

**CITY OF MT. HEALTHY
HAMILTON COUNTY, OHIO
FINANCIAL STATEMENTS
December 31, 2014**



Dave Yost • Auditor of State

City Council
City of Mount Healthy
7700 Perry Street
Mount Healthy, Ohio 45231

We have reviewed the *Independent Auditor's Report* of the City of Mount Healthy, Hamilton County, prepared by Elliot Davis Decosimo, LLC, for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

September 16, 2015

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mt. Healthy (the City), as of and for the year ended December 31, 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

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mt. Healthy as of December 31, 2014, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive style with a large, sweeping flourish at the end.

Cincinnati, Ohio
June 25, 2015

City of Mt. Healthy
Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

Management's Discussion and Analysis (MD&A) of the City of Mt. Healthy's financial performance provides an overview of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

Financial Highlights

- The City's total net position increased \$251,581 from 2013.
- General revenues accounted for \$2,290,835 of all governmental revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$1,809,721 of total governmental revenues of \$4,100,556.
- The City had \$3,848,975 in expenses; \$1,809,721 of these expenses were offset by program specific revenues in the form of charges for services and sales and grants and contributions.

Using This Annual Financial Report

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

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

Reporting the City as a Whole

One of the most important questions asked about the City is, "How did we do financially during 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 and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Mt. Healthy
Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 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 tells the reader that, for the City as a whole, the financial condition of the City has improved or diminished. However, the City's goal is to provide services to its citizens, not to generate profits as commercial entities do.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

City of Mt. Healthy
Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

The City as a Whole

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

Table 1
Net Position

	Governmental Activities		
	2013	2014	Change
Assets:			
Current and Other Assets	\$ 2,482,988	\$ 2,510,642	\$ 27,654
Nondepreciable Capital Assets	1,284,106	722,773	(561,333)
Depreciable Capital Assets, Net	3,196,361	3,932,225	735,864
Total Assets	6,963,455	7,165,640	202,185
Deferred Outflows of Resources	63,204	59,496	(3,708)
Liabilities:			
Current and Other Liabilities	236,279	265,637	29,358
Long-Term Liabilities:			
Due Within One Year	129,398	140,760	11,362
Due in More Than One Year	1,907,635	1,808,511	(99,124)
Total Liabilities	2,273,312	2,214,908	(58,404)
Deferred Inflows of Resources	747,700	753,000	5,300
Net Position:			
Net Investment in Capital			
Assets	2,647,170	2,897,216	250,046
Restricted	401,664	527,210	125,546
Unrestricted	956,813	832,802	(124,011)
Total Net Position	\$ 4,005,647	\$ 4,257,228	\$ 251,581

Nondepreciable Capital Assets decreased \$561,333 and Depreciable Capital Assets, Net increased by \$735,864 as prior year construction in progress related to street projects was placed into service.

City of Mt. Healthy
Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

Total liabilities remained essentially flat from 2013 to 2014, decreasing \$58,404. Long-Term Liabilities Due in More than One Year decreased \$99,124 as a result of the City paying down outstanding debt at a faster pace than additional debt was taken on during 2014.

Total Net Position increased \$251,581. Net investment in capital assets increased \$250,046 due to the acquisition of new infrastructure assets outpacing depreciation expense for the current period. Restricted net position increased \$125,546, while unrestricted net position decreased \$124,011.

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

City of Mt. Healthy
Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

Table 2
Change in Net Position

	Governmental Activities		
	2013	2014	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$ 1,021,478	\$ 986,135	\$ (35,343)
Operating Grants and Contributions	291,001	443,297	152,296
Capital Grants and Contributions	516,436	380,289	(136,147)
Total Program Revenues	<u>1,828,915</u>	<u>1,809,721</u>	<u>(19,194)</u>
General Revenues			
Property Taxes	765,529	803,617	38,088
Income Taxes	1,370,377	1,242,735	(127,642)
Payment in Lieu of Taxes	-	43	43
Grants and Entitlements			
not Restricted for Specific Purposes	190,579	176,922	(13,657)
Unrestricted Interest	950	815	(135)
Other	64,607	66,703	2,096
Total General Revenues	<u>2,392,042</u>	<u>2,290,835</u>	<u>(101,207)</u>
Total Revenues	<u>4,220,957</u>	<u>4,100,556</u>	<u>(120,401)</u>
Program Expenses			
General Government	628,536	618,086	(10,450)
Security of Persons and Property	1,762,514	1,760,282	(2,232)
Public Works	462,409	473,719	11,310
Leisure Time Activities	204,475	218,546	14,071
Community Environment	104,402	220,762	116,360
Transportation	429,562	463,414	33,852
Interest and Fiscal Charges	78,760	94,166	15,406
Total Expenses	<u>3,670,658</u>	<u>3,848,975</u>	<u>178,317</u>
Change in Net Position	550,299	251,581	(298,718)
Net Position at Beginning of Year	3,455,348	4,005,647	550,299
Net Position at End of Year	<u>\$4,005,647</u>	<u>\$4,257,228</u>	<u>\$ 251,581</u>

