	95,359	1,135,190	1,002,554	96.42%	38,387	1,040,941	91.70%	94,140	8.29%

Source: Hamilton County, Ohio: County Auditor.

**CITY OF SPRINGDALE, OHIO
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2012 AND 2003**

Taxpayer	Fiscal Year 2012		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Tri-County Mall LLC	\$19,346,530	1	6%
Duke Energy Ohio Inc.	9,396,170	2	3%
Merchant Street 27 LLC@30	7,608,590	3	2%
WOP Mallard Lakes LLC	6,769,880	4	2%
Springdale-Kemper Association	6,658,280	5	2%
KE Tri-County LLC	6,544,550	6	2%
Jubilee Springdale LLC	4,649,000	7	1%
Kir Tri-County 018 LLC	4,325,020	8	1%
NAI Entertainment Holdings LLC	4,229,230	9	1%
Gilhart, Charles C Jr. Inc.	4,063,670	10	1%
All others	261,056,070	-	78%
Total assessed valuation	\$334,646,990		100%

Taxpayer	Fiscal Year 2003		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Concordia Properties LLC	\$57,028,880	1	11%
G & I Executive Centre LLC	17,503,800	2	3%
Kimco 420 Incorporated	8,258,110	3	2%
Springdale-Kemper Association	7,695,640	4	1%
Kir Tri-County 018 LLC	7,411,630	5	1%
Duke Realty	7,313,970	6	1%
Avon Capital Corporation	7,187,780	7	1%
National Amusement Incorporated	5,571,320	8	1%
Vinyard Community Church	5,267,760	9	1%
Lazarus Real Estate Incorporated	5,192,360	10	1%
All others	385,200,760	-	75%
Total assessed valuation	\$513,632,010		100%

Source: Hamilton County Auditor

CITY OF SPRINGDALE, OHIO
GENERAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

<u>Year</u>	<u>Municipal Income Taxes</u>	<u>Property and Other Taxes</u>	<u>Total</u>
2003	\$9,370,885	\$1,847,701	\$11,218,586
2004	10,683,944	1,883,142	12,567,086
2005	14,328,990	1,719,428	16,048,418
2006	15,882,753	1,627,413	17,510,166
2007	14,911,874	1,763,277	16,675,151
2008	13,924,066	1,615,652	15,539,718
2009	12,903,475	1,533,906	14,437,381
2010	11,720,803	1,520,103	13,240,906
2011	12,092,698	1,125,767	13,218,465
2012	12,974,628	1,264,751	14,239,379

Source: City of Springdale, Finance Department.

**CITY OF SPRINGDALE, OHIO
INCOME TAX REVENUE BY PAYER TYPE
LAST TEN FISCAL YEARS
(Budget (Cash) Basis of Accounting)**

Fiscal Year	Tax Rate (1)	Percentage of Total									
		Withholding	Business	Individuals	Penalty/ Interest	Total	Withholding	Business	Individual	Penalty/ Interest	Total
2003	1.0%	\$7,353,205	\$1,658,689	\$420,360	\$132,701	\$9,564,955	77%	17%	4%	1%	100%
2004	1.5%	7,954,118	1,089,399	437,379	68,451	9,549,347	83%	11%	5%	1%	100%
2005	1.5%	10,951,054	2,533,670	648,207	106,919	14,239,850	77%	18%	5%	1%	100%
2006	1.5%	11,469,191	3,513,412	598,308	96,326	15,677,237	73%	22%	4%	1%	100%
2007	1.5%	11,801,203	3,161,780	611,839	96,878	15,671,700	75%	20%	4%	1%	100%
2008	1.5%	11,545,811	2,602,265	616,552	120,197	14,884,825	78%	17%	4%	1%	100%
2009	1.5%	11,080,439	1,875,776	610,370	112,316	13,678,901	81%	14%	4%	1%	100%
2010	1.5%	9,771,007	1,570,397	566,677	86,217	11,994,298	81%	13%	5%	1%	100%
2011	1.5%	10,197,760	1,631,364	587,499	68,937	12,485,560	82%	13%	5%	1%	100%
2012	1.5%	10,479,109	1,836,242	590,629	61,137	12,967,117	81%	14%	5%	0%	100%

Source: City of Springdale, Tax Department

(1) - Effective July 1, 2004, City electors voted to increase the City income tax rate from 1% to 1.5%.

