



Dave Yost • Auditor of State

**CITY OF RIVERSIDE
MONTGOMERY COUNTY**

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CITY OF RIVERSIDE
MONTGOMERY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Riverside
Montgomery County
1791 Harshman Road
Riverside, Ohio 45424

To the Mayor and City Council:

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 Riverside, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riverside, Montgomery County, Ohio, as of December 31, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Fire Fund, Street/Public Service Fund, Police Fund, General Assessments Fund, and Police and Fire Income Tax Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City restated the net position for the Government Type Activities as of December 31, 2013. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 18, 2015

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2014
(Unaudited)

The discussion and analysis of the City of Riverside's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the financial statements and Notes to the Basic Financial Statements to enhance their understanding of the City's financial performance.

Financial Highlights

- Total Net Position increased \$2,661,780 during 2014.
- Unrestricted net position increased \$1,026,664 due to an increase in income tax revenue and rent income from the Wright Point Center. These two revenue lines increased while expenses experienced a slight decrease from 2013.
- The City closely monitored budgets to keep expenses at a minimum.

Using This Annual Financial Report

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The fund financial statements provide the next level of detail. 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. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

One of the most important questions asked about the City is "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City as a whole and its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2014
(Unaudited)

These two statements report the City's net position and changes in net position. This change in net position is important because it informs the reader that, for the City as a whole, the financial position of the City has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Position and the Statement of Activities, the City has only one kind of activity:

Governmental Activities – All of the City's services are reported here including general government, security of persons and property, public health services, leisure time activities, community and economic development, and transportation.

Reporting the City's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page eight. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. The City uses many funds to account for a multitude of financial transactions. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with the approval of Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City's major funds are the General Fund, the Fire Fund, the Street / Public Service Fund, the Police Fund, the General Assessments Fund, the Police and Fire Income Tax Fund , the OPWC / Issue II Fund, and the OPWC / Issue II – Burkhardt Road Fund.

Governmental Funds

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

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2014
(Unaudited)

Fiduciary Funds

The City's only fiduciary fund is an agency fund. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The City as a Whole

As stated previously, the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2014 compared to 2013.

Table 1
Net Position

| | Governmental Activities | | Increase (Decrease) |
|--|-------------------------|---------------------|------------------------|
| | 2014 | Restated 2013 | |
| Assets: | | | |
| Current and Other Assets | \$17,622,677 | \$17,495,590 | \$127,087 |
| Nondepreciable Capital Assets | 3,227,869 | 6,923,168 | (3,695,299) |
| Depreciable Capital Assets, Net | 14,350,339 | 9,407,930 | 4,942,409 |
| <i>Total Assets</i> | <u>35,200,885</u> | <u>33,826,688</u> | <u>1,374,197</u> |
| Liabilities: | | | |
| Current and Other Liabilities | 1,063,754 | 3,224,300 | (2,160,546) |
| Long-Term Liabilities: | | | |
| Due Within One Year | 397,693 | 318,104 | 79,589 |
| Due in More Than One Year | 8,545,482 | 7,644,893 | 900,589 |
| <i>Total Liabilities</i> | <u>10,006,929</u> | <u>11,187,297</u> | <u>(1,180,368)</u> |
| Deferred Inflows of Resources: | | | |
| Property Tax | 1,824,636 | 1,934,339 | (109,703) |
| Payment in Lieu of Taxes | 58,961 | 56,473 | 2,488 |
| <i>Total Deferred Inflows of Resources</i> | <u>1,883,597</u> | <u>1,990,812</u> | <u>(107,215)</u> |
| Net Position: | | | |
| Net Investment in Capital Assets | 11,149,016 | 8,787,230 | 2,361,786 |
| Restricted | 5,025,745 | 5,752,415 | (726,670) |
| Unrestricted | 7,135,598 | 6,108,934 | 1,026,664 |
| <i>Total Net Position</i> | <u>\$23,310,359</u> | <u>\$20,648,579</u> | <u>\$2,661,780</u> |

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2014
(Unaudited)

Total assets increased \$1,374,197 mainly due to the completion of several infrastructure projects during the year.

Long-term liabilities increased \$980,178 mainly due to the City entering into a lease purchase agreement for an energy savings performance project and two Ohio Public Works Commission loans related to the Harshman Road and Burkhardt Road projects.

Restricted net position decreased as a result of the City spending the remaining grant monies for road projects that weren't fully spent by the end of 2013. Unrestricted net position increased \$1,026,664 due to an increase in income tax revenue and rent income from the Wright Point Center. These two revenue lines increased while expenditures experienced a slight decrease from 2013.

Net Investment in capital assets increased \$2,361,786 mostly due to additions from the completion of several infrastructure projects.

Table 2 shows the changes in net position for the year ended December 31, 2014 and 2013.

Table 2
Changes in Net Position

| | Governmental Activities | | Increase (Decrease) |
|------------------------------------|-------------------------|-------------|------------------------|
| | 2014 | 2013 | |
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for Services | \$3,470,475 | \$2,594,538 | \$875,937 |
| Operating Grants and Contributions | 1,889,429 | 1,940,047 | (50,618) |
| Capital Grants and Contributions | 519,160 | 1,066,213 | (547,053) |
| <i>Total Program Revenues</i> | \$5,879,064 | \$5,600,798 | \$278,266 |
| | | | <i>(continued)</i> |

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2014
(Unaudited)

Table 2
Changes in Net Position
(Continued)

| | Governmental Activities | | Increase (Decrease) |
|--|----------------------------|----------------------------|---------------------------|
| | 2014 | 2013 | |
| Revenues: | | | |
| General Revenues: | | | |
| Income Taxes | \$6,345,823 | \$4,607,065 | \$1,738,758 |
| Property Taxes | 2,022,601 | 2,060,902 | (\$38,301) |
| Other Local Taxes | 284,121 | 283,120 | \$1,001 |
| Revenue In Lieu of Taxes | 38,965 | 43,908 | (\$4,943) |
| Grants and Entitlements not Restricted to Specific Programs | 360,390 | 284,202 | \$76,188 |
| Unrestricted Contributions | 0 | 1,230 | (\$1,230) |
| Interest | 2,969 | 3,076 | (\$107) |
| Miscellaneous | 316,234 | 99,376 | \$216,858 |
| <i>Total General Revenues</i> | <u>9,371,103</u> | <u>7,382,879</u> | <u>1,988,224</u> |
| <i>Total Revenues</i> | <u>15,250,167</u> | <u>12,983,677</u> | <u>2,266,490</u> |
| Program Expenses: | | | |
| General Government | 3,940,740 | 2,725,493 | 1,215,247 |
| Security of Persons and Property | 6,128,367 | 6,091,371 | 36,996 |
| Public Health Services | 5,408 | 5,411 | (3) |
| Leisure Time Activities | 67,732 | 59,096 | 8,636 |
| Community and Economic Development | 273,538 | 1,664,283 | (1,390,745) |
| Transportation | 2,072,534 | 2,034,846 | 37,688 |
| Interest and Fiscal Charges | 100,068 | 107,017 | (6,949) |
| <i>Total Expenses</i> | <u>12,588,387</u> | <u>12,687,517</u> | <u>(99,130)</u> |
| <i>Change in Net Position</i> | 2,661,780 | 296,160 | 2,365,620 |
| <i>Net Position at Beginning of Year - Restated</i> | <u>20,648,579</u> | <u>20,352,419</u> | <u>296,160</u> |
| <i>Net Position at End of Year</i> | <u><u>\$23,310,359</u></u> | <u><u>\$20,648,579</u></u> | <u><u>\$2,661,780</u></u> |

Governmental Activities

Program revenues are primarily represented by charges for permits, fines, and departmental services, as well as restricted intergovernmental revenues.

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2014
(Unaudited)

Charges for services increased \$875,937 when compared to the prior year. The increase is mainly due to an increase in rent revenue from 2013. Capital grants and contributions decreased due to the City having fewer ongoing capital projects in 2014.

The 1.5 percent income tax is the largest source of revenue for the City of Riverside. The increase in income tax revenues is due to a change in the income tax credit ordinance. Property taxes decreased slightly. However, the grants and entitlements not restricted to specified programs increased slightly in 2014.

Overall, expenses decreased slightly during 2014, which was due to City closely monitoring expenses.

Governmental program expenses as a percentage of total governmental expenses for 2014 are expressed as follows:

| | |
|------------------------------------|----------------|
| General Government | 31.31% |
| Security of Persons and Property | 48.68% |
| Public Health Services | 0.04% |
| Leisure Time Activities | 0.54% |
| Community and Economic Development | 2.17% |
| Transportation | 16.46% |
| Interest and Fiscal Charges | 0.80% |
| | <u>100.00%</u> |

The above table clearly indicates the City's major source of expenses, 48.68 percent, is related to the implementation of safety services. A distant second, 31.31 percent, are general government related expenditures for the City. All other forms of governmental operations represent 20.01 percent of expenses.

The City's Funds

Information about the City's funds starts on page 14 with the focus being on the major funds.

All governmental funds had total revenues of \$14,275,120 and total expenditures of \$18,741,333 at year-end.

Fund balance in the General Fund increased \$407,671 for 2014. The increase in fund balance was mainly the result of rent and the issuance of bonds and proceeds of a lease purchase agreement received during the year.

The Fire Fund's balance increased \$120,578. This fund generates revenues mostly through a property tax levy and charges for ambulance runs. This revenue is not enough to cover

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2014
(Unaudited)

expenditures. Therefore, the General Fund has subsidized this fund through transfers in the amount of \$1,258,762 for 2014.

The Street / Public Service Fund's balance decreased \$49,291. The General Fund transferred \$1,053,900 to subsidize this fund.

The Police Fund's balance increased \$169,657. The General Fund and the Police and Fire Income Tax Fund transferred a total of \$2,314,994 to subsidize this fund.

The General Assessments Fund accounts for trash billing collections and special assessments to provide street lighting within the City. The fund balance decreased \$7,608. The City sets rates to coincide with anticipated expenditures associated with trash collections and street lighting services. For 2014, the rates were not sufficient to cover the costs related to trash collections.

The Police and Fire Income Tax Fund accounts for income tax money received to assist in paying for the pension costs for the police and firefighters. The fund balance decreased \$32,350.

The OPWC / Issue II Fund accounts for and reports Ohio Public Works Commission monies / Issue II funding. The OPWC / Issue II Fund balance decreased \$42,225, which is not significant.