City of Mt. Healthy
Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

Governmental Activities

Charges for Services and Sales decreased \$35,343 during 2014 compared to 2013. Capital Grants and Contributions decreased \$136,147 with less street-grant-type support received in 2014 than in 2013.

The 1.5 percent income tax is the largest source of revenue for the General Fund and the City of Mt. Healthy. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council.

The City's Funds

The City's major governmental funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,155,033 and expenditures of \$4,230,203. The General Fund's balance decreased \$52,798 that was the result of many minor income and expense variances for 2014 compared to 2013.

The Safety Tax Fund's balance increased \$23,009 in 2014 due to increased support from the General Fund (in the form of transfers in).

The Capital Improvement Fund's balance increased \$40,854 with project-related revenues and other financing sources exceeding project-related expenditures in 2014.

General Fund Budgeting Highlights

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

Original and Final General Fund budgeted revenues were \$2,811,791. Actual revenues were \$2,732,399 at year-end, which is a variance of \$79,392 compared to final budgeted revenues.

Original General Fund appropriations were \$2,923,901 and final appropriations were \$2,991,201 for an increase of \$67,300. This increase was done to ensure that the City's budget was in line with rising expenditures throughout the year. The City's actual expenditures were \$2,874,591 at year-end, which is a variance of \$116,610 from final budgeted expenditures due to the City closely monitoring the budget during the year.

City of Mt. Healthy
Hamilton County, Ohio
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 \$4,654,998 of net capital assets of governmental activities, an increase of \$174,531 from the prior year. The increase in capital assets is primarily due to current year infrastructure additions related to street projects that were ongoing during 2014.

See Note 7 of the notes to the basic financial statements for more detailed information on capital assets.

Debt

At December 31, 2014, the City had \$1,510,000 in general obligation bonds and \$247,425 in loans outstanding. The City's long-term obligations also included compensated absences of \$113,100, capital leases of \$357, and police pension liability of \$41,357.

See Note 14 of the notes to the basic financial statements for more detailed information related to debt.

Contacting the City's Finance Department

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

City of Mt. Healthy
Hamilton County, Ohio
Statement of Net Position
December 31, 2014

	Primary Government Governmental Activities	Component Unit Mt. Healthy Community Improvement Corporation
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 744,679	\$ 28,309
Accounts Receivable	166,716	-
Income Taxes Receivable	479,000	-
Intergovernmental Receivable	287,247	-
Property Taxes Receivable	833,000	-
Nondepreciable Capital Assets	722,773	-
Depreciable Capital Assets, Net	3,932,225	-
Total Assets	<u>7,165,640</u>	<u>28,309</u>
Deferred Outflows of Resources		
Deferred Charge on Refunding	<u>59,496</u>	<u>-</u>
Liabilities		
Accounts Payable	52,500	-
Contracts Payable	69,971	-
Accrued Wages and Benefits Payable	98,863	-
Accrued Interest Payable	6,180	-
Claims Payable	38,123	-
Long-Term Liabilities:		
Due Within One Year	140,760	-
Due in More Than One Year	1,808,511	-
Total Liabilities	<u>2,214,908</u>	<u>-</u>
Deferred Inflows of Resources		
Property Taxes Levied For Next Year	<u>753,000</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	2,897,216	-
Restricted for:		
Capital Outlay	211,940	-
Transportation	218,454	-
Security of Persons and Property	86,062	-
Leisure Time Activities	5,331	-
Other Purposes	5,423	-
Unrestricted	832,802	28,309
Total Net Position	<u>\$ 4,257,228</u>	<u>\$ 28,309</u>

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Statement of Activities
For the Year Ended December 31, 2014