Note: The City is prohibited by statute from presenting information regarding individual taxpayers.

CITY OF SPRINGDALE, OHIO
RATIO OF OUTSTANDING DEBT BY TYPE
TO TOTAL PERSONAL INCOME AND DEBT PER CAPITA
LAST TEN FISCAL YEARS

Year	Governmental Activities					Total Debt	Estimated Personal Income (1)	Percentage of Personal Income (2)	Per Capita
	General Obligation Bonds	General Obligation Bond Anticipation Notes	TIF Revenue Bonds	Ohio Police/Fire Pension Loan	Capital Leases				
2003	\$6,413,118	\$0	\$2,915,311	\$13,680	\$66,102	\$9,408,211	\$152,999,400	6%	914
2004	5,786,905	1,500,000	2,871,098	13,462	93,443	10,264,908	124,347,280	8%	1,006
2005	5,160,692	1,250,000	2,823,830	13,238	65,765	9,313,525	147,145,333	6%	920
2006	4,534,479	625,000	2,773,494	13,004	35,873	7,981,850	147,732,533	5%	791
2007	3,910,408	0	2,719,468	12,760	14,360	6,656,996	155,278,067	4%	640
2008	3,509,336	0	2,661,709	0	27,787	6,198,832	162,961,333	4%	597
2009	3,108,264	0	2,599,959	0	26,766	5,734,989	159,929,333	4%	552
2010	2,707,192	0	2,533,942	0	21,305	5,262,439	117,792,933	4%	469
2011	2,306,120	0	2,463,364	0	150,384	4,919,868	126,908,667	4%	438
2012	1,900,000	0	2,387,909	0	233,562	4,521,471	134,876,978	3%	403

Source: City of Springdale, finance department

(1): Obtained from the Springdale tax department - total residential tax liability

(2): Calculated as estimated personal income divided by total debt

Note: Details regarding the City's outstanding debt can be found in notes 10 and 11 to the basic financial statements.

CITY OF SPRINGDALE, OHIO
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (A)</u>	<u>Estimated Actual Value (B)</u>	<u>Net General Bonded Debt (C)</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value</u>	<u>Net Bonded Debt Per Capita</u>
2003	10,297	\$1,565,665,939	\$6,413,118	0.41%	623
2004	10,206	1,514,904,673	5,786,905	0.38%	567
2005	10,118	1,500,570,390	5,160,692	0.34%	510
2006	10,085	1,604,007,087	4,534,479	0.28%	450
2007	10,408	1,488,915,677	3,910,408	0.26%	376
2008	10,384	1,430,691,886	3,509,336	0.25%	338
2009	10,384	1,220,813,907	3,108,264	0.25%	299
2010	11,223	1,064,080,197	2,707,192	0.25%	241
2011	11,223	948,322,504	2,306,120	0.24%	205
2012	11,223	938,335,771	1,900,000	0.20%	169

For the ten year period presented, there was no balance in a general obligation bond retirement fund.

(A) - Source: U.S. Census Bureau population estimates, obtained through Hamilton County.

(B) - Source: Hamilton County, Ohio: County Auditor.

(C) - Source: City of Springdale, Finance Department.