The OPWC / Issue II – Burkhardt Road Fund accounts for and reports Ohio Public Works Commission monies / Issue II funding specifically related to the Burkhardt Road Project. The OPWC / Issue II – Burkhardt Road Fund balance increased \$548,390 due to receiving reimbursements in 2014 for 2013 expenditures.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The City's budget is adopted on an object basis.

General Fund final budgeted revenues increased from original budgeted revenues by \$1,191,136. Actual revenues of \$6,598,865 were more than final budgeted amounts by \$1,097,262. This increase was the result of receiving higher than expected income tax revenue and rent revenue.

The decrease in appropriations from the original to the final budget was \$3,757,378. Actual expenditures of \$8,580,328 were \$300,699 less than final budgeted expenditures of \$8,881,027. This decrease was primarily due to the City closely monitoring expenditures related to general government activities.

The City's ending unobligated cash balance for the General Fund was \$1,776,806 above the final budgeted amount.

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2014
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of 2014, the City had \$17,578,208 invested in capital assets (net of accumulated depreciation) for governmental activities, an increase of \$1,247,110 from the prior year. The increase can be attributed to current year additions exceeding current year depreciation and deletions.

See Note 9 of the Notes to the Basic Financial Statements for more detailed information.

Debt

The City's outstanding long-term debt obligations at year-end included general obligation bonds in the amount of \$1,155,326, an OWDA Loan in the amount of \$19,117, a TIF Loan in the amount of \$1,355,367, a Revenue Bond Anticipation Note in the amount of \$4,600,000, a tax-exempt lease purchase agreement in the amount of \$807,872 and OPWC loans in the amount of \$432,373. The City's long-term obligations also included a premium on the revenue bond anticipation note and compensated absences for governmental activities.

The City's overall legal debt margin was \$22,627,030, and the unvoted legal debt margin was \$9,108,017 at December 31, 2014.

See Note 13 of the Notes to the Basic Financial Statements for more detailed information on the City's debt.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City's Finance Director, Tom Garrett, at 1791 Harshman Road, Riverside, Ohio 45424.

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City of Riverside
Statement of Net Position
December 31, 2014

| | Governmental Activities |
|--|------------------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$10,800,638 |
| Cash and Cash Equivalents with Fiscal Agents | 505,149 |
| Materials and Supplies Inventory | 51,511 |
| Accounts Receivable | 530,367 |
| Accrued Interest Receivable | 10,974 |
| Intergovernmental Receivable | 861,117 |
| Income Taxes Receivable | 2,658,768 |
| Property Taxes Receivable | 1,991,680 |
| Other Local Taxes Receivable | 70,186 |
| Revenue in Lieu of Taxes Receivable | 112,627 |
| Special Assessments Receivable | 29,660 |
| Capital Assets: | |
| Nondepreciable Capital Assets | 3,227,869 |
| Depreciable Capital Assets, Net | 14,350,339 |
| <i>Total Assets</i> | 35,200,885 |
| Liabilities: | |
| Accounts Payable | 257,754 |
| Retainage Payable | 79,137 |
| Accrued Wages Payable | 177,510 |
| Intergovernmental Payable | 371,323 |
| Accrued Vacation Leave Payable | 131,396 |
| Accrued Interest Payable | 46,634 |
| Long-Term Liabilities: | |
| Due Within One Year | 397,693 |
| Due in More Than One Year | 8,545,482 |
| <i>Total Liabilities</i> | 10,006,929 |
| Deferred Inflows of Resources: | |
| Property Taxes | 1,824,636 |
| Revenue in Lieu of Taxes | 58,961 |
| <i>Total Deferred Inflows of Resources</i> | 1,883,597 |
| Net Position: | |
| Net Investment in Capital Assets | 11,149,016 |
| Restricted for: | |
| Capital Outlay | 1,617,435 |
| Security of Persons and Property | 1,628,896 |
| Transportation | 1,494,204 |
| Community and Economic Development | 280,302 |
| Other Purposes | 4,908 |
| Unrestricted | 7,135,598 |
| <i>Total Net Position</i> | \$23,310,359 |

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Activities
For the Year Ended December 31, 2014

| | 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: | | | | | |
| General Government | \$3,940,740 | \$2,488,776 | \$107,466 | \$20,000 | (\$1,324,498) |
| Security of Persons and Property | 6,128,367 | 978,097 | 355,468 | 0 | (4,794,802) |
| Public Health Services | 5,408 | 0 | 0 | 0 | (5,408) |
| Leisure Time Activities | 67,732 | 0 | 0 | 0 | (67,732) |
| Community and Economic Development | 273,538 | 3,600 | 136,295 | 0 | (133,643) |
| Transportation | 2,072,534 | 2 | 1,290,200 | 499,160 | (283,172) |
| Interest and Fiscal Charges | 100,068 | 0 | 0 | 0 | (100,068) |
| <i>Total Governmental Activities</i> | <u>\$12,588,387</u> | <u>\$3,470,475</u> | <u>\$1,889,429</u> | <u>\$519,160</u> | <u>(6,709,323)</u> |
| General Revenues: | | | | | |
| Income Taxes Levied for: | | | | | |
| General Purposes | | | | 4,489,091 | |
| Public Safety | | | | 1,856,732 | |
| Property Taxes Levied for: | | | | | |
| General Purposes | | | | 352,952 | |
| Public Safety | | | | 1,669,649 | |
| Other Local Taxes | | | | 284,121 | |
| Revenue in Lieu of Taxes | | | | 38,965 | |
| Grants and Entitlements not Restricted to Specific Programs | | | | 360,390 | |
| Interest | | | | 2,969 | |
| Miscellaneous | | | | 316,234 | |
| <i>Total General Revenues</i> | | | | <u>9,371,103</u> | |
| <i>Change in Net Position</i> | | | | 2,661,780 | |
| <i>Net Position at Beginning of Year - Restated See Note 3</i> | | | | <u>20,648,579</u> | |
| <i>Net Position at End of Year</i> | | | | <u><u>\$23,310,359</u></u> | |

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Balance Sheet
Governmental Funds
December 31, 2014

| | General Fund | Fire Fund | Street / Public Service Fund | Police Fund |
|---|-------------------------|----------------------|---|------------------------|
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$7,079,384 | \$342,866 | \$262,887 | \$437,514 |
| Cash and Cash Equivalents with Fiscal Agent | 0 | 0 | 0 | 0 |
| Receivables: | | | | |
| Accounts | 187,090 | 199,832 | 0 | 0 |
| Accrued Interest | 10,974 | 0 | 0 | 0 |
| Intergovernmental | 193,162 | 47,595 | 433,420 | 113,536 |
| Income Taxes | 1,780,899 | 0 | 0 | 0 |
| Property Taxes | 325,093 | 504,038 | 0 | 1,162,549 |
| Other Local Taxes | 70,186 | 0 | 0 | 0 |
| Revenue in Lieu of Taxes | 0 | 0 | 0 | 0 |
| Special Assessments | 0 | 0 | 0 | 0 |
| Interfund | 138,840 | 0 | 0 | 0 |
| Materials and Supplies Inventory | 1,268 | 4,955 | 44,240 | 1,048 |
| <i>Total Assets</i> | <u>\$9,786,896</u> | <u>\$1,099,286</u> | <u>\$740,547</u> | <u>\$1,714,647</u> |
| Liabilities: | | | | |
| Accounts Payable | \$172,165 | \$13,965 | \$13,850 | \$24,040 |
| Retainage Payable | 3,512 | 0 | 0 | 0 |
| Accrued Wages Payable | 13,889 | 47,916 | 20,107 | 94,489 |
| Intergovernmental Payable | 29,050 | 94,254 | 35,416 | 126,593 |
| Interfund Payable | 0 | 0 | 0 | 0 |
| <i>Total Liabilities</i> | <u>218,616</u> | <u>156,135</u> | <u>69,373</u> | <u>245,122</u> |
| Deferred Inflows of Resources: | | | | |
| Property Taxes | 297,398 | 456,084 | 0 | 1,071,154 |
| Revenue in Lieu of Taxes | 0 | 0 | 0 | 0 |
| Unavailable Revenue | 1,913,629 | 259,758 | 358,923 | 198,545 |
| <i>Total Deferred Inflows of Resources</i> | <u>2,211,027</u> | <u>715,842</u> | <u>358,923</u> | <u>1,269,699</u> |
| Fund Balances: | | | | |
| Nonspendable | 1,268 | 4,955 | 44,240 | 1,048 |
| Restricted | 0 | 222,354 | 268,011 | 198,778 |
| Committed | 0 | 0 | 0 | 0 |
| Assigned | 1,833,668 | 0 | 0 | 0 |
| Unassigned | 5,522,317 | 0 | 0 | 0 |
| <i>Total Fund Balances</i> | <u>7,357,253</u> | <u>227,309</u> | <u>312,251</u> | <u>199,826</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$9,786,896</u> | <u>\$1,099,286</u> | <u>\$740,547</u> | <u>\$1,714,647</u> |