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Mt. Healthy Community Improvement Corporation
Governmental Activities						
General Government	\$ 618,086	\$ 226,313	\$ -	\$ -	\$ (391,773)	\$ -
Security of Persons and Property	1,760,282	308,481	16,087	-	(1,435,714)	-
Public Works	473,719	349,010	-	-	(124,709)	-
Leisure Time Activities	218,546	28,565	6,676	119,375	(63,930)	-
Community Environment	220,762	68,924	134,278	-	(17,560)	-
Transportation	463,414	4,842	286,256	260,914	88,598	-
Interest and Fiscal Charges	94,166	-	-	-	(94,166)	-
Total Governmental Activities	\$ 3,848,975	\$ 986,135	\$ 443,297	\$ 380,289	(2,039,254)	-
Component Unit						
Mt. Healthy Community Improvement Corporation	\$ 124,482	\$ 29	\$ 124,482	\$ -	-	29
General Revenues:						
Taxes:						
Property Taxes Levied for:						
General Purposes					333,072	-
Capital Outlay					105,537	-
Security of Persons and Property					365,008	-
Income Taxes					1,242,735	-
Payment in Lieu of Taxes					43	-
Grants and Entitlements not Restricted to Specific Programs					176,922	-
Unrestricted Interest					815	-
Other					66,703	-
Total General Revenues					2,290,835	-
Change in Net Position					251,581	29
Net Position at Beginning of Year					4,005,647	28,280
Net Position at End of Year					\$ 4,257,228	\$ 28,309

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Balance Sheet
Governmental Funds
December 31, 2014

	General	Safety Tax	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 386,848	\$ 42,010	\$ 195,940	\$ 119,881	\$ 744,679
Accounts Receivable	166,716	-	-	-	166,716
Intergovernmental Receivable	48,028	19,500	75,971	143,748	287,247
Income Taxes Receivable	479,000	-	-	-	479,000
Property Taxes Receivable	345,000	380,000	108,000	-	833,000
Total Assets	<u>\$1,425,592</u>	<u>\$ 441,510</u>	<u>\$ 379,911</u>	<u>\$ 263,629</u>	<u>\$ 2,510,642</u>
Liabilities					
Accounts Payable	\$ 45,000	\$ 2,500	\$ -	\$ 5,000	\$ 52,500
Contracts Payable	-	-	69,971	-	69,971
Accrued Wages and Benefits Payable	59,494	32,522	-	6,847	98,863
Claims Payable	38,123	-	-	-	38,123
Total Liabilities	<u>142,617</u>	<u>35,022</u>	<u>69,971</u>	<u>11,847</u>	<u>259,457</u>
Deferred Inflows of Resources					
Property Taxes Levied for Next Year	312,000	343,000	98,000	-	753,000
Unavailable Property Taxes	33,000	37,000	10,000	-	80,000
Unavailable Income Taxes	421,000	-	-	-	421,000
Unavailable Intergovernmental Revenue	143,036	19,500	6,000	129,718	298,254
Total Deferred Inflows of Resources	<u>909,036</u>	<u>399,500</u>	<u>114,000</u>	<u>129,718</u>	<u>1,552,254</u>
Fund Balances					
Restricted					
Security of Persons and Property	-	6,988	-	22,574	29,562
Streets and Transportation	-	-	-	88,736	88,736
Capital Improvement	-	-	195,940	-	195,940
Other	-	-	-	10,754	10,754
Total Restricted	<u>-</u>	<u>6,988</u>	<u>195,940</u>	<u>122,064</u>	<u>324,992</u>
Unassigned	<u>373,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,939</u>
Total Fund Balances	<u>373,939</u>	<u>6,988</u>	<u>195,940</u>	<u>122,064</u>	<u>698,931</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,425,592</u>	<u>\$ 441,510</u>	<u>\$ 379,911</u>	<u>\$ 263,629</u>	<u>\$ 2,510,642</u>

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2014

Total Governmental Fund Balances		\$ 698,931
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	571,098	
Construction in Process	151,675	
Other Capital Assets	7,127,937	
Accumulated depreciation	<u>(3,195,712)</u>	4,654,998
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds.		
Income Taxes	421,000	
Delinquent Property Taxes	80,000	
Charges for Services and Sales	90,828	
Intergovernmental and Other Revenues	<u>207,426</u>	799,254
In the statement of net position interest payable is accrued when incurred whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(6,180)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Premium on Bonds	(37,032)	
Deferred Charge on Bond Refunding	59,496	
Capital Lease Obligations	(357)	
Bonds	(1,510,000)	
Loans	(247,425)	
Police Pension	(41,357)	
Compensated Absences	<u>(113,100)</u>	(1,889,775)
Net Position of Governmental Activities		<u><u>\$ 4,257,228</u></u>

