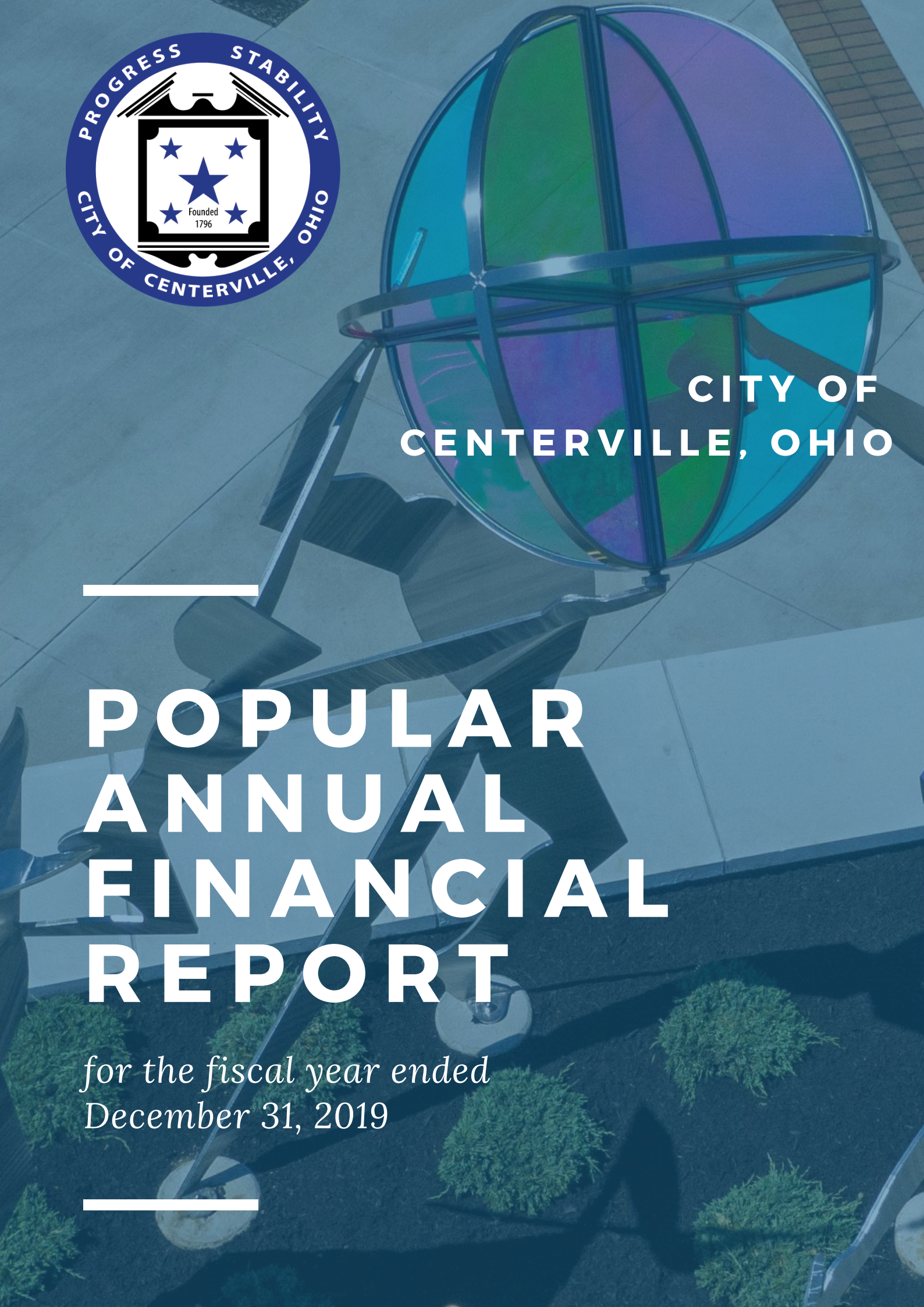

CITY OF CENTERVILLE, OHIO

POPULAR ANNUAL FINANCIAL REPORT

for the fiscal year ended December 31, 2019

ABOUT CENTERVILLE

MISSION

The City of Centerville delivers exceptional services through thoughtful governance to ensure progress and stability.