See Accompanying Notes to the Basic Financial Statements

| General Assessments Fund | Police and Fire Income Tax Fund | OPWC / Issue II Fund | OPWC / Issue II Burkhardt Road Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------|--|-----------------------------|--|------------------------------------|---------------------------------|
| \$172,550 | \$36,843 | \$683,886 | \$880,641 | \$904,067 | \$10,800,638 |
| 0 | 0 | 0 | 0 | 505,149 | 505,149 |
| 143,445 | 0 | 0 | 0 | 0 | 530,367 |
| 0 | 0 | 0 | 0 | 0 | 10,974 |
| 0 | 0 | 0 | 0 | 73,404 | 861,117 |
| 0 | 877,869 | 0 | 0 | 0 | 2,658,768 |
| 0 | 0 | 0 | 0 | 0 | 1,991,680 |
| 0 | 0 | 0 | 0 | 0 | 70,186 |
| 0 | 0 | 0 | 0 | 112,627 | 112,627 |
| 29,660 | 0 | 0 | 0 | 0 | 29,660 |
| 0 | 0 | 0 | 0 | 0 | 138,840 |
| 0 | 0 | 0 | 0 | 0 | 51,511 |
| <u>\$345,655</u> | <u>\$914,712</u> | <u>\$683,886</u> | <u>\$880,641</u> | <u>\$1,595,247</u> | <u>\$17,761,517</u> |
| \$0 | \$31,027 | \$0 | \$0 | \$2,707 | \$257,754 |
| 0 | 0 | 33,251 | 42,374 | 0 | 79,137 |
| 0 | 0 | 0 | 0 | 1,109 | 177,510 |
| 84,360 | 0 | 0 | 0 | 1,650 | 371,323 |
| 0 | 0 | 0 | 0 | 138,840 | 138,840 |
| <u>84,360</u> | <u>31,027</u> | <u>33,251</u> | <u>42,374</u> | <u>144,306</u> | <u>1,024,564</u> |
| 0 | 0 | 0 | 0 | 0 | 1,824,636 |
| 0 | 0 | 0 | 0 | 58,961 | 58,961 |
| 173,105 | 760,166 | 0 | 0 | 107,904 | 3,772,030 |
| <u>173,105</u> | <u>760,166</u> | | | <u>166,865</u> | <u>5,655,627</u> |
| 0 | 0 | 0 | 0 | 0 | 51,511 |
| 88,190 | 123,519 | 650,635 | 838,267 | 1,283,837 | 3,673,591 |
| 0 | 0 | 0 | 0 | 229 | 229 |
| 0 | 0 | 0 | 0 | 10 | 1,833,678 |
| 0 | 0 | 0 | 0 | 0 | 5,522,317 |
| <u>88,190</u> | <u>123,519</u> | <u>650,635</u> | <u>838,267</u> | <u>1,284,076</u> | <u>11,081,326</u> |
| <u>\$345,655</u> | <u>\$914,712</u> | <u>\$683,886</u> | <u>\$880,641</u> | <u>\$1,595,247</u> | <u>\$17,761,517</u> |

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City of Riverside
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2014

| | |
|---|----------------------------|
| Total Governmental Fund Balances | \$11,081,326 |
| <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i> | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of: | |
| Land | 3,227,869 |
| Land Improvements | 464,257 |
| Buildings and Building Improvements | 5,181,606 |
| Machinery and Equipment | 3,031,789 |
| Vehicles | 3,196,525 |
| Infrastructure | 10,074,995 |
| Accumulated Depreciation | <u>(7,598,833)</u> |
| Total | 17,578,208 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds: | |
| Income Taxes | 2,280,499 |
| Delinquent Property Taxes | 167,044 |
| Revenue in Lieu of Taxes | 53,666 |
| Special Assessments | 292,083 |
| Intergovernmental | 735,483 |
| Accounts | 232,281 |
| Interest | <u>10,974</u> |
| Total | 3,772,030 |
| In the Statement of Activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due. | |
| Accrued Interest Payable | (46,634) |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds: | |
| Accrued Vacation Leave Payable | (131,396) |
| General Obligation Bonds | (1,155,326) |
| OWDA Loan Payable | (19,117) |
| Brantwood Division TIF Loan | (1,335,367) |
| OPWC Loans | (432,373) |
| Lease-Purchase Agreement | (807,872) |
| Bond Anticipation Notes | (4,600,000) |
| Premium on Bond Anticipation Note | (7,575) |
| Compensated Absences | <u>(585,545)</u> |
| Total | <u>(9,074,571)</u> |
| <i>Net Position of Governmental Activities</i> | <u><u>\$23,310,359</u></u> |

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

| | General Fund | Fire Fund | Street / Public Service Fund | Police Fund |
|--|-------------------------|----------------------|---|------------------------|
| Revenues: | | | | |
| Income Taxes | \$3,780,967 | \$0 | \$0 | \$0 |
| Property Taxes | 356,717 | 573,370 | 0 | 1,114,851 |
| Other Local Taxes | 285,879 | 0 | 0 | 0 |
| Revenue in Lieu of Taxes | 0 | 0 | 0 | 0 |
| Special Assessments | 0 | 0 | 335 | 0 |
| Intergovernmental | 521,929 | 100,552 | 883,857 | 224,262 |
| Charges for Services | 22,109 | 721,112 | 2 | 27,342 |
| Licenses and Permits | 13,665 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 24,567 |
| Interest | 14 | 0 | 490 | 0 |
| Rent | 1,363,203 | 0 | 0 | 0 |
| Contributions and Donations | 150 | 1,450 | 0 | 0 |
| Miscellaneous | 150,111 | 98,710 | 16,749 | 47,840 |
| <i>Total Revenues</i> | <u>6,494,744</u> | <u>1,495,194</u> | <u>901,433</u> | <u>1,438,862</u> |
| Expenditures: | | | | |
| Current Operations and Maintenance: | | | | |
| General Government | 2,953,428 | 0 | 0 | 0 |
| Security of Persons and Property | 0 | 2,397,504 | 0 | 3,363,699 |
| Public Health Services | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 47,344 | 0 | 0 | 0 |
| Community and Economic Development | 196,616 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 1,830,164 | 0 |
| Capital Outlay | 219,934 | 105,873 | 165,699 | 220,500 |
| Debt Service: | | | | |
| Principal Retirement | 4,622,128 | 120,000 | 7,756 | 0 |
| Interest and Fiscal Charges | 67,748 | 10,001 | 1,005 | 0 |
| <i>Total Expenditures</i> | <u>8,107,198</u> | <u>2,633,378</u> | <u>2,004,624</u> | <u>3,584,199</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(1,612,454)</u> | <u>(1,138,184)</u> | <u>(1,103,191)</u> | <u>(2,145,337)</u> |
| Other Financing Sources (Uses): | | | | |
| Issuance of Bonds | 4,600,000 | 0 | 0 | 0 |
| Proceeds of Lease Purchase Agreement | 830,000 | 0 | 0 | 0 |
| Proceeds of Loans | 0 | 0 | 0 | 0 |
| Premium on Debt Issued | 22,724 | 0 | 0 | 0 |
| Transfers In | 626 | 1,258,762 | 1,053,900 | 2,314,994 |
| Transfers Out | <u>(3,433,225)</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Total Other Financing Sources (Uses)</i> | <u>2,020,125</u> | <u>1,258,762</u> | <u>1,053,900</u> | <u>2,314,994</u> |
| <i>Net Change in Fund Balance</i> | 407,671 | 120,578 | (49,291) | 169,657 |
| <i>Fund Balances at Beginning of Year</i> | <u>6,949,582</u> | <u>106,731</u> | <u>361,542</u> | <u>30,169</u> |
| <i>Fund Balances at End of Year</i> | <u>\$7,357,253</u> | <u>\$227,309</u> | <u>\$312,251</u> | <u>\$199,826</u> |

See Accompanying Notes to the Basic Financial Statements

| General Assessments Fund | Police and Fire Income Tax Fund | OPWC / Issue II Fund | OPWC / Issue II Burkhardt Road Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------|--|-----------------------------|--|------------------------------------|---------------------------------|
| \$0 | \$1,502,671 | \$0 | \$0 | \$0 | \$5,283,638 |
| 0 | 0 | 0 | 0 | 0 | 2,044,938 |
| 0 | 0 | 0 | 0 | 0 | 285,879 |
| 0 | 0 | 0 | 0 | 108,901 | 108,901 |
| 147,548 | 0 | 0 | 0 | 0 | 147,883 |
| 0 | 0 | 148,671 | 312,017 | 593,404 | 2,784,692 |
| 1,059,564 | 0 | 0 | 0 | 0 | 1,830,129 |
| 0 | 0 | 0 | 0 | 0 | 13,665 |
| 0 | 0 | 0 | 0 | 65,596 | 90,163 |
| 0 | 0 | 0 | 0 | 91 | 595 |
| 0 | 0 | 0 | 0 | 3,600 | 1,366,803 |
| 0 | 0 | 0 | 0 | 0 | 1,600 |
| 0 | 0 | 0 | 0 | 2,824 | 316,234 |
| 1,207,112 | 1,502,671 | 148,671 | 312,017 | 774,416 | 14,275,120 |
| 1,012,320 | 0 | 0 | 0 | 82,933 | 4,048,681 |
| 202,400 | 85,265 | 0 | 0 | 49,265 | 6,098,133 |
| 0 | 0 | 0 | 0 | 5,250 | 5,250 |
| 0 | 0 | 0 | 0 | 0 | 47,344 |
| 0 | 0 | 0 | 0 | 63,726 | 260,342 |
| 0 | 0 | 0 | 0 | 197,911 | 2,028,075 |
| 0 | 0 | 386,896 | 0 | 56,909 | 1,155,811 |
| 0 | 0 | 4,000 | 0 | 221,775 | 4,975,659 |
| 0 | 0 | 0 | 0 | 43,284 | 122,038 |
| 1,214,720 | 85,265 | 390,896 | 0 | 721,053 | 18,741,333 |
| (7,608) | 1,417,406 | (242,225) | 312,017 | 53,363 | (4,466,213) |
| 0 | 0 | 0 | 0 | 0 | 4,600,000 |
| 0 | 0 | 0 | 0 | 0 | 830,000 |
| 0 | 0 | 200,000 | 236,373 | 0 | 436,373 |
| 0 | 0 | 0 | 0 | 0 | 22,724 |
| 0 | 0 | 0 | 0 | 255,325 | 4,883,607 |
| 0 | (1,449,756) | 0 | 0 | (626) | (4,883,607) |
| 0 | (1,449,756) | 200,000 | 236,373 | 254,699 | 5,889,097 |
| (7,608) | (32,350) | (42,225) | 548,390 | 308,062 | 1,422,884 |
| 95,798 | 155,869 | 692,860 | 289,877 | 976,014 | 9,658,442 |
| \$88,190 | \$123,519 | \$650,635 | \$838,267 | \$1,284,076 | \$11,081,326 |