CITY OF SPRINGDALE, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Year	Principal	Interest	Total Debt Service	General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2003	\$620,000	\$225,047	\$845,047	\$13,452,462	6.28%
2004	620,000	221,164	841,164	13,439,455	6.26%
2005	620,000	231,183	851,183	15,206,598	5.60%
2006	620,000	183,120	803,120	16,440,230	4.89%
2007	620,000	163,980	783,980	16,899,870	4.64%
2008	400,000	143,400	543,400	17,618,657	3.08%
2009	400,000	130,400	530,400	17,274,957	3.07%
2010	400,000	117,400	517,400	17,071,878	3.03%
2011	400,000	103,800	503,800	14,642,758	3.44%
2012	400,000	89,600	489,600	15,388,379	3.18%

(1): Includes general and special revenue funds.
Source: City of Springdale, Finance Department.

**CITY OF SPRINGDALE, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2012**

	<u>Net Debt Outstanding</u>	<u>Percentage (1) Applicable to City of Springdale</u>	<u>Amount Applicable to City of Springdale</u>
<u>Direct:</u>			
City of Springdale	\$4,521,471	100%	\$4,521,471
<u>Overlapping:</u>			
Hamilton County	75,970,000	1.84%	1,397,848
Princeton City School District	192,889,930	22.23%	42,879,431
Great Oaks Joint Vocational School	16,170,000	1.88%	<u>303,996</u>
Subtotal			<u>44,581,275</u>
			<u><u>\$49,102,746</u></u>

(1) - The overlap percentage was calculated based on assessed valuation.

Information above obtained from the Springdale Finance Department and the Ohio Municipal Advisory Council.

**CITY OF SPRINGDALE, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total assessed property value (1)	<u>\$334,646,990</u>	<u>\$337,958,650</u>	<u>\$377,018,180</u>	<u>\$431,783,290</u>	<u>\$486,554,200</u>	<u>\$500,355,580</u>	<u>\$530,767,940</u>	<u>\$495,024,900</u>	<u>\$498,888,760</u>	<u>\$513,632,010</u>
Total debt limit (10.5% of assessed value):	\$35,137,934	\$35,485,658	\$39,586,909	\$45,337,245	\$51,088,191	\$52,537,336	\$55,730,634	\$51,977,615	\$52,383,320	\$53,931,361
Total net debt applicable to limit:										
General obligation bonds (2)	1,900,000	2,306,120	2,707,192	3,108,264	3,509,336	3,910,408	4,534,479	5,160,905	5,786,905	6,413,118
General obligation notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>625,000</u>	<u>1,250,000</u>	<u>1,500,000</u>	<u>0</u>
Legal debt limit margin	<u>\$33,237,934</u>	<u>\$33,179,538</u>	<u>\$36,879,717</u>	<u>\$42,228,981</u>	<u>\$47,578,855</u>	<u>\$48,626,928</u>	<u>\$50,571,155</u>	<u>\$45,566,710</u>	<u>\$45,096,415</u>	<u>\$47,518,243</u>
Total net debt applicable to the limit as a percentage of total debt limit	5%	6%	7%	7%	7%	7%	9%	12%	14%	12%
Total unvoted debt limit (5.5% of assessed value):	\$18,405,584	\$18,587,726	\$20,736,000	\$23,748,081	\$26,760,481	\$27,519,557	\$29,192,237	\$27,226,370	\$27,438,882	\$28,249,761
Total net debt applicable to limit:										
General obligation bonds (2)	1,900,000	2,306,120	2,707,192	3,108,264	3,509,336	3,910,408	4,534,479	5,160,905	5,786,905	6,413,118
General obligation notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>625,000</u>	<u>1,250,000</u>	<u>1,500,000</u>	<u>0</u>
Legal debt limit margin	<u>\$16,505,584</u>	<u>\$16,281,606</u>	<u>\$18,028,808</u>	<u>\$20,639,817</u>	<u>\$23,251,145</u>	<u>\$23,609,149</u>	<u>\$24,032,758</u>	<u>\$20,815,465</u>	<u>\$20,151,977</u>	<u>\$21,836,643</u>
Total net debt applicable to the limit as a percentage of total debt limit	10%	12%	13%	13%	13%	14%	18%	24%	27%	23%

Source: City of Springdale, Finance Department.