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General	Safety Tax	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 323,872	\$ 354,308	\$ 103,037	\$ -	\$ 781,217
Income Taxes	1,306,996	-	-	14,032	1,321,028
Payment in Lieu of Taxes	18	19	6	-	43
Charges for Services and Sales	763,183	11,234	-	4,842	779,259
Fees, Licenses and Permits	74,713	-	-	-	74,713
Fines and Forfeitures	151,600	-	-	699	152,299
Intergovernmental	106,563	40,226	282,305	276,216	705,310
Interest	815	-	-	-	815
Other	44,532	15,358	123,307	157,152	340,349
Total Revenues	<u>2,772,292</u>	<u>421,145</u>	<u>508,655</u>	<u>452,941</u>	<u>4,155,033</u>
Expenditures					
Current:					
General Government	587,923	-	-	14,000	601,923
Security of Persons and Property	1,182,361	551,456	-	-	1,733,817
Public Works	473,719	-	-	-	473,719
Leisure Time Activities	167,539	-	119,375	1,542	288,456
Community Environment	95,060	-	-	1,220	96,280
Transportation	-	-	470,442	270,493	740,935
Capital Outlay	-	-	-	4,213	4,213
Debt Service:					
Principal Retirement	25,851	11,680	-	160,000	197,531
Interest and Fiscal Charges	2,737	-	-	90,592	93,329
Total Expenditures	<u>2,535,190</u>	<u>563,136</u>	<u>589,817</u>	<u>542,060</u>	<u>4,230,203</u>
Excess of Revenues Over (Under) Expenditures	<u>237,102</u>	<u>(141,991)</u>	<u>(81,162)</u>	<u>(89,119)</u>	<u>(75,170)</u>
Other Financing Sources (Uses)					
Proceeds From Loans	-	-	122,016	-	122,016
Transfers In	-	165,000	-	124,900	289,900
Transfers Out	<u>(289,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(289,900)</u>
Total Other Financing Sources (Uses)	<u>(289,900)</u>	<u>165,000</u>	<u>122,016</u>	<u>124,900</u>	<u>122,016</u>
Net Change in Fund Balances	(52,798)	23,009	40,854	35,781	46,846
Fund Balances (Deficit) at Beginning of Year	426,737	(16,021)	155,086	86,283	652,085
Fund Balances at End of Year	<u>\$ 373,939</u>	<u>\$ 6,988</u>	<u>\$ 195,940</u>	<u>\$ 122,064</u>	<u>\$ 698,931</u>

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 46,846

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

Capital outlays are reported as expenditures in the governmental funds.

However, in the statement of activities, the cost of those assets is allocated
over their estimated useful lives as depreciation expense. This is the amount
by which depreciation expense exceeded capital outlays in the current period. 174,531

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

Income Taxes	(78,293)	
Delinquent Property Taxes	22,400	
Charges for Services and Sales	(20,136)	
Intergovernmental and Other Revenues	<u>21,552</u>	(54,477)

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

Deferred Charge on Bond Refunding	(3,708)	
Amortization of Bond Premiums	<u>2,244</u>	(1,464)

The issuance of long-term debt (bonds, loans, leases, etc.) provides
current financial resources to governmental funds while repayment
of long-term debt is an expenditure in the governmental funds.

Bond Principal Retirement	160,000	
Loan Proceeds	(122,016)	
Loan Principal Retirement	36,102	
Principal Payments on Capital Lease Obligation	1,429	
Payments on Police Pension Liability	<u>1,249</u>	76,764

In the statement of activities interest is accrued on outstanding bonds,
whereas in governmental funds, interest is expensed when due. 627

Compensated Absences reported in the statement of activities do not
require the use of current financial resources and therefore are not
reported as expenditures in governmental funds. 8,754

Change in Net Position of Governmental Activities \$ 251,581

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2014

Assets

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$ 9,609
Cash in Segregated Accounts	<u>34,368</u>

Total Assets	<u>\$ 43,977</u>
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Liabilities

Current Liabilities:

Due to Other Governments	\$ 29,778
Due to Other Individuals	3,660
Undistributed Monies	<u>10,539</u>

Total Liabilities	<u>\$ 43,977</u>
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See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

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

Reporting Entity

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

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

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

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

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

The information in Notes 2 through 16 relate to the primary government. Information for the CIC is presented in Note 17.

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

The City participates in an organization defined as a jointly governed organization and one which is defined as a joint venture. These organizations are the Center for Local Government and the Joint Economic Development District. These organizations are presented in Note 15 of the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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

Basis of Presentation

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Governmental Funds

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

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

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The three types of trust funds are used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has three agency funds which are used to account for money held for individuals and organizations. These funds account for the collection and distribution of court fees, the distribution of payroll related taxes and withholdings, the collection of seized and forfeited monies in criminal cases distributed to parties outside the City as determined by the court, and the collection and distribution of taxes related to a JEDD/JEDZ with Springfield Township.