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City of Riverside
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2014

| | | |
|---|-------------|--------------------|
| Net Change in Fund Balances - Total Governmental Funds | | \$1,422,884 |
| <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i> | | |
| 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. In the current period, these amounts are: | | |
| Capital Assets Additions | 2,103,671 | |
| Depreciation | (834,668) | |
| Excess of Capital Outlay over Depreciation Expense | 1,269,003 | 1,269,003 |
| The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets is removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a loss on the sale of capital assets in the Statement of Activities. | | |
| Loss on Disposal of Capital Assets | | (21,893) |
| Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this year: | | |
| Income Taxes | 1,062,185 | |
| Delinquent Property Taxes | (22,337) | |
| Other Local Taxes | (1,758) | |
| Revenue in Lieu of Taxes | (69,936) | |
| Special Assessments | 1,136 | |
| Intergovernmental | (17,313) | |
| Charges for Services | 10,094 | |
| Rent | 10,602 | |
| Interest | 2,374 | |
| Total | 975,047 | 975,047 |
| Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of: | | |
| Note Payments | 4,600,000 | |
| Brantwood TIF Loan | 64,633 | |
| General Obligation Bonds Payments | 283,962 | |
| OWDA Loan Payments | 936 | |
| Lease-Purchase Payments | 22,128 | |
| OPWC Loan Payments | 4,000 | |
| Total | 4,975,659 | 4,975,659 |
| Amortization of bond premiums, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as expenses over the life of the debt in the Statement of Activities. | | |
| Amortization of Bond Premium | 22,724 | |
| Accrued Interest | (754) | |
| Total | 21,970 | 21,970 |
| The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is recorded as a liability. | | |
| Loans Payable | (436,373) | |
| Proceeds of Lease Purchase Agreement | (830,000) | |
| Note Proceeds | (4,600,000) | |
| Premium on Debt Issued | (22,724) | |
| Total | (5,889,097) | (5,889,097) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of: | | |
| Increase in Compensated Absences | (89,464) | |
| Increase in Accrued Vacation Leave Payable | (2,329) | |
| Total | (91,793) | (91,793) |
| <i>Change in Net Position of Governmental Activities</i> | | \$2,661,780 |

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2014

| | Original Budget | Revised Budget | Budgetary Actual | Variance Positive (Negative) |
|---|----------------------------|---------------------------|-----------------------------|---|
| Revenues: | | | | |
| Income Taxes | \$2,183,135 | \$3,255,084 | \$3,768,905 | \$513,821 |
| Property Taxes | 570,652 | 320,000 | 356,717 | 36,717 |
| Other Local Taxes | 156,397 | 231,206 | 284,558 | 53,352 |
| Intergovernmental | 586,901 | 503,879 | 627,886 | 124,007 |
| Charges for Services | 10,195 | 14,592 | 22,069 | 7,477 |
| Licenses and Permits | 15,118 | 24,237 | 13,665 | (10,572) |
| Interest | 4,924 | 7,689 | 5,946 | (1,743) |
| Rent | 764,609 | 1,134,152 | 1,363,203 | 229,051 |
| Contributions and Donations | 0 | 0 | 150 | 150 |
| Miscellaneous | 18,536 | 10,764 | 155,766 | 145,002 |
| <i>Total Revenues</i> | <u>4,310,467</u> | <u>5,501,603</u> | <u>6,598,865</u> | <u>1,097,262</u> |
| Expenditures: | | | | |
| Current Operations and Maintenance: | | | | |
| General Government | 12,217,036 | 3,592,920 | 3,365,555 | 227,365 |
| Leisure Time Activities | 58,217 | 74,985 | 48,724 | 26,261 |
| Community and Economic Development | 271,764 | 245,501 | 210,649 | 34,852 |
| Capital Outlay | 91,388 | 270,085 | 246,598 | 23,487 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 4,622,128 | 4,622,128 | 0 |
| Interest and Fiscal Charges | 0 | 75,408 | 86,674 | (11,266) |
| <i>Total Expenditures</i> | <u>12,638,405</u> | <u>8,881,027</u> | <u>8,580,328</u> | <u>300,699</u> |
| Excess of Revenues Under Expenditures | <u>(8,327,938)</u> | <u>(3,379,424)</u> | <u>(1,981,463)</u> | <u>1,397,961</u> |
| Other Financing Sources (Uses): | | | | |
| Issuance of Bond Anticipation Note | 4,600,000 | 4,600,000 | 4,600,000 | 0 |
| Issuance of Notes | 830,000 | 830,000 | 830,000 | 0 |
| Premium on Debt Issued | 0 | 0 | 22,724 | 22,724 |
| Advances In | 853,000 | 853,000 | 597,320 | (255,680) |
| Advances Out | 0 | (853,000) | (457,500) | 395,500 |
| Transfers In | 0 | 0 | 626 | 626 |
| Transfers Out | 0 | (3,648,900) | (3,433,225) | 215,675 |
| <i>Total Other Financing Sources (Uses)</i> | <u>6,283,000</u> | <u>1,781,100</u> | <u>2,159,945</u> | <u>378,845</u> |
| <i>Net Change in Fund Balance</i> | <u>(2,044,938)</u> | <u>(1,598,324)</u> | <u>178,482</u> | <u>1,776,806</u> |
| <i>Fund Balance at Beginning of Year</i> | <u>6,248,166</u> | <u>6,248,166</u> | <u>6,248,166</u> | <u>0</u> |
| <i>Prior Year Encumbrances</i> | <u>169,479</u> | <u>169,479</u> | <u>169,479</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u><u>\$4,372,707</u></u> | <u><u>\$4,819,321</u></u> | <u><u>\$6,596,127</u></u> | <u><u>\$1,776,806</u></u> |

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire Fund
For the Year Ended December 31, 2014

| | Original Budget | Revised Budget | Budgetary Actual | Variance Positive (Negative) |
|--|----------------------------|---------------------------|-----------------------------|---|
| Revenues: | | | | |
| Property Taxes | \$852,854 | \$570,000 | \$573,370 | \$3,370 |
| Intergovernmental | 50,396 | 96,670 | 100,552 | 3,882 |
| Charges for Services | 403,169 | 767,071 | 709,566 | (57,505) |
| Contributions and Donations | | 96 | 1,450 | 1,354 |
| Miscellaneous | 38,260 | 74,874 | 98,710 | 23,836 |
| <i>Total Revenues</i> | <u>1,344,679</u> | <u>1,508,711</u> | <u>1,483,648</u> | <u>(25,063)</u> |
| Expenditures: | | | | |
| Current Operations and Maintenance: | | | | |
| Security of Persons and Property | 2,583,264 | 2,606,726 | 2,514,272 | 92,454 |
| Capital Outlay | 111,821 | 118,176 | 116,371 | 1,805 |
| Debt Service: | | | | |
| Principal Retirement | 120,000 | 120,000 | 120,000 | 0 |
| Interest and Fiscal Charges | 20,000 | 20,000 | 10,001 | 9,999 |
| <i>Total Expenditures</i> | <u>2,835,085</u> | <u>2,864,902</u> | <u>2,760,644</u> | <u>104,258</u> |
| Excess of Revenues Under Expenditures | (1,490,406) | (1,356,191) | (1,276,996) | 79,195 |
| Other Financing Sources: | | | | |
| Transfers In | 1,210,000 | 1,210,000 | 1,258,762 | 48,762 |
| <i>Net Change in Fund Balance</i> | (280,406) | (146,191) | (18,234) | 127,957 |
| <i>Fund Balance at Beginning of Year</i> | 197,292 | 197,292 | 197,292 | 0 |
| <i>Prior Year Encumbrances</i> | 60,663 | 60,663 | 60,663 | 0 |
| <i>Fund Balance (Deficit) at End of Year</i> | <u><u>(\$22,451)</u></u> | <u><u>\$111,764</u></u> | <u><u>\$239,721</u></u> | <u><u>\$127,957</u></u> |

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
Street / Public Service Fund
For the Year Ended December 31, 2014

| | Original Budget | Revised Budget | Budgetary Actual | Variance Positive (Negative) |
|--|----------------------------|---------------------------|-----------------------------|---|
| Revenues: | | | | |
| Intergovernmental | \$707,249 | \$831,000 | \$882,600 | \$51,600 |
| Charges for Services | 0 | 0 | 2 | 2 |
| Special Assessments | 0 | 0 | 335 | 335 |
| Interest | 0 | 0 | 490 | 490 |
| Miscellaneous | 851 | 1,000 | 16,749 | 15,749 |
| <i>Total Revenues</i> | <u>708,100</u> | <u>832,000</u> | <u>900,176</u> | <u>68,176</u> |
| Expenditures: | | | | |
| Current Operations and Maintenance: | | | | |
| Transportation | 1,877,107 | 2,090,001 | 2,016,172 | 73,829 |
| Capital Outlay | 115,000 | 170,060 | 166,699 | 3,361 |
| Debt Service: | | | | |
| Principal Retirement | 8,500 | 7,857 | 7,756 | 101 |
| Interest and Fiscal Charges | 530 | 1,173 | 1,005 | 168 |
| <i>Total Expenditures</i> | <u>2,001,137</u> | <u>2,269,091</u> | <u>2,191,632</u> | <u>77,459</u> |
| Excess of Revenues Under Expenditures | (1,293,037) | (1,437,091) | (1,291,456) | 145,635 |
| Other Financing Sources: | | | | |
| Transfers In | 1,175,600 | 1,175,600 | 1,053,900 | (121,700) |
| <i>Net Change in Fund Balance</i> | (117,437) | (261,491) | (237,556) | 23,935 |
| <i>Fund Balance at Beginning of Year</i> | 260,977 | 260,977 | 260,977 | 0 |
| <i>Prior Year Encumbrances</i> | <u>127,259</u> | <u>127,259</u> | <u>127,259</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u><u>\$270,799</u></u> | <u><u>\$126,745</u></u> | <u><u>\$150,680</u></u> | <u><u>\$23,935</u></u> |

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2014

| | Original Budget | Revised Budget | Budgetary Actual | Variance Positive (Negative) |
|--|----------------------------|---------------------------|-----------------------------|---|
| Revenues: | | | | |
| Property Taxes | \$2,385,187 | \$1,125,000 | \$1,114,851 | (\$10,149) |
| Intergovernmental | 196,532 | 271,363 | 225,397 | (45,966) |
| Charges for Services | 10,836 | 18,398 | 27,342 | 8,944 |
| Fines and Forfeitures | 17,016 | 24,455 | 23,684 | (771) |
| Miscellaneous | 6,806 | 18,619 | 47,840 | 29,221 |
| <i>Total Revenues</i> | <u>2,616,377</u> | <u>1,457,835</u> | <u>1,439,114</u> | <u>(18,721)</u> |
| Expenditures: | | | | |
| Current Operations and Maintenance: | | | | |
| Security of Persons and Property | 3,835,638 | 3,733,234 | 3,491,978 | 241,256 |
| Capital Outlay | 210,000 | 221,871 | 222,350 | (479) |
| <i>Total Expenditures</i> | <u>4,045,638</u> | <u>3,955,105</u> | <u>3,714,328</u> | <u>240,777</u> |
| Excess of Revenues Under Expenditures | (1,429,261) | (2,497,270) | (2,275,214) | 222,056 |
| Other Financing Sources: | | | | |
| Transfers In | 1,278,300 | 2,278,300 | 2,314,994 | 36,694 |
| <i>Net Change in Fund Balance</i> | (150,961) | (218,970) | 39,780 | 258,750 |
| <i>Fund Balance at Beginning of Year</i> | 305,392 | 305,392 | 305,392 | 0 |
| <i>Prior Year Encumbrances</i> | <u>38,704</u> | <u>38,704</u> | <u>38,704</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u>\$193,135</u> | <u>\$125,126</u> | <u>\$383,876</u> | <u>\$258,750</u> |