OVERVIEW

The City of Centerville is located in the southeastern part of Montgomery County, Ohio approximately eight miles south of the City of Dayton. With major thoroughfares including U.S. Interstates 75 and 70, Centerville provides a desirable location for many families who work in the Dayton and Cincinnati metropolitan areas.

The City is governed by a Council-Manager form of government with the mayor and six council members elected at-large to four-year terms. The City provides comprehensive services including nationally accredited police services, streets and drainage construction/maintenance, refuse and recycling collection, and cultural and recreational programs that include the Benham's Grove Victorian Homestead, Stubbs Park and Amphitheater, and The Golf Club at Yankee Trace. Residents also enjoy one of Ohio's premier public school districts. Our excellent Centerville-Washington Park District and Washington-Centerville Public Library facilities provide for an enhanced lifestyle truly unique for a community of our size.

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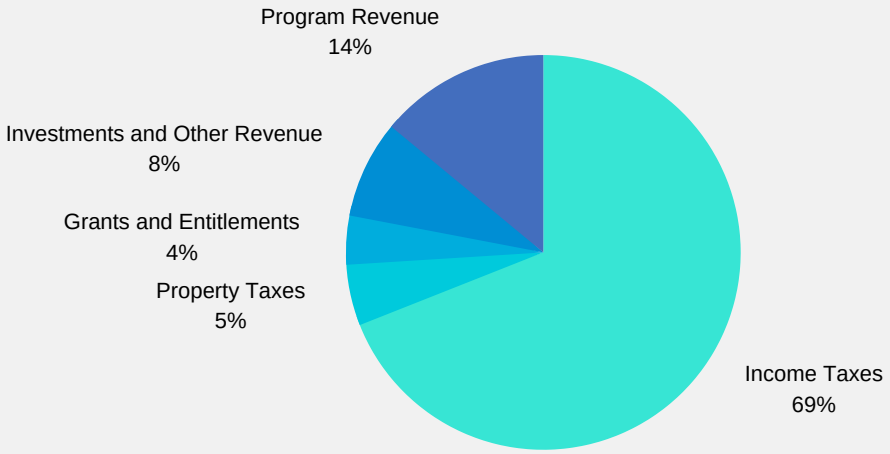
GOVERNMENTAL REVENUE

Revenues for governmental activities, which are primarily supported by taxes, totaled $32.03 million in 2019. The three largest sources accounted for 91% of total revenue.

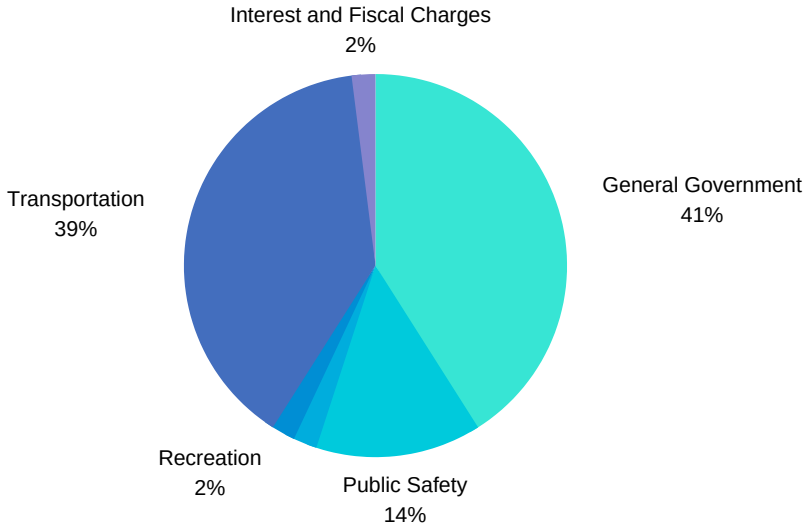
- Income tax collections are the largest source of revenue, which accounted for $22.03 million or 69% of governmental revenue.
- Program revenues (includes street construction funding) is the second largest source, which accounted for $4.41 million or 14% of revenue.
- The third largest source was from investment earnings and other revenue, which accounted for $2.53 million or 8% of revenue.