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 4.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Inflows

The City reports deferred inflows on its fund level Balance Sheet and entity wide Statement of Net Position. Deferred inflows are items that were previously reported as deferred revenues and certain items that were previously recorded as assets and liabilities. Deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Certain intergovernmental receivables, uncollected assessments, miscellaneous receivables, property taxes and income taxes not meeting the availability criteria have been deferred and will be realized in a subsequent period in the governmental funds.

Deferred Outflows

A deferred outflow is a consumption of net position in a future period. The City reports as deferred outflows the loss on debt refunding.

Expenses/Expenditures

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

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Cash and Cash Equivalents

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

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are reported on the financial statements as cash equivalents. The City had no investments during the year or at December 31, 2014.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Investment income credited to the General Fund during 2014 amounted to \$815.

Internal Activities

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

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

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

Capital Assets

All of the City's capital assets are classified as general capital assets. General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values on the date donated. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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

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

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

Compensated Absences

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

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

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Accrued Liabilities and Long-Term Debt

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

Fund Balance

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

Nonspendable

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

Restricted

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

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Committed

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

Assigned

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City.

Unassigned

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

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Net Position

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

Estimates

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Commercial paper and bankers acceptances if trading requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2); and
7. The State Treasurer's investment pool (STAROhio).

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

NOTE 4 – PROPERTY TAXES

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.

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 2014.

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.

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 4 – PROPERTY TAXES (continued)

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>	<u>Percentage</u>
Real Property		
Residential/Agricultural	\$ 48,957,970	59.98%
Commercial/Industrial/Public Utility	26,986,180	33.06%
Public Utility Personal	5,680,080	6.96%
Total Property Taxes	<u>\$ 81,624,230</u>	<u>100%</u>

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

NOTE 5 – INCOME TAXES

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

In 2014, income tax proceeds were allocated to the General Fund and the Joint Economic Development District Special Revenue Fund.

NOTE 6 – RECEIVABLES

Receivables at December 31, 2014, consisted of intergovernmental receivables, arising from grants and entitlements, fines, fees and shared revenues, taxes, and accounts. All receivables, except property and income taxes, are considered fully collectible and will be collected within one year. Property and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 7 – CAPITAL ASSETS

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

	<u>Balance at</u> <u>12/31/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/2014</u>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 695,580	\$ -	\$(124,482)	\$ 571,098
Construction in Progress	588,526	151,675	(588,526)	151,675
Total Capital Assets, Not Being Depreciated	<u>1,284,106</u>	<u>151,675</u>	<u>(713,008)</u>	<u>722,773</u>
Depreciable Capital Assets:				
Land/Site Improvements	471,194	-	-	471,194
Buildings and Building Improvements	1,380,827	-	(18,800)	1,362,027
Equipment and Vehicles	2,044,643	-	(192,610)	1,852,033
Infrastructure	2,451,567	991,116	-	3,442,683
Total Depreciable Capital Assets	<u>6,348,231</u>	<u>991,116</u>	<u>(211,410)</u>	<u>7,127,937</u>
Less Accumulated Depreciation:				
Land/Site Improvements	(268,618)	(24,340)	-	(292,958)
Buildings and Building Improvements	(453,138)	(32,014)	9,400	(475,752)
Equipment and Vehicles	(1,686,421)	(56,214)	192,610	(1,550,025)
Infrastructure	(743,693)	(133,284)	-	(876,977)
Total Accumulated Depreciation	<u>(3,151,870)</u>	<u>(245,852) *</u>	<u>202,010</u>	<u>(3,195,712)</u>
Depreciable Capital Assets, Net	<u>3,196,361</u>	<u>745,264</u>	<u>(9,400)</u>	<u>3,932,225</u>
Governmental Activities Capital Assets, Net	<u>\$4,480,467</u>	<u>\$ 896,939</u>	<u>\$(722,408)</u>	<u>\$4,654,998</u>

* Depreciation expense was charged to governmental programs as follows:

General Government	\$ 10,678
Security of Persons and Property	29,679
Leisure Time Activities	49,076
Transportation	156,419
Total Depreciation Expense	<u>\$245,852</u>

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 8 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. For the year ended December 31, 2014, members in state and local divisions contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2014, member and employer contribution rates were consistent across all three plans.

The City's 2014 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 2.0 percent for 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was also 2.0 percent for 2014. Employer contribution rates are actuarially determined.