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
General Assessments Fund
For the Year Ended December 31, 2014

| | Original Budget | Revised Budget | Budgetary Actual | Variance Positive (Negative) |
|---|----------------------------|---------------------------|-----------------------------|---|
| Revenues: | | | | |
| Charges for Services | \$1,070,000 | \$1,061,222 | \$1,059,564 | (\$1,658) |
| Special Assessments | 147,000 | 145,778 | 147,548 | 1,770 |
| <i>Total Revenues</i> | <u>1,217,000</u> | <u>1,207,000</u> | <u>1,207,112</u> | <u>112</u> |
| Expenditures: | | | | |
| Current Operations and Maintenance: | | | | |
| General Government | 1,004,500 | 686,510 | 1,010,563 | (324,053) |
| Security of Persons and Property | 214,400 | 144,390 | 214,400 | (70,010) |
| <i>Total Expenditures</i> | <u>1,218,900</u> | <u>830,900</u> | <u>1,224,963</u> | <u>(394,063)</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(1,900)</u> | <u>376,100</u> | <u>(17,851)</u> | <u>(393,951)</u> |
| Other Financing Sources (Uses): | | | | |
| Advances In | 400,000 | 400,000 | 400,000 | 0 |
| Advances Out | 0 | (400,000) | (400,000) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>400,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | 398,100 | 376,100 | (17,851) | (393,951) |
| <i>Fund Balance at Beginning of Year</i> | 178,401 | 178,401 | 178,401 | 0 |
| <i>Prior Year Encumbrances</i> | <u>12,000</u> | <u>12,000</u> | <u>12,000</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u>\$588,501</u> | <u>\$566,501</u> | <u>\$172,550</u> | <u>(\$393,951)</u> |

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
Police and Fire Income Tax Fund
For the Year Ended December 31, 2014

| | <u>Original Budget</u> | <u>Revised Budget</u> | <u>Budgetary Actual</u> | Variance Positive (Negative) |
|--|----------------------------|---------------------------|-----------------------------|---|
| Revenues: | | | | |
| Income Taxes | \$1,366,400 | \$1,503,990 | \$1,503,994 | \$4 |
| Expenditures: | | | | |
| Current Operations and Maintenance: | | | | |
| Security of Persons and Property | 41,000 | 57,700 | 54,238 | 3,462 |
| Excess of Revenues Over Expenditures | 1,325,400 | 1,446,290 | 1,449,756 | 3,466 |
| Other Financing Uses: | | | | |
| Transfers Out | (1,325,400) | (1,449,756) | (1,449,756) | 0 |
| <i>Net Change in Fund Balance</i> | 0 | (3,466) | 0 | 3,466 |
| <i>Fund Balance at Beginning of Year</i> | 36,843 | 36,843 | 36,843 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$36,843</u> | <u>\$33,377</u> | <u>\$36,843</u> | <u>\$3,466</u> |

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2014

Assets:

| | |
|--|------------------------|
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$12,000</u></u> |
|--|------------------------|

Liabilities:

| | |
|----------------------|------------------------|
| Undistributed Assets | <u><u>\$12,000</u></u> |
|----------------------|------------------------|

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Riverside (the City) is a chartered municipal corporation established and operating under the laws of the State of Ohio and its charter. Mad River Township and the Village of Riverside merged in 1994 to become the City of Riverside. The City operates under a Council-Manager form of government. Elected officials include seven council members, one of which is the Mayor. Legislative power is vested in this seven-member Council. All council members, including the Mayor, are elected to four-year terms.

The City Manager, who is appointed by the Council, is the chief executive officer for the City. The administrative activities of the City are carried out by a Department of Finance, a Department of Law, a Department of Service, and a Department of Safety. All department heads are hired by the City Manager, with approval from Council, except for the Director of the Department of Law, who is appointed by Council.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City consists of all funds, departments, and activities that are not legally separate from the City. They comprise the City's legal entity, which provides various services, including police protection, fire protection, health services, street maintenance and repairs, leisure time activities, and community and economic development. Council and the City Manager have direct responsibility for these activities.

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

The City is associated with five organizations, three of which are defined as jointly governed organizations, one as a related organization, and one as a risk sharing pool. These organizations are presented in Notes 16, 17, and 18 to the Basic Financial Statements and are presented as follows:

Jointly Governed Organizations:

Miami Valley Regional Planning Commission
Greater Miami Valley Emergency Medical Services Council
Economic Development/Government Equity Program

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Related Organization:
Riverside Historical Society
Risk Sharing Pool:
Public Entities Pool of Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements normally distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. The City, however, has no business-type activities.

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

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund – This fund accounts for and reports all financial resources not accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Fire Fund – This fund accounts for and reports restricted monies related to the fire department activities and the fire levy tax proceeds.

Street / Public Service Fund – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

Police Fund – This fund accounts for and reports restricted monies received from the police levy tax proceeds, along with fines generated through safety enforcement within the City.

General Assessments Fund – This fund accounts for and reports restricted trash billing collections and special assessments to provide street lighting within the City.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Police and Fire Income Tax Fund – This fund accounts for and reports the accumulation of restricted income taxes levied for the payment of the current and accrued liability for police and fire disability and pension benefits. Once the income taxes are collected, the monies are transferred to the respective Police and Fire special revenue funds for payment of the liabilities.

OPWC / Issue II Fund – This fund accounts for and reports Ohio Public Works Commission monies / Issue II funding restricted for the Harshman Road Project, in addition to transfers from the General Fund that covers the City’s required matching portion.

OPWC / Issue II – Burkhardt Road Fund – This fund accounts for and reports Ohio Public Works Commission monies / Issue II funding restricted for the Burkhardt Road Project, in addition to transfers from the General Fund that covers the City’s required matching portion.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City’s only fiduciary fund is an agency fund that is used to account for money held for individuals and organizations for fire insurance settlements that will be relinquished to the individuals and organizations upon restoration of damaged property.

Measurement Focus

Government-wide Financial Statements

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

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

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

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income taxes, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance), grants, charges for services and interest on investments.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, revenue in lieu of taxes, and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet and represents receivables that will not be collected within the available period. For the City, unavailable revenue includes income taxes, delinquent property taxes, other local taxes, revenue in lieu of taxes, special assessments, intergovernmental grants, charges for services, rent and interest. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The City has permissive motor vehicle license money, which is held by the Montgomery County Engineer as a fiscal agent and distributed to the City for approved street projects. The balance in this account is presented on the Balance Sheet as "Cash and Cash Equivalents with Fiscal Agents."

During the year, investments were limited to Federal Agency Securities, a Money Market Mutual Fund, Negotiable Certificates of Deposit, and STAROhio. Investments are reported at fair value, which is based on quoted market prices.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value per share, which is the price the investment could be sold for on December 31, 2014.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2014 amounted to \$14, which includes \$9 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

Material and Supplies Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Interfund Receivables and Payables

On fund financial statements, outstanding interfund loans and unpaid interfund services are reported as "Interfund Receivable" and "Interfund Payable." Interfund balances are eliminated in the governmental activities column of the Statement of Net Position.

Capital Assets

General capital assets are capital assets that are associated with and generally rise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values on the date donated. The City maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

| <u>Descriptions</u> | <u>Estimated Lives</u> |
|-------------------------------------|------------------------|
| Land Improvements | 10-25 years |
| Buildings and Building Improvements | 20-50 years |
| Machinery and Equipment | 3-20 years |
| Vehicles | 5-20 years |
| Infrastructure | 10-60 years |

The City's infrastructure consists of streets, a storm sewer system, light poles, street lights, traffic signals, and curbs. The City only reports the amounts acquired after 2003. General infrastructure assets acquired prior to January 1, 2004 are not reported in the Basic Financial Statements.

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, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans, bond anticipation notes, and lease purchase agreements are recognized as liabilities on the governmental fund financial statements when due.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees after one year of service.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

regulations of other governments. Net position restricted for other purposes includes federal equitable sharing and cemetery.

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

Fund Balance

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

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. The nonspendable fund balance for the City includes materials and supplies inventory.

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 ordinances).

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

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (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 action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is 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.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Assigned

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority by ordinance or by State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Internal Activity

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

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

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the Certificate of Estimated Resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each fund and department. Budgetary modifications may only be made by resolution of Council.

The Certificate of Estimated Resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the Certificate of Estimated Resources when the original appropriations were adopted. The amounts reported as final budgeted amounts represent estimates from the amended certificate in effect at the time final appropriations were passed by Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond premiums are presented as additions to the face amount of bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period when the debt is issued.

NOTE 3 – CORRECTION OF ERROR

This correction is due to an error in calculating the prior year compensated absences liability.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

| | Governmental Activities |
|---|----------------------------|
| Net Position, December 31, 2013, as Previously Reported | \$21,069,190 |
| Restatement of Compensated Absences | (420,611) |
| Net position, December 31, 2013, as Restated | \$20,648,579 |

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual is presented for the General Fund and the major special revenue funds on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned balance (GAAP basis).
4. Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).
5. Unrecorded cash represents amounts received, but not included as revenue, on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
6. Advances In and Advances Out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund and the major special revenue funds are as follows:

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

| Net Change in Fund Balance | | | | |
|----------------------------|-----------|------------|----------------------------|-----------|
| | General | Fire | Street / Public Service | Police |
| | Fund | Fund | Fund | Fund |
| GAAP Basis | \$407,671 | \$120,578 | (\$49,291) | \$169,657 |
| Revenue Accruals | 98,707 | (11,546) | (1,257) | 252 |
| Expenditure Accruals | 30,443 | (24,121) | (74,801) | (76,491) |
| Encumbrances | (496,181) | (103,145) | (112,207) | (53,638) |
| Change in Fair Value of | | | | |
| Investments -2014 | 13,066 | 0 | 0 | 0 |
| Change in Fair Value of | | | | |
| Investments -2013 | (7,652) | 0 | 0 | 0 |
| Unrecorded Cash - 2014 | (142) | 0 | 0 | 0 |
| Unrecorded Cash - 2013 | (7,250) | 0 | 0 | 0 |
| Advances | 139,820 | 0 | 0 | 0 |
| Budget Basis | \$178,482 | (\$18,234) | (\$237,556) | \$39,780 |

| Net Change in Fund Balance | | |
|----------------------------|-------------|-----------------|
| | General | Police and Fire |
| | Assessments | Income Tax |
| | Fund | Fund |
| GAAP Basis | (\$7,608) | (\$32,350) |
| Revenue Accruals | 0 | 1,323 |
| Expenditure Accruals | (10,243) | 31,027 |
| Budget Basis | (\$17,851) | \$0 |

NOTE 5 – DEPOSITS AND INVESTMENTS

The investment and deposit of City monies are governed by the Ohio Revised Code and the City’s charter. State statutes classify monies held by the City into three categories.