GOVERNMENTAL EXPENSES

Expenses are grouped into six categories. For 2019, expenses were $17.48 million, which represented an decrease of $4.73 million (21.3%) from 2018 primarily due to a $6.4 million adjustment to Public Safety expenses for Other Post-Employment Benefits (OPEB).

- General Government includes the cost of city management, financial services, human resources, and transfers to other funds such as Streets.
- Public Safety includes the cost of police services and represents 14% of total expenses due to the above mentioned OPEB adjustment in 2019.
- Community Environment includes the cost of planning, zoning, and inspection services.
- Recreation includes the cost of the City's parks and services (Stubbs Park and Benham's Grove).
- Transportation includes the cost of street maintenance and construction.
- Interest and fiscal charges include the cost of outstanding debt.



FINANCIAL STRUCTURE

The City maintains 24 separate funds in the following categories: Governmental Funds, Proprietary Funds and Fiduciary Funds. Funds are generally established in terms of their legal basis and objectives. This report focuses on some of the City's largest funds (General, Golf Course Operations and Waste Collection) that are generally of the most interest to residents.

ABOUT THIS REPORT

The Comprehensive Annual Financial Report (CAFR) was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by the City's independent auditors, receiving an unmodified, clean opinion. Although the financial numbers in this Annual Financial Report come from an audited source, they are presented in this report in a condensed, unaudited, non-GAAP format. For those citizens who wish to view more detailed financial information, a copy of the audited GAAP-basis financial statements of the 2019 CAFR can be viewed at the Centerville Municipal Building or online at www.centervilleohio.gov.

CAPITAL IMPROVEMENTS

The Capital Improvements Program (CIP) outlines the recommendations established for the City's infrastructure, facilities, equipment, and vehicle needs. This planning tool establishes a priority list for various programs, projects, and procurements while striving to balance the present and future needs of the City. Future projects of interest include:

Cornerstone Area
Continued road construction project for the new development at Wilmington Pike and Interstate 675.

Street & Sidewalk Repairs
Over $5.4 million is budgeted for the annual street and sidewalk repair program.

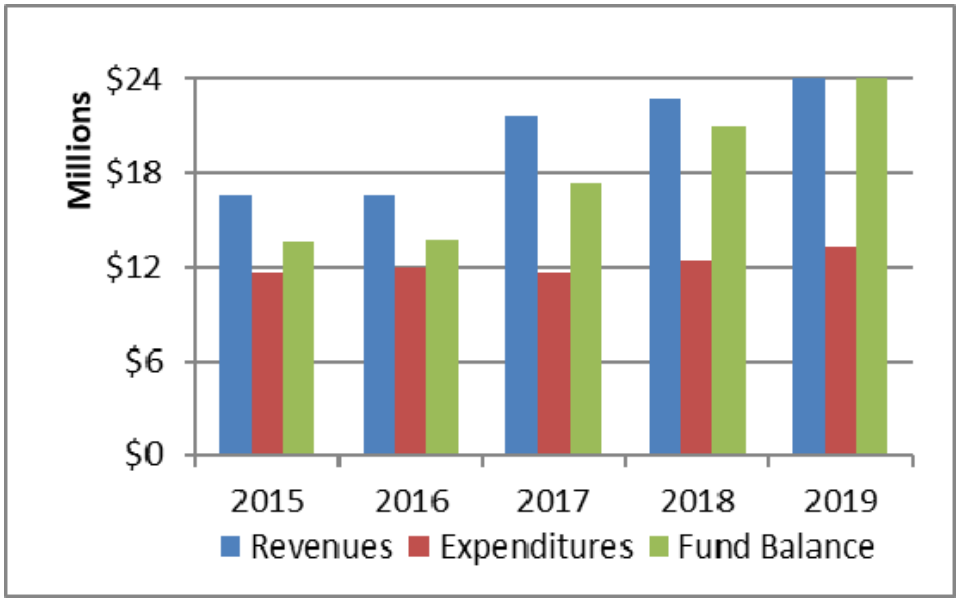
Stormwater Drainage Improvements
The City continues to target and improve drainage areas.