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$104,278, \$108,968, and \$107,265, respectively. The full amount has been contributed for 2014, 2013 and 2012.

Ohio Police and Fire Pension Fund

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

Funding Policy – From January 1, 2014 thru July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014 thru December 31, 2014, plan members were required to contribute 11.50 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan for retiree health care benefits. The portion of employer contributions allocated to health care was 0.50% of covered payroll from January 1, 2014 thru December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The City's contributions to OP&F for police and firefighters were \$95,666 and \$11,519 for the year ended December 31, 2014, \$85,309 and \$11,264 for the year ended December 31, 2013, and \$85,313 and \$11,017 for the year ended December 31, 2012. The full amount has been contributed for 2014, 2013 and 2012.

NOTE 9 – POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 9 – POST-EMPLOYMENT BENEFITS (continued)

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0 percent for 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was also 2.0 percent for 2014.

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 9 – POST-EMPLOYMENT BENEFITS (continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$14,891, \$7,784 and \$30,645, respectively. The full amount has been contributed for 2014, 2013 and 2012.

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

Ohio Police and Fire Pension Fund

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

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

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

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

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 9 – POST-EMPLOYMENT BENEFITS (continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.50% of covered payroll from January 1, 2014 thru December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$2,487 and \$242 for the year ended December 31, 2014, \$15,863 and \$1,703 for the year ended December 31, 2013, and \$29,518 and \$3,096 for the year ended December 31, 2012. The full amount has been contributed for 2014, 2013 and 2012.

NOTE 10 – OTHER EMPLOYEE BENEFITS

Compensated Absences

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

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 10 – OTHER EMPLOYEE BENEFITS (continued)

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

Insurance Benefits

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

Deferred Compensation

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

NOTE 11 – RISK MANAGEMENT

Property and Liability

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

Employee Health Care Benefits

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 11 – RISK MANAGEMENT (continued)

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

The liability for unpaid claims of \$38,123 reported in the General Fund at December 31, 2014, is based on the requirements of GASB Statements No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Management Omnibus*, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Estimates were calculated based upon an independent actuarial evaluation of claims payable. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claims adjustment expenses.

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

		<u>Balance at Beginning of Year</u>		<u>Current Year Claims</u>		<u>Claims Payments</u>		<u>Balance at End of Year</u>
2012	\$	120,393	\$	39,124	\$	66,502	\$	93,015
2013		93,015		134,937		152,688		75,264
2014		75,264		102,784		139,925		38,123

NOTE 12 – TRANSFERS FROM/TO OTHER FUNDS

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

		Transfers To		
		Safety Tax Fund	Nonmajor Governmental Funds	Total
Transfers From	General Fund	<u>\$ 165,000</u>	<u>\$ 124,900</u>	<u>\$289,900</u>

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 12 – TRANSFERS FROM/TO OTHER FUNDS (continued)

Transfers from the General Fund to the Safety Tax Fund were made for operating monies for the Fire Department. Transfers from the General Fund to the Nonmajor Governmental Funds were made for scheduled debt service payments.

NOTE 13 – LEASES

In prior years, the City has entered into capitalized leases for copier machines. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as functional expenditures on the budgetary statements.

Capital assets acquired by lease were initially capitalized in the amount of \$15,602 for governmental activities, which is equal to the present value of the minimum lease payments at the time of acquisition. Corresponding liabilities were recorded on the Statement of Net Position for governmental activities. Principal payments in 2014 totaled \$1,429.

The assets acquired through capital leases as of December 31, 2014, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Copiers	\$ 15,602	\$ (15,602)	\$ -

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2014:

Year Ending December 31,	Amount
2015	357
Present Value of Net Minimum Lease Payments	\$ 357

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 14 – LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2014 were as follows:

	Balance at December 31,			Balance at December 31,		Amounts Due Within
	2013	Increase	Decrease	2014	One Year	
<u>General Obligation Bonds:</u>						
2011 Various Purpose Real Property Acquisition and Refunding Bonds \$1,745,000						
Serial Bonds 2.00%	\$ 175,000	\$ -	\$ -	\$ 175,000	\$ -	
Term Bonds 5.00%	1,495,000	-	160,000	1,335,000	60,000	
Premium on Bonds Issued	39,276	-	2,244	37,032	-	
Total - General Obligation Bonds	1,709,276	-	162,244	1,547,032	60,000	
<u>Loans:</u>						
LED Loan - 3.75%	41,170	-	15,504	25,666	16,096	
Perry Street Loan - 3.75%	43,631	-	8,918	34,713	9,258	
OPWC Loan CB07Q - 0.00%	-	122,016	-	122,016	4,067	
2010 Ohio Department of Commerce Loan - 0.00%	76,710	-	11,680	65,030	11,680	
Total - Loans	161,511	122,016	36,102	247,425	41,101	
<u>Other Long-Term Obligations:</u>						
Compensated Absences	121,854	36,159	44,913	113,100	38,000	
Capital Leases Payable	1,786	-	1,429	357	357	
Police Pension Liability	42,606	-	1,249	41,357	1,302	
Total - Other Long-Term Obligations	166,246	36,159	47,591	154,814	39,659	
Total - General Long-Term Obligations	\$ 2,037,033	\$ 158,175	\$ 245,937	\$ 1,949,271	\$ 140,760	