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

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

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

As of December 31, 2014, the City had the following investments:

| | Fair Value | Investment Maturities (in Years) | | S&P Rating | Percent of Total Investments |
|--|--------------------|-------------------------------------|------------------|---------------|------------------------------------|
| | | Less than 1 | 1-5 | | |
| Federal Home Loan Mortgage Corporation Notes | \$475,295 | \$415,274 | \$60,021 | Aaa | 15.68% |
| Federal National Mortgage Association Discount Notes | 458,027 | 368,030 | 89,997 | Aaa | 15.11% |
| Federal Home Loan Bank Consolidation Bonds | 30,026 | 30,026 | 0 | Aaa | N/A |
| Federal Home Loan Bank Notes | 1,010,719 | 945,729 | 64,990 | Aaa | 33.35% |
| Federal Farm Credit Bank Notes | 241,172 | 241,172 | 0 | Aaa | 7.96% |
| Federal Farm Credit Bank Consolidation Bonds | 60,023 | 60,023 | 0 | Aaa | 1.98% |
| US Treasury Notes | 55,043 | 55,043 | 0 | Aaa | N/A |
| Money Market Mutual Fund | 78,357 | 78,357 | 0 | A-2 | N/A |
| Negotiable Certificates of Deposit | 498,207 | 99,957 | 398,250 | N/A | 16.44% |
| STAROhio | 123,775 | 123,775 | 0 | AAAm | N/A |
| Totals | \$3,030,644 | \$2,417,386 | \$613,258 | | |

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Interest Rate Risk – State statute requires that an investment mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and that an investment must be purchased with the expectation that it will be held to maturity. The City’s investment policy states that the City will not directly invest in securities maturing more than five years from the settlement date unless, per a bond indenture, the investment is matched to a specified obligation or debt of the subdivision. Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The intent to invest in securities with longer maturities will be disclosed in writing to City Council.

Credit Risk – Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City’s investment policy limits investments to those authorized by State statute. State statute only addresses credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers. The Standard and Poor’s (S&P) rating of each investment is listed in the table above.

Concentration of Credit Risk – It is the policy of the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, issuer, or class of securities. However, the maximum percentages are established at the following levels for each eligible instrument: 60 percent in cooperative, money market, or pooled investment programs; 20 percent in a single issue, except U.S. Treasury securities; and 35 percent in a single issuer, except for obligations or securities guaranteed by the United States. The percentage that each investment represents of the total investments is listed in the table above.

NOTE 6 – MUNICIPAL INCOME TAX

The City levies and collects an income tax of one and one-half percent on all income earned within the City, as well as on incomes of City residents that are earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 50 percent of the City’s current tax rate. The City utilized the Regional Income Tax Agency (RITA) for the collection of income taxes.

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, police and fire pension benefits, and other governmental functions when needed, as determined by Council. In 2014, the proceeds were allocated to the General Fund and the Police and Fire Income Tax Special Revenue Fund.

NOTE 7 – PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

2014 real property taxes were levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes, which became a lien December 31, 2013, are levied after October 1, 2014 and are collected in 2015 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2014 was \$11.34 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

| <u>Category</u> | <u>Assessed Value</u> |
|-------------------------|-----------------------------|
| Real Estate | \$265,257,410 |
| Public Utility Personal | 5,122,860 |
| Totals | <u><u>\$270,380,270</u></u> |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies, which were measurable as of December 31, 2014, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2014 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis, the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 8 – RECEIVABLES

Receivables at December 31, 2014 consisted of accounts, interest on investments, intergovernmental receivables arising from grants, entitlements or shared revenues, income taxes, property taxes, other local taxes, revenue in lieu of taxes, special assessments, and interfund. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, revenue in lieu of taxes, income taxes, and special assessments. Property taxes, income taxes, and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Special assessments expected to be collected in more than one year for the City amounts to \$29,660. The City had \$29,660 in delinquent special assessments at December 31, 2014.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

A summary of the principal items of intergovernmental receivables follows:

| <u>Governmental Activities:</u> | |
|---|-------------------------|
| Homestead and Rollback | \$187,215 |
| County Local Government | 141,949 |
| State Local Government | 13,030 |
| Gasoline Excise Tax/Cents per Gallon | 268,634 |
| Motor Vehicle License Tax | 75,897 |
| Cents per Gallon | 124,032 |
| Office of Criminal Justice Services/Victims of Crime Act Grant | 25,136 |
| Eintracht Project - Vectren Foundation | 3,769 |
| Permissive Tax | 13,100 |
| Estate Tax | 1,944 |
| Montgomery County Court | 25 |
| City of Huber Heights | 6,386 |
| Total Intergovernmental Receivable | <u><u>\$861,117</u></u> |

Revenue in Lieu of Taxes Receivable

The City granted real property tax exemptions to landowners for improvements made to their properties for a period of 10 years. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefiting the owners. The City accrues a receivable for the amounts measurable at December 31, 2014, with a corresponding credit to deferred inflows of resources - revenue in lieu of taxes.

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2014 was as follows:

| | <u>Balance at 12/31/2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at 12/31/2014</u> |
|--|----------------------------------|--------------------|--------------------|----------------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$3,177,829 | \$50,040 | \$0 | \$3,227,869 |
| Construction in Progress | 3,745,339 | 1,365,432 | 5,110,771 | 0 |
| Total Capital Assets, Not Being Depreciated | <u>\$6,923,168</u> | <u>\$1,415,472</u> | <u>\$5,110,771</u> | <u>\$3,227,869</u> |

(continued)

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

| | Balance at 12/31/2013 | Additions | Deletions | Balance at 12/31/2014 |
|---|--------------------------|--------------------|--------------------|--------------------------|
| Governmental Activities: | | | | |
| Depreciable Capital Assets: | | | | |
| Land Improvements | \$464,257 | \$0 | \$0 | \$464,257 |
| Buildings and Building Improvements | 5,043,413 | 147,015 | 8,822 | 5,181,606 |
| Machinery and Equipment | 2,769,319 | 288,157 | 25,687 | 3,031,789 |
| Vehicles | 3,194,056 | 253,027 | 250,558 | 3,196,525 |
| Infrastructure | 4,964,224 | 5,110,771 | 0 | 10,074,995 |
| Total Depreciable Capital Assets | <u>16,435,269</u> | <u>5,798,970</u> | <u>285,067</u> | <u>21,949,172</u> |
| Total Capital Assets At Historical Cost | <u>23,358,737</u> | <u>7,214,442</u> | <u>5,395,838</u> | <u>25,177,041</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (194,398) | (22,234) | 0 | (216,632) |
| Buildings and Building Improvements | (814,116) | (128,082) | (332) | (941,866) |
| Machinery and Equipment | (1,906,063) | (177,154) | (25,687) | (2,057,530) |
| Vehicles | (2,692,536) | (154,634) | (237,155) | (2,610,015) |
| Infrastructure | (1,420,226) | (352,564) | 0 | (1,772,790) |
| Total Accumulated Depreciation | <u>(7,027,339)</u> | <u>(834,668)</u> | <u>(263,174)</u> | <u>(7,598,833)</u> |
| Depreciable Capital Assets, Net | <u>9,407,930</u> | <u>4,964,302</u> | <u>21,893</u> | <u>14,350,339</u> |
| Governmental Activities Capital Assets, Net | <u>\$16,331,098</u> | <u>\$6,379,774</u> | <u>\$5,132,664</u> | <u>\$17,578,208</u> |

Depreciation expense was charged to governmental programs as follows:

| | |
|------------------------------------|------------------|
| General Government | \$118,981 |
| Security of Persons and Property | 274,620 |
| Public Health Services | 158 |
| Leisure Time Activities | 21,529 |
| Community and Economic Development | 65 |
| Transportation | 419,315 |
| Total Depreciation Expense | <u>\$834,668</u> |

NOTE 10 – DEFINED BENEFIT PENSION PLAN

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 plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing,

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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 plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for State and local employer units and 18.1 percent of covered payroll for public safety and law enforcement employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local classifications. The Ohio Revised Code authorizes OPERS to calculate employee contribution rates for public safety employees and limits the law enforcement rate to the public safety rate plus an additional percent not to exceed 2 percent. For the year ended December 31, 2014, members in State and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12 percent and 13 percent, respectively. While members in the State and local classifications may participate in all three plans, public safety and law enforcement classifications exist only within the traditional plan. For 2014, member and employer contribution rates were consistent across all three plans.

The City's 2014 contribution rate was 14 percent, except for those plan members in public safety or law enforcement, for whom the City's contribution was 18.1 percent of covered payroll. The portion of the City's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the City's contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 was \$96,106, \$206,733, and \$171,640, respectively. For 2014, 88.81 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012. No contributions were made to the Member-Directed Plan for 2014.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014, through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014, through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers and 24 percent for firefighters.

The OPF pension fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree healthcare benefits. For 2014, the portion of the City's contribution used to fund pension benefits was 19 percent of covered payroll for police officers and 23.5 percent of covered payroll for firefighters. The City's contribution to OPF for police and firefighters pension was \$384,336 and \$264,269 for the year ended December 31, 2014, \$263,511 and \$181,797 for the year ended December 31, 2013, and \$220,106 and \$157,275 for the year ended December 31, 2012. For 2014, 92.59 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

NOTE 11 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 postemployment healthcare plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

In order to qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy - The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, State and local employers contributed 14 percent of covered payroll and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The portion of the employer contribution allocated to healthcare for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to healthcare remained at 2 percent for both plans as recommended by the OPERS actuary.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The City's contribution allocated to fund postemployment healthcare benefits for the years ended December 31, 2014, 2013, and 2012 was \$37,490, \$62,447, and \$67,279, respectively. For 2014, 88.81 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Changes to the healthcare plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved healthcare changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the healthcare fund after the end of the transition period.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Ohio Police and Fire Pension Fund

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

OPF provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For 2014, the employer contribution allocated to the healthcare plan was .5 percent of covered payroll. The amount of employer contribution allocated to the healthcare 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).