Police Department
The Centerville Police Department continues to receive adequate funding for the planned replacement of its vehicles and extensive equipment needs.

GENERAL FUND

The General Fund is the primary operating fund of the City and is used to account for all government financial resources (revenues and expenditures) except those required to be accounted for in another fund. The fund balance (the difference between assets and liabilities) is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio.

This strategic and long-term approach to budgeting and fiscal policy is a trademark of Centerville.



In 2019, the General Fund revenues of $26.6 million were higher than budget by $2.1 million (8.0%). Revenue from income taxes were $3.0 million higher than the prior year. The 2019 revenues were 18% higher than 2018 primarily due to investment earnings and a large one-time income tax payment from an individual.

The General Fund expenditures of $13.2 million were lower than budget by $1.3 million (9.0%). In addition, $7.3 million in transfers-out funded Streets, Debt, and Capital Improvements such as the annual street and sidewalk repair program. This strategic and long term approach to budgeting and fiscal policy is a trademark of the City.

The fund balance of the General Fund as of December 31, 2019 was $27.1 million. As a measure of the General Fund's fiscal health, it is helpful to compare the fund balance to total annual expenditures. The fund balance represents 132.2% of the total General Fund expenditures and transfers-out.

GOLF COURSE OPERATIONS FUND

The Golf Course Operations Fund is provided to account for the operation of the City's municipal golf course, The Golf Club at Yankee Trace. Revenues are recorded from greens fees, golf car rentals, driving range fees, indoor golf simulator rental and food/beverage sales from the restaurant and banquet rooms. Expenses are tracked within each of the three departments: Pro Shop, Maintenance and Food Service.

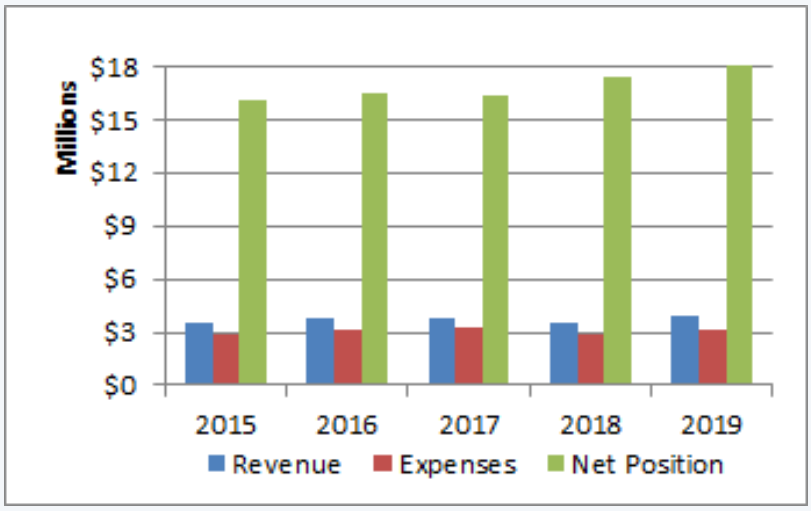
In 2019, Golf Course Operations revenues of $3.9 million were higher than 2018 revenues by $0.40 million (or 11.4%). Over 58,000 rounds of golf were played in 2019, yet food service operations experienced another year of decreased revenue.

58,000+

rounds of golf

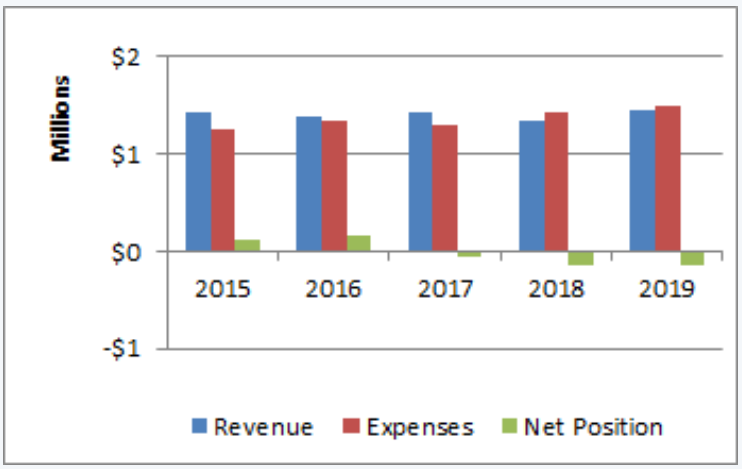
2019 was a record-setting year for The Golf Club at Yankee Trace.