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

On June 9, 2011, the City issued the 2011 Various Purpose Real Property Acquisition and Refunding Bonds at \$1,745,000 to acquire property within the City and to refund the City's general obligation debt that was outstanding on June 9, 2011. The bonds will mature on December 1, 2031, and be retired from the Debt Service Fund. In 2014, the City defeased \$110,000 of the 2011 Various Purpose Real Property Acquisition and Refunding Bonds by creating a separate irrevocable trust fund containing U.S. government securities that will generate fixed earnings sufficient to service the defeased debt until such debt can be called or matures. For financial reporting purposes, the \$110,000 of debt has been considered defeased and, therefore, removed as a liability from the City's financial statements. As of December 31, 2014, defeased debt outstanding amounted to \$110,000.

On June 15, 2011, the City entered into an interest-free loan agreement with the Ohio Department of Commerce in the amount of \$116,800 for the purchase of property. The loan is due to mature on July 1, 2020. The loan will be repaid from the Safety Tax Fund.

During 2013, the City obtained a loan in the amount of \$47,461 to purchase energy efficient LED lighting. Principal and interest payments of \$1,397 are due monthly thru July, 2016. The loan will be repaid from the General Fund.

During 2013, the City obtained a loan in the amount of \$47,250 to purchase property along Perry Street. Principal and interest payments of \$866 are due monthly thru July, 2018. The loan will be repaid from the General Fund.

During 2014, the City obtained an interest-free loan through the Ohio Public Works Commission for \$122,016 to make roadway improvements and upgrades. Principal payments of \$2,033 are due semi-annually thru July, 2044. The loan will be repaid from the Capital Improvement Fund.

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

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

Principal and interest requirements to retire the City's outstanding bond and loan obligations at December 31, 2014, are:

	General Obligation Bonds		Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 60,000	\$ 73,900	\$ 41,101	\$ 1,805	\$ 101,101	\$ 75,705
2016	65,000	72,700	34,929	890	99,929	73,590
2017	65,000	70,750	25,725	414	90,725	71,164
2018	65,000	68,800	21,611	67	86,611	68,867
2019	70,000	66,850	15,747	-	85,747	66,850
2020-2024	410,000	284,500	26,966	-	436,966	284,500
2025-2029	570,000	168,500	20,336	-	590,336	168,500
2030-2034	205,000	18,250	20,336	-	225,336	18,250
2035-2039	-	-	20,336	-	20,336	-
2040-2044	-	-	20,338	-	20,338	-
Total	<u>\$ 1,510,000</u>	<u>\$ 824,250</u>	<u>\$ 247,425</u>	<u>\$ 3,176</u>	<u>\$ 1,757,425</u>	<u>\$ 827,426</u>

Principal and interest requirements to retire the City's police pension liability at December 31, 2014, are:

	Police Pension Liability	
	Principal	Interest
2015	\$ 1,302	\$ 1,744
2016	1,358	1,688
2017	1,417	1,630
2018	1,477	1,568
2019	1,541	1,505
2020-2024	8,757	6,475
2025-2029	10,806	4,426
2030-2034	13,365	1,867
2035	1,334	29
Total	<u>\$ 41,357</u>	<u>\$ 20,932</u>

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 15 – JOINTLY GOVERNED ORGANIZATION / JOINT VENTURE

Center for Local Government

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

Joint Economic Development District

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

NOTE 16 – CONTINGENT LIABILITIES

Litigation

The City is not party to any known claims or legal proceedings.

Federal and State Grants

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

City of Mt. Healthy
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

NOTE 17 – MT. HEALTHY COMMUNITY IMPROVEMENT CORPORATION

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

Basis of Accounting

The CIC prepares financial statements on the accrual basis of accounting in conformity with generally accepted accounting principles. Revenues to the CIC consisted primarily of interest income and operating grants and contributions. Expenditures of the CIC were made for the purpose of furthering economic development within the City. The CIC had no investments as of December 31, 2014.