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

The OPF Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contribution to OPF which was allocated to fund postemployment healthcare benefits for police and firefighters was \$10,114 and \$5,623 for the year ended December 31, 2014, \$106,829 and \$58,020 for the year ended December 31, 2013, and \$116,527 and \$61,542 for the year ended December 31, 2012. For 2014, 92.59 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

NOTE 12 – EMPLOYEE BENEFITS

Compensated Absences

Vacation leave is earned at rates that vary depending upon length of service and negotiated agreements. The current policy of union employees covered by negotiated agreements credits vacation leave annually on January 1 and allows the unused balance to be accumulated at levels that depend upon years of service. City employees covered by the negotiated agreements are paid for earned, unused vacation leave at the time of termination of employment. However, non-union employees covered by the personnel policy of the City cannot carry over more than 40 hours of accrued vacation. These employees lose any remaining vacation balances existing at the end of the calendar year. On governmental fund financial statements, a liability is reported for non-union employees for vacation balances that do not carry over beyond the anniversary of their date of hire each year. These amounts are recorded in the account "Accrued Vacation Leave Payable" in the funds from which the employees will be paid.

Sick leave is earned at rates that vary depending upon specified personnel policies and union contracts. At retirement, employees will be paid varying portions of their accumulated sick leave, based on the union agreements and the City personnel policy.

City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee's regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Insurance Benefits

Full-time City employees are provided medical/surgical benefits from Anthem Blue Cross Blue Shield. The City pays 90 percent for non-union employees and 85 percent for union employees of the monthly premiums for the employees. The premium varies with each employee depending on the plan. Department heads and administrative staff receive an amount equal to their annual salary in life insurance, up to \$50,000; the City Manager receives two times his annual salary; and police, fire, and street union employees receive \$30,000 in coverage selected. Additionally, the City contributes to Health Savings accounts for all full-time employees, which serves to pay part of the employees' deductible each year. Dental insurance is provided through Superior Dental Care and vision benefits are provided through Superior Vision. Life insurance is provided through Anthem Life Insurance.

Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan, Ohio Municipal League 457 Deferred Compensation Plan, International City Manager Association 457 Deferred Compensation Plan, or the Ohio Association of Professional Fire Fighters 457 Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

NOTE 13 – OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS

The change in the City's long-term obligations during 2014 consisted of the following:

| | Restated Balance at December 31, 2013 | Issued | Retired | Balance at December 31, 2014 | Due Within One Year |
|---|--|------------|------------------|------------------------------------|------------------------|
| <u>Governmental Activities:</u> | | | | | |
| <u>General Obligation Bonds:</u> | | | | | |
| 2005 Various Purpose Bonds - Unvoted 4.15% \$2,154,168 | \$430,834 | \$0 | \$215,419 | \$215,415 | \$215,415 |
| 2010 Various Purpose Bonds 3.6% \$1,200,000 | 1,008,454 | 0 | 68,543 | 939,911 | 71,032 |
| Total General Obligations Bonds | <u>\$1,439,288</u> | <u>\$0</u> | <u>\$283,962</u> | <u>\$1,155,326</u> | <u>\$286,447</u> |

(continued)

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

| | Restated Balance at December 31, 2013 | Issued | Retired | Balance at December 31, 2014 | Due Within One Year |
|--|--|--------------------|--------------------|------------------------------------|------------------------|
| <u>Governmental Activities:</u> | | | | | |
| <u>Other Long-Term Obligations:</u> | | | | | |
| 2011 OWDA Loan 3.25% \$23,100 | \$20,053 | \$0 | \$936 | \$19,117 | \$966 |
| 2012 Brantwood Division TIF Loan 5.0% \$1,400,000 | 1,400,000 | 0 | 64,633 | 1,335,367 | 0 |
| 2013 Property Acquisition Non-Tax Revenue Bond Anticipation Note 1.25% \$4,600,000 | 4,600,000 | 0 | 4,600,000 | 0 | 0 |
| Premium | 7,575 | 0 | 7,575 | 0 | 0 |
| 2014 Property Acquisition Non-Tax Revenue Bond Anticipation Note 1.25% \$4,600,000 | 0 | 4,600,000 | 0 | 4,600,000 | 0 |
| Premium | 0 | 22,724 | 15,149 | 7,575 | 0 |
| 2014 Tax-Exempt Lease Purchase Agreement | 0 | 830,000 | 22,128 | 807,872 | 45,252 |
| OPWC Harshman Road Project Phase II | 0 | 200,000 | 4,000 | 196,000 | 8,000 |
| OPWC Burkhardt Road Project | 0 | 236,373 | 0 | 236,373 | 0 |
| Compensated Absences | 496,081 | 400,013 | 310,549 | 585,545 | 57,028 |
| Total Other Long-Term Obligations | <u>6,523,709</u> | <u>6,289,110</u> | <u>5,024,970</u> | <u>7,787,849</u> | <u>111,246</u> |
| Total Governmental Activities | <u>\$7,962,997</u> | <u>\$6,289,110</u> | <u>\$5,308,932</u> | <u>\$8,943,175</u> | <u>\$397,693</u> |

The 2005 Various Purpose Bonds were issued on December 6, 2005, in the amount of \$2,154,168 to retire the 2001 Sidewalk Special Assessment Bond Anticipation Note, the 2005 Fire Station Acquisition Note, the 2005 Real Estate Acquisition Note, the 2004 General Equipment Replacement Bond Anticipation Note, and the 2004 Business Park Infrastructure Bond Anticipation Note. The bonds were issued at a 4.15 percent interest rate and will reach maturity on December 6, 2015. The bonds are being paid from the Fire and Street / Public Services Special Revenue Funds and the General Obligation Debt Retirement Debt Service Fund using transfers from the General Fund.

The 2010 Various Purpose Bonds were issued on November 8, 2010, in the amount of \$1,200,000 to retire the Real Estate Acquisition Bond Anticipation Note and the Center of Flight Improvement Bond Anticipation Note. The bonds were issued at a 3.6 percent interest rate and will reach maturity on November 8, 2020. The bonds will be paid from the DAP Facility Special Revenue Fund using transfers from the General Fund.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

The Ohio Water Development Authority (OWDA) loan consisted of money owed to the Ohio Water Development Authority for the construction of a salt storage shed. The loan was issued at a 3.25 percent interest rate and will reach maturity on July 1, 2030. The loan will be repaid from the Street / Public Services Special Revenue Fund.

On December 21, 2012, the City entered into a tax increment financing and infrastructure development agreement with Disciple Development Company, LLC to fund the construction of public infrastructure improvement in the Brantwood division. The loan was received in 2013. Per the agreement, the City will begin repaying the loan once TIF monies are received from the Brantwood division development, and the repayment schedule will depend upon the amount of TIF monies received by the City.

The 2013 Property Acquisition Non-Tax Revenue Bond Anticipation Note was issued on April 25, 2013, in the amount of \$4,600,000 for acquisition and improvements of properties and buildings. This note was refinanced in April of 2014 for the full amount. The City has spent \$2,600,000 of the note proceeds as of December 31, 2014.

During 2014, the City entered into a Tax-Exempt Lease Purchase agreement with U.S. Bancorp for an energy savings performance project. The amount of the Lease Purchase agreement is \$830,000 with payments being made in June and December. The agreement will mature June 20, 2029.

During 2014, the City received \$200,000 in loan proceeds from the Ohio Public Works Commission for the Harshman Road Improvements. The project was completed by December 31, 2014. The loan was issued at a zero percent interest rate and will mature on January 1, 2039. The loan will be repaid from the Ohio Public Works Issue II fund.

During 2014, the City received \$236,373 in loan proceeds from the Ohio Public Works Commission for the Burkhardt Road Project. The project is not yet complete. Therefore, no amortization table is available.

Compensated absences will be paid from the General Fund and the Fire, Street / Public Service, and Police special revenue funds.

The City's overall legal debt margin was \$22,627,030 and the unvoted legal debt margin was \$9,108,017 at December 31, 2014.

Principal and interest requirements to retire the City's outstanding general obligation bonds at December 31, 2014 were:

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

| Year | General Obligation Bonds | | OWDA | |
|-----------|--------------------------|------------------|-----------------|----------------|
| | Principal | Interest | Principal | Interest |
| 2015 | \$286,447 | \$42,146 | \$966 | \$614 |
| 2016 | 73,612 | 30,623 | 998 | 582 |
| 2017 | 76,286 | 27,949 | 1,031 | 549 |
| 2018 | 79,057 | 25,178 | 1,064 | 515 |
| 2019 | 81,929 | 22,306 | 1,099 | 481 |
| 2020-2024 | 557,995 | 19,331 | 6,061 | 1,838 |
| 2025-2029 | 0 | 0 | 7,121 | 778 |
| 2030-2034 | 0 | 0 | 777 | 13 |
| Total | <u>\$1,155,326</u> | <u>\$167,533</u> | <u>\$19,117</u> | <u>\$5,370</u> |

| Year | Honeywell Lease-Purchase | | OPWC |
|-----------|--------------------------|------------------|------------------|
| | Principal | Interest | Principal |
| 2015 | \$45,252 | \$23,820 | \$8,000 |
| 2016 | 46,616 | 22,456 | 8,000 |
| 2017 | 48,020 | 21,052 | 8,000 |
| 2018 | 49,467 | 19,605 | 8,000 |
| 2019 | 50,956 | 18,116 | 8,000 |
| 2020-2024 | 278,753 | 66,607 | 40,000 |
| 2025-2029 | 288,808 | 22,016 | 40,000 |
| 2030-2034 | 0 | 0 | 40,000 |
| 2035-2039 | 0 | 0 | 36,000 |
| Total | <u>\$807,872</u> | <u>\$193,672</u> | <u>\$196,000</u> |

| Year | Total | |
|-----------|--------------------|------------------|
| | Principal | Interest |
| 2015 | \$340,665 | \$66,580 |
| 2016 | 129,226 | 53,661 |
| 2017 | 133,337 | 49,550 |
| 2018 | 137,588 | 45,298 |
| 2019 | 141,984 | 40,903 |
| 2020-2024 | 882,809 | 87,776 |
| 2025-2029 | 335,929 | 22,794 |
| 2030-2034 | 40,777 | 13 |
| 2035-2039 | 36,000 | 0 |
| Total | <u>\$2,178,315</u> | <u>\$366,575</u> |

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 14 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage through the Public Entities Pool of Ohio (PEP), a risk sharing pool for building contents, vehicles, general liability, public official, and police professional liability (see Note 18). Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

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

NOTE 15 – INTERFUND ACTIVITY

Interfund balances at December 31, 2014 consisted of \$138,840 paid from the General Fund to nonmajor governmental funds as a result of an advance for a grant reimbursement. All amounts are expected to be repaid within one year.