(1) - Obtained from Hamilton County, Ohio: Auditor's Office.

(2) - amount includes bond premium, if applicable

Note: Direct debt limitation is based on Section 133, the Uniform Bond Act of the Ohio Revised Code. The total debt limit should not exceed 10.5% of assessed property value. The total unvoted debt limit should not exceed 5.5% of assessed property value. Revenue bonds and notes related to Pictoria Island Tax Increment Financing is not considered in the computation of legal debt margin.

**CITY OF SPRINGDALE, OHIO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS**

Year	Area - Square Miles (A)	Population (B)	Estimated Personal Income (C)	Per Capita Personal Income (D)	Median Age (B)	School Enrollment (E)	Unemployment Rate (F)
2003	5.08	10,297	\$152,999,400	\$14,859	39	962	5.10%
2004	5.08	10,206	124,347,280	12,184	39	849	5.20%
2005	5.08	10,118	147,145,333	14,543	39	862	5.70%
2006	5.08	10,085	147,732,533	14,649	39	480	5.00%
2007	5.08	10,408	155,278,067	14,919	39	796	5.00%
2008	5.08	10,384	162,961,333	15,694	39	808	5.60%
2009	5.08	10,384	159,929,333	15,402	39	758	8.90%
2010	5.08	11,223	117,792,933	10,496	39	815	9.40%
2011	5.08	11,223	126,908,667	11,308	39	824	8.60%
2012	5.08	11,223	134,876,978	12,018	39	830	7.00%

(A): Obtained from the Springdale Public Works department.

(B): Obtained from the U.S. Census Bureau.

(C): Obtained from the Springdale Tax Department - total residential tax liability.

(D): Calculated as estimated personal income (C) divided by population (B).

(E): Source: Princeton City School District.

(F): Source: Ohio Bureau of Employment Services, rates are for Hamilton County, which approximates City of Springdale.

**CITY OF SPRINGDALE, OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2012 AND 2003**

<u>Employer</u>	<u>2012 - Number of Employees (A)</u>	<u>Percent of Total</u>
Humana Pharmacy Inc.	912	3%
General Electric	688	2%
One Source Employee Management	630	2%
Avon Products Inc.	619	2%
John Morrell and Company	575	2%
CM Temporary Services Inc.	485	2%
Marketing Research Services Inc.	466	1%
First Financial Bank	455	1%
General Electric Engine Services Inc.	395	1%
Macy's Retail Holdings Inc.	391	1%
All Others	<u>25,682</u>	<u>82%</u>
Total employment within the City	<u><u>31,298</u></u>	<u><u>100%</u></u>

<u>Employer</u>	<u>2003 - Number of Employees (A)</u>	<u>Percent of Total</u>
Avon Products, Inc.	1,609	4%
M.R. Temporary Services, Inc.	1,044	2%
John Morrell and Company	1,024	2%
Adecco USA, Inc.	906	2%
General Electric	860	2%
Mercantile Stoes Company, Inc.	759	2%
Wal-Mart Associates, Inc.	728	2%
Lifesphere	693	2%
Rich's Department Stores	625	1%
Sears Roebuck and Company	578	1%
All others	<u>35,848</u>	<u>80%</u>
Total employment within the City	<u><u>44,674</u></u>	<u><u>100%</u></u>

Source: City of Springdale, Tax Department.

(A) - Based on the number of W-2's received for the prior year's employment activity,
Includes both full-time and part-time employees.