NOTE 18 – RECENT ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions: an Amendment of GASB Statement No. 27*. This statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. Management is in the process of determining the effects that the adoption of this guidance will have on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Mt. Healthy
Hamilton County, Ohio
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property Taxes	\$ 316,572	\$ 316,572	\$ 323,872	\$ 7,300
Income Taxes	1,373,900	1,373,900	1,263,528	(110,372)
Payment in Lieu of Taxes		-	18	18
Charges for Services and Sales	709,655	709,655	761,409	51,754
Fees, Licenses and Permits	75,000	75,000	75,631	631
Fines and Forfeitures	236,900	236,900	156,293	(80,607)
Intergovernmental	99,164	99,164	106,301	7,137
Interest	600	600	815	215
Other		-	44,532	44,532
Total Revenues	<u>2,811,791</u>	<u>2,811,791</u>	<u>2,732,399</u>	<u>(79,392)</u>
Expenditures				
Current:				
General Government	626,029	658,329	623,655	34,674
Security of Persons and Property	1,279,436	1,250,848	1,178,960	71,888
Public Works	458,517	478,517	476,645	1,872
Leisure Time Activities	161,026	171,026	170,897	129
Community Environment	103,243	108,243	105,946	2,297
Debt Service:				
Principal Retirement	-	25,851	25,851	-
Interest and Fiscal Charges	-	2,737	2,737	-
Total Expenditures	<u>2,628,251</u>	<u>2,695,551</u>	<u>2,584,691</u>	<u>110,860</u>
Excess of Revenues Over Expenditures	<u>183,540</u>	<u>116,240</u>	<u>147,708</u>	<u>31,468</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(295,650)</u>	<u>(295,650)</u>	<u>(289,900)</u>	<u>5,750</u>
Total Other Financing Sources (Uses)	<u>(295,650)</u>	<u>(295,650)</u>	<u>(289,900)</u>	<u>5,750</u>
Net Change in Fund Balance	(112,110)	(179,410)	(142,192)	37,218
Fund Balance at Beginning of Year	<u>529,040</u>	<u>529,040</u>	<u>529,040</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 416,930</u>	<u>\$ 349,630</u>	<u>\$ 386,848</u>	<u>\$ 37,218</u>

See accompanying notes to the required supplementary information

City of Mt. Healthy
Hamilton County, Ohio
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Safety Tax Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property Taxes	\$ 341,000	\$ 341,000	\$ 354,308	\$ 13,308
Payment in Lieu of Taxes	-	-	19	19
Intergovernmental	41,100	41,100	40,226	(874)
Other	1,000	1,000	26,592	25,592
Total Revenues	383,100	383,100	421,145	38,045
Expenditures				
Current:				
Security of Persons and Property	544,516	544,516	542,140	2,376
Debt Service:				
Principal Retirement	11,680	11,680	11,680	-
Total Expenditures	556,196	556,196	553,820	2,376
Excess of Revenues Over (Under) Expenditures	(173,096)	(173,096)	(132,675)	40,421
Other Financing Sources				
Transfers In	165,000	165,000	165,000	-
Total Other Financing Sources	165,000	165,000	165,000	-
Net Change in Fund Balance	(8,096)	(8,096)	32,325	40,421
Fund Balance at Beginning of Year	9,685	9,685	9,685	-
Fund Balance at End of Year	<u>\$ 1,589</u>	<u>\$ 1,589</u>	<u>\$ 42,010</u>	<u>\$ 40,421</u>

See accompanying notes to the required supplementary information

City of Mt. Healthy
Hamilton County, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets

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

Tax Budget

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

Estimated Resources

The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the Council agrees that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2014.

Appropriations

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

City of Mt. Healthy
Hamilton County, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2014

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

Encumbrances

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

Budgetary Basis of Accounting

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

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

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

	General	Safety Tax
GAAP Basis	\$ (52,798)	\$ 23,009
Adjustments		
Revenue Accruals	(39,893)	-
Expenditure Accruals	(49,501)	9,316
Budget Basis	\$ (142,192)	\$ 32,325

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

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

December 31, 2014

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mt. Healthy (the City), as of and for the year ended December 31, 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 June 25, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style with a long, sweeping underline.

Cincinnati, Ohio

June 25, 2015

**CITY OF MT. HEALTHY
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2014**

None Noted

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Dave Yost • Auditor of State

CITY OF MT HEALTHY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 29, 2015**