Transfers made during the year ended December 31, 2014 were as follows:

| Transfers To | | | | | | |
|------------------------------------|-----------------|--------------------|------------------------------------|--------------------|-----------------------------------|--------------------|
| Transfers From | General Fund | Fire Fund | Street / Public Service Fund | Police Fund | Nonmajor Governmental Funds | Total |
| General Fund | \$0 | \$664,000 | \$1,053,900 | \$1,460,000 | \$255,325 | \$3,433,225 |
| Police and Fire Income Tax Fund | 0 | 594,762 | 0 | 854,994 | 0 | 1,449,756 |
| Nonmajor Governmental Funds | 626 | 0 | 0 | 0 | 0 | 626 |
| Total | \$626 | \$1,258,762 | \$1,053,900 | \$2,314,994 | \$255,325 | \$4,883,607 |

Transfers from the General Fund were made to move unrestricted balances to support programs and projects accounted for in other funds. Transfers from nonmajor governmental funds to the General Fund were due to the elimination of a fund. Transfers from the Police and Fire Income Tax Fund to the Fire Fund and Police Fund were made for operating purposes.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami, and Montgomery Counties and various cities residing within these counties, including the City of Riverside. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks, and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses that affect the development of the region. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$11,592 for the operation of the Commission during 2014. Financial information may be obtained by writing to Brian Martin, Executive Director, 10 North Ludlow Street, Suite 700, Dayton, Ohio 45402.

Greater Miami Valley Emergency Medical Services Council

The Greater Miami Valley EMS Council is a jointly governed organization between municipal corporations and townships in Montgomery, Greene, and Warren Counties. The purpose of the Council is to foster cooperation among the political subdivisions by promoting programs and recommending matters that will result in more efficient methods of delivering fire and emergency medical services in the region. The Council is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS Services by volunteers, two representatives appointed by the members who are provided Fire/EMS Services by a combination of full-time employees and volunteers, and a representative appointed by the members who are provided Fire/EMS Services by full-time employees. Payments to the Council are made from the Fire Special Revenue Fund. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating government is limited to its representation on the Board. The City contributed \$550 toward the operation of the Council during 2014. Financial information may be obtained by writing to Sandy Lehrter, Executive Administrator, at 2 River Place, Suite 400, Dayton, Ohio, 45405.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Economic Development/Government Equity Program

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships, and cities within Montgomery County and Montgomery County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial, or research facilities and by creating and preserving job and employment opportunities for the people of the County.

The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for 8 years, ending December 31, 2019. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the General Fund. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating government is limited to its representation on the Board. The City did not receive any monies from ED/GE during 2014. Financial information may be obtained by writing to Erik Collins, Executive Administrator, 451 West Third Street, Dayton, Ohio, 45422.

NOTE 17 – RELATED ORGANIZATION

The Riverside Historical Society (RHS) is a related organization that was created by Ordinance No. 96-0-79 on November 7, 1996 by the City of Riverside. RHS is governed by seven members, which are appointed by City Council. RHS was established to provide a society that is interested and qualified to undertake such programs that will promote the historical and cultural heritage of the City, to protect existing historical landmarks in the City, and to promote the use of and protect historical sites within the City. The City is not able to impose its will on the RHS, and no financial benefit and/or burden relationship exists. The City did not contribute to the operation of the RHS during 2014.

NOTE 18 – RISK SHARING POOL

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081 of the Ohio Revised Code by the execution of an intergovernmental contract ("Participation Agreements"). PEP enables the subscribing subdivisions to pool risk for property, liability, and public official liability.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

PEP has no employees; rather, it is administered through contracts with various professionals. Pursuant to a contract, the firm of American Risk Pooling Consultants administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative, and claims functions to a “Pool Operator,” currently Wells Fargo Insurance Services. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP, and others as required.

The City pays an annual “premium” to PEP for the coverage they are provided, based on rates established by PEP, using anticipated and actual results of operation for the various coverage provided. Participants are also charged for a “surplus contribution” that is used to fund the activities of PEP. During 2014, the City of Riverside made premium payments of \$167,333 to PEP. There was no required surplus contribution in 2014.

PEP is governed by a seven-member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio, 45402.

NOTE 19 – CONTINGENT LIABILITIES

Litigation

The City is party to legal proceedings. The City is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

For the period January 1, 2014 to December 31, 2014, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 20 – FUND BALANCES

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

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

| Fund Balances | General Fund | Fire Fund | Street / Public Service Fund | Police Fund | General Assessments Fund | Police and Fire Income Tax Fund |
|----------------------------|----------------------------------|--------------------------------|------------------------------------|--------------------------------|--------------------------------|---------------------------------------|
| <u>Nonspendable:</u> | | | | | | |
| Materials and Supplies | \$1,268 | \$4,955 | \$44,240 | \$1,048 | \$0 | \$0 |
| <u>Restricted for:</u> | | | | | | |
| Safety Forces | 0 | 222,354 | 0 | 198,778 | 0 | 123,519 |
| Transportation Services | 0 | 0 | 268,011 | 0 | 0 | 0 |
| Street Lighting | 0 | 0 | 0 | 0 | 88,190 | 0 |
| Center of Flight Program | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Law | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Health Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Development | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Improvements | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Restricted</i> | <u>0</u> | <u>222,354</u> | <u>268,011</u> | <u>198,778</u> | <u>88,190</u> | <u>123,519</u> |
| <u>Committed to:</u> | | | | | | |
| Transportation Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>Assigned to:</u> | | | | | | |
| Purchases on Order | 385,956 | 0 | 0 | 0 | 0 | 0 |
| Community Development | 0 | 0 | 0 | 0 | 0 | 0 |
| Budgetary Obligations | 1,447,712 | 0 | 0 | 0 | 0 | 0 |
| Debt Service Payments | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Assigned</i> | <u>1,833,668</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>Unassigned</u> | <u>5,522,317</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Fund Balances | <u><u>\$7,357,253</u></u> | <u><u>\$227,309</u></u> | <u><u>\$312,251</u></u> | <u><u>\$199,826</u></u> | <u><u>\$88,190</u></u> | <u><u>\$123,519</u></u> |

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

| Fund Balances | OPWC / Issue II Fund | OPWC / Issue II Burkhardt Road Fund | Nonmajor Governmental Funds | Total |
|--------------------------|----------------------------|--|-----------------------------------|---------------------|
| <u>Nonspendable:</u> | | | | |
| Materials and Supplies | \$0 | \$0 | \$0 | \$51,511 |
| <u>Restricted for:</u> | | | | |
| Safety Forces | 0 | 0 | 57,647 | 602,298 |
| Transportation Services | 0 | 0 | 940,183 | 1,208,194 |
| Street Lighting | 0 | 0 | 0 | 88,190 |
| Center of Flight Program | 0 | 0 | 226,636 | 226,636 |
| Drug Law | 0 | 0 | 1,873 | 1,873 |
| Public Health Services | 0 | 0 | 4,590 | 4,590 |
| Community Development | 0 | 0 | 37,937 | 37,937 |
| Capital Improvements | 650,635 | 838,267 | 14,971 | 1,503,873 |
| <i>Total Restricted</i> | <u>650,635</u> | <u>838,267</u> | <u>1,283,837</u> | <u>3,673,591</u> |
| <u>Committed to:</u> | | | | |
| Transportation Services | 0 | 0 | 229 | 229 |
| <u>Assigned to:</u> | | | | |
| Purchases on Order | 0 | 0 | 0 | 385,956 |
| Community Development | 0 | 0 | 7 | 7 |
| Budgetary Obligations | 0 | 0 | 0 | 1,447,712 |
| Debt Service Payments | 0 | 0 | 3 | 3 |
| <i>Total Assigned</i> | <u>0</u> | <u>0</u> | <u>10</u> | <u>1,833,678</u> |
| <u>Unassigned</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>5,522,317</u> |
| Total Fund Balances | <u>\$650,635</u> | <u>\$838,267</u> | <u>\$1,284,076</u> | <u>\$11,081,326</u> |

NOTE 21 – SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

| | |
|-------------------------------------|-------------------------|
| General Fund | \$496,181 |
| Fire Fund | 103,145 |
| Street/Public Service Fund | 112,207 |
| Police Fund | 53,638 |
| OPWC / Issue II Fund | 38,165 |
| OPWC / Issue II Burkhardt Road Fund | 148,116 |
| Nonmajor Governmental Funds | <u>22,450</u> |
| Total | <u><u>\$973,902</u></u> |

Contractual Commitments

The City of Riverside has entered into the following contracts as of December 31, 2014:

| Contractor | Purpose | Amount Remaining |
|------------------------|--------------------------------------|---------------------|
| John R Jurgensen Co. | Harshman Road Overlay | \$33,251 |
| John R Jurgensen Co. | Burkhardt Resurfacing | 42,374 |
| Brumbaugh Construction | Tenant Modifications at Wright Point | 3,512 |

NOTE 22 – SUBSEQUENT EVENTS

In April 2015, the City reissued Property Acquisition Non-Tax Revenue Bond Anticipation Notes in the amount of \$5,460,000 and received a Truck Loan in the amount of \$455,655. In addition, the City received a loan for fire trucks in July 2015, in the amount of \$985,000.

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Dave Yost • Auditor of State

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

City of Riverside
Montgomery County
1791 Harshman Road
Riverside, Ohio 45424

To the Mayor and City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riverside, Montgomery County, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 18, 2015 wherein we noted the City restated the net position for the Government Type Activities as of December 31, 2013 as described in Note 3 of the Notes to the Basic Financial Statements.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

November 18, 2015



Dave Yost • Auditor of State

CITY OF RIVERSIDE

MONTGOMERY 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
DECEMBER 8, 2015**