**CITY OF SPRINGDALE, OHIO
 FULL TIME EMPLOYEES BY FUNCTION/DEPARTMENT
 AS OF YEAR-END
 LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Full-time positions at December 31	106	104	114	123	127	127	123	117	117	116
Security of Persons and Property										
Police Department:										
Police Chief	1	1	1	1	1	1	1	1	1	1
Police Captain	1	1	0	1	1	1	1	1	1	1
Sworn Officers	34	31	33	36	37	36	36	33	36	32
Administrative Secretary	1	1	1	1	1	1	1	1	1	1
Clerks	5	5	5	6	6	7	7	7	6	7
Custodian	1	1	1	1	1	1	1	1	1	1
Fire Department:										
Fire Chief	1	1	1	1	1	1	1	1	1	1
Assistant Fire Chief	0	1	1	1	1	1	-	1	-	-
Fire Captain	3	3	3	3	3	3	3	3	4	2
Fire Inspector	1	1	1	0	1	0	1	1	1	1
Firefighter	4	4	4	4	4	4	4	5	4	6
Firefighters/Paramedic	12	12	15	16	15	16	15	12	11	12
Administrative Secretary	1	1	1	1	1	1	1	1	-	1
Public Health Services										
Health Department:										
Health Commissioner	1	1	1	1	1	1	1	1	1	1
Health Nurse	1	1	1	1	1	1	1	1	1	1
Sanitarian	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Leisure Time Activities										
Parks and Recreation Department:										
Parks and Recreation Director	1	1	1	1	1	1	1	1	1	1
Assistant Recreation Director	2	3	3	3	3	3	3	2	2	2
Fitness Center Manager	1	1	1	1	1	1	1	1	1	1
Parks Maintenance	3	3	3	4	5	4	4	4	5	5
Adult/Senior Programmer	0	0	1	1	1	1	1	-	-	-
Administrative Assistant	1	0.6	0.6	1	1	1	1	1	1	1
Custodian	1	1	1	1	1	1	1	1	1	1
Community Environment										
Building Department:										
Building Official	1	1	1	1	1	1	1	1	1	1
Building Inspector	2	2	2	2	2	1	2	2	2	2
Property Inspector	1	1	2	2	2	2	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1

**CITY OF SPRINGDALE, OHIO
 FULL TIME EMPLOYEES BY FUNCTION/DEPARTMENT
 AS OF YEAR END
 LAST TEN FISCAL YEARS
 PAGE 2**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Transportation										
Public Works Department:										
Director of Public Works	1	1	1	1	1	1	1	1	1	1
Assistant Director of Public Works	1	1	1	0	0	1	1	-	-	-
Public Works Inspector	1	1	1	1	1	1	1	1	1	1
Mechanic	1	1	2	2	1	2	2	2	2	2
Maintenance Worker	6	5	7	10	12	12	10	11	11	11
Administrative Assistant	0	0	0	0	1	1	1	1	1	1
General Government										
Administration Department:										
City Administrator	1	1	1	1	1	1	1	1	1	1
Assistant City Administrator	1	1	1	1	1	1	1	1	1	1
Economic Development Director	1	1	1	1	1	1	1	1	1	1
Senior Administrative Assistant	1	0.4	0.4	1	1	2	1	1	1	1
Technical Services Administrator	1	1	1	1	0	0	0	0	0	0
Administrative Assistant	0	0	0	0	1	1	1	1	1	1
Administrative Secretary	1	1	1	1	1	1	1	1	1	1
Custodian	1	1	1	1	1	1	1	1	1	1
Finance Department:										
Finance Officer/Tax Commissioner	1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Account Clerk	2	2	2	2	2	2	2	2	2	2
Tax Department:										
Finance Officer/Tax Commissioner	1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Account Clerk	3	3	4	4	4	4	4	4	4	4
Administrative Secretary	0	1	1	1	1	1	1	1	1	1
Total Full Time Positions	106	104	114	123	127	127	123	117	117	116

Source: City of Springdale, Finance Department

**CITY OF SPRINGDALE, OHIO
OPERATING INDICATORS BY FUNCTION/DEPARTMENT
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Security of Persons and Property</u>										
Police Department										
Number of stations	1	1	1	1	1	1	1	1	1	1
Total patrol calls for services:	13,530	13,795	13,954	14,496	14,826	14,117	15,239	15,372	15,948	18,895
- Arrests	1,868	1,620	2,052	2,307	2,518	2,267	2,197	1,923	1,948	2,024
- Auto accidents	985	1,165	862	889	1,113	1,314	1,180	1,343	1,425	1,473
- Traffic incidents	940	2,898	844	816	1,165	541	419	269	273	293
- Offense report	1,561	1,397	1,300	1,802	1,817	1,723	2,361	2,421	2,605	2,958
Mayor's court cases heard	2,102	2,822	2,912	4,032	4,265	3,886	4,089	3,533	3,148	3,825
Fire Department										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire responses	872	760	770	693	986	932	912	893	806	846
Emergency medical services (EMS) responses	2,025	1,706	1,957	1,889	1,967	1,968	2,056	2,142	1,816	2,100
Fire losses	\$87,285	\$153,100	\$240,200	\$109,400	\$168,830	\$229,490	\$121,985	\$132,450	\$169,335	\$85,395
<u>Public Health Services</u>										
Health Department										
Number of health department food inspections	479	329	397	390	376	463	556	618	486	417
Animal nuisance removals (2)	0	0	0	85	97	127	132	127	71	56
Home health care visits (1)	92	72	67	65	220	291	263	366	444	49
<u>Leisure Time Activities</u>										
Parks and Recreation Department										
Number of parks	6	6	6	6	6	6	6	6	6	6
Total park acreage	100	100	100	100	100	100	100	100	100	100
Number of community center memberships	1,810	1,865	1,910	2,114	3,112	2,115	2,663	2,125	1,984	2,137
Community center membership dollars (cash basis)	\$107,706	\$118,629	\$114,978	\$123,131	\$101,612	\$110,194	\$121,699	\$116,106	\$117,783	\$112,874
Active member fitness center visits	42,751	39,812	40,124	44,453	50,731	52,453	53,787	50,662	51,621	50,173
<u>Community Environment</u>										
Building Department										
Total number of permits issued	552	566	710	682	658	652	950	682	688	624
Number of residential permits issued	289	334	428	505	368	266	618	375	266	278
Value of residential permits issued	\$1,448,090	\$1,537,673	\$1,942,286	\$2,780,380	\$1,998,921	\$1,324,170	\$16,050,007	\$4,854,928	\$1,512,000	\$1,361,489
Number of commercial permits issued	263	232	282	177	290	380	332	307	422	346
Value of commercial permits issued	\$11,464,347	\$11,123,570	\$13,452,349	\$4,486,595	\$15,409,775	\$31,133,543	\$29,386,840	\$27,131,533	\$19,286,071	\$7,374,016
Number of building inspections	954	823	1,372	1,163	1,923	2,016	2,212	2,308	1,256	1,163
Number of certificates of occupancy issued	82	75	33	73	124	63	72	72	82	78

**CITY OF SPRINGDALE, OHIO
OPERATING INDICATORS BY FUNCTION/DEPARTMENT
LAST TEN FISCAL YEARS
PAGE 2**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Transportation</u>										
Public Works Department										
Chipper man hours	2,398	2,582	3,021	2,696	4,283	2,938	2,615	2,475	2,564	2,565
Debris removal requests (3)	44	44	49	95	160	194	225	255	274	311
Cubic yards of mulch delivered to residents	790	775	620	600	1,288	1,788	1,476	1,098	1,926	268
Tons of salt used	248	734	1,206	1,298	1,625	1,332	683	1,186	1,299	2,257
Snow and ice control callouts	7	12	19	11	14	11	12	19	12	34
<u>General Government</u>										
Finance Department										
Average number of business days to post receipts	2.7	3.0	3.2	2.8	3.8	4.3	5.1	4.1	5.2	3.5
Average number of business days to pay invoices	6.2	5.3	6.0	5.0	6.0	8.0	8.2	9.4	9.6	6.2
Number of non-payroll checks written	2,960	2,762	2,914	3,364	3,500	3,961	4,018	3,706	3,386	3,591
Number of payroll checks written	1,199	1,208	1,396	1,629	1,606	1,886	1,979	2,210	2,373	2,290
Number of payroll direct deposits issued	3,993	4,017	4,146	4,234	4,298	4,175	3,779	NA	NA	NA
Tax Department										
Number of business accounts at year-end	2,637	2,796	2,798	2,785	2,915	2,971	2,879	2,910	2,857	2,837
Number of resident accounts at year-end	4,728	4,691	4,620	4,634	4,373	4,530	4,365	3,894	3,887	4,391
Current year no-file % (at due date):										
Business returns	23%	22%	37%	37%	43%	42%	44%	51%	33%	45%
Resident returns	33%	32%	35%	35%	29%	33%	29%	24.5%	29%	29%
Average days to process and mail tax refund	43	42	27	26	25	35	32	31	28	23
Tax accounts assigned to mayor's court	163	173	192	183	207	171	157	152	196	218
Tax department overtime hours worked	76	47	54	243	297	260	277	386	286	376

Source: City of Springdale, departmental annual reports, information available from year 2000 forward.

(1): 2002-2003 reflects number of residents visited, 2004-2011 reflects total number of visits

(2): Program discontinued in 2010

(3): 2009 was first year a fee was charged for debris removal services

NA: Information not available

**CITY OF SPRINGDALE, OHIO
CAPITAL ASSET STATISTICS BY FUNCTION/DEPARTMENT
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>General Government</u>										
Administration Department										
Square footage - municipal building	33,620	33,620	33,620	33,620	33,620	33,620	33,620	33,620	33,620	33,620
Administrative vehicles	0	0	0	1	1	1	1	1	1	2
<u>Security of Persons and Property</u>										
Police Department										
Number of stations	1	1	1	1	1	1	1	1	1	1
Square footage - police building	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Number of police cruisers	30	27	27	25	23	24	24	26	25	23
Number of other police vehicles	9	9	8	9	9	9	9	8	8	8
Fire Department										
Number of stations	1	1	1	1	1	1	1	1	1	1
Square footage - fire building	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Number of fire vehicles	6	5	5	4	4	4	4	4	5	7
Number of EMS vehicles	4	4	4	5	5	4	4	4	3	3
Number of other vehicles	4	4	4	5	5	5	4	3	3	3
<u>Public Health Services</u>										
Health Department										
Number of health vehicles	1	1	1	1	1	1	1	1	1	2
<u>Leisure Time Activities</u>										
Parks and Recreation Department										
Square footage - community center	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Number of parks	6	6	6	6	6	6	6	6	6	6
Number of tennis courts	4	4	4	4	4	4	4	4	4	4
Number of baseball diamonds	6	6	6	6	6	6	6	6	6	6
Number of soccer fields	3	3	3	3	3	3	3	3	3	3
Number of work vehicles	7	7	7	7	7	6	4	4	4	4
<u>Community Environment</u>										
Building Department										
Number of vehicles	4	4	4	3	3	3	3	3	3	3
<u>Transportation</u>										
Public Works Department										
Square Footage - office and garage	19,680	19,680	19,680	19,680	19,680	19,680	19,680	19,680	19,680	19,680
Number of work vehicles	15	15	15	15	15	14	13	13	12	12
Number of other vehicles	2	2	2	2	2	2	2	1	1	1

Source: City of Springdale, finance department
NA: Information not available

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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*..... 1 - 2.



BERNINGER MADDOX
CERTIFIED PUBLIC ACCOUNTANTS

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 the Honorable Mayor and Members of City Council
City of Springdale, Ohio

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of City of Springdale, Ohio (the "City") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated May 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results 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.

Berninger Maddox, Inc.

Cincinnati, Ohio

May 31, 2013

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Dave Yost • Auditor of State

CITY OF SPRINGDALE

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
OCTOBER 1, 2013**