The Golf Course Operations expenses of $3.1 million were higher than 2018 expenses by $0.20 million (or 6.9%). This increase was primarily due to an increase in the cost personal services and depreciation expense for capital assets.



The Golf Club at Yankee Trace retired its outstanding long term debt in 2018. This has allowed the Golf Course Operations Fund to experience strong operating performances in recent years. 2019 was a record setting year at the Golf Club at Yankee Trace. Last year set the bar as far as operating performance and the highest number of golf rounds played.

When reporting equity, Governmental Funds use the term: fund balance; whereas, Proprietary Funds use the term: Net Position. As the Golf Course debt has been retired and capital investment has increased, the Net Position has increased.



WASTE COLLECTION FUND

As a Proprietary Fund, the Waste Collection Fund is provided to account for the collection of fees relating to the collection of refuse and recycling materials by the City and to account for the expenses related to the collection of refuse.

In 2019, Waste Collection Fund revenues of $1.4 million met budget expectations and have remained relatively stable. Expenses of $1.5 million also met budget expectations.

The last monthly rate increase was implemented in 2006. There will be no rate increase in 2020 as the waste collection utility looks to implement the new look Utility Billing module as part of the new Enterprise Resource Planning (ERP) system.

LONG-TERM DEBT

As of December 31, 2019, the City had various issues outstanding, which included $8.0 million of general obligation bonds and $4.0 million of special assessment debt with City commitment and $0.78 million of promissory notes. The City's net bonded debt per capita was $311 and was well below the legal (unvoted) debt limit of $38,264,000. Additionally, the City maintained its "Aa2" rating from Moody's Investors Services, its 3rd highest assigned rating, which can lower interest rates and issuance costs when financing capital improvements.

CITY STATISTICS

- *The population of the City is estimated at 23,999 with a per capita income of $46,891 in 2019.*
- *The unemployment rate for Montgomery County was 4.2%.*
- *While the City employed 248 full-time and part-time people, the largest, principal employers in the City were:*
  - *Miami Valley Hospital South (medical facility): 1,702 employees*
  - *Centerville Board of Education (school district): 1,587 employees*
  - *Kroger Company (retail): 1,170 employees*

ECONOMIC FACTORS

The City is currently in a stable financial position, yet it realizes it is not immune to economic conditions that may negatively impact future financial performance. The City has been fortunate to see significant growth over the last several years in income tax revenues due to the passage of Issue 3 and economic growth through the expansion of several local businesses and exciting developments.

Centerville takes great pride in announcing for the 41st consecutive year that the City requested no increase in its Municipal Property tax rates. The City will continue to maintain the 2nd lowest Municipal property tax rate of any Montgomery County municipality at a rate of $2.35 per $1,000 of assessed valuation. The passage of Issue 3 in the fall of 2016, increasing Centerville's income tax rate from 1.75% to 2.25% should enable the City to continue to maintain its low property tax rate for the foreseeable future.

Following the passage of Issue 3 the City was able to add funding to the annual street program. Funding for the 2020 Street and Sidewalk Repair program has increased 102.6% from the 2016 budget; with the City projecting to spend a little over $5.4 million in 2020. Multiple projects are on tap including the annual street resurfacing, concrete repair, hiker-biker path repairs, streetscape improvements, and concrete sidewalk repair programs.

Goal 3 of the City's five-year strategic plan directs staff to create a strong and sustainable financial foundation which provides stability and flexibility to municipal operations by utilizing city resources and taxpayer dollars in the most efficient and responsible manner. The City will continue its transition towards a long term and strategic approach to fiscal policy and sharing of information via the new Enterprise Resource Planning (ERP) system that will complete its implementation in 2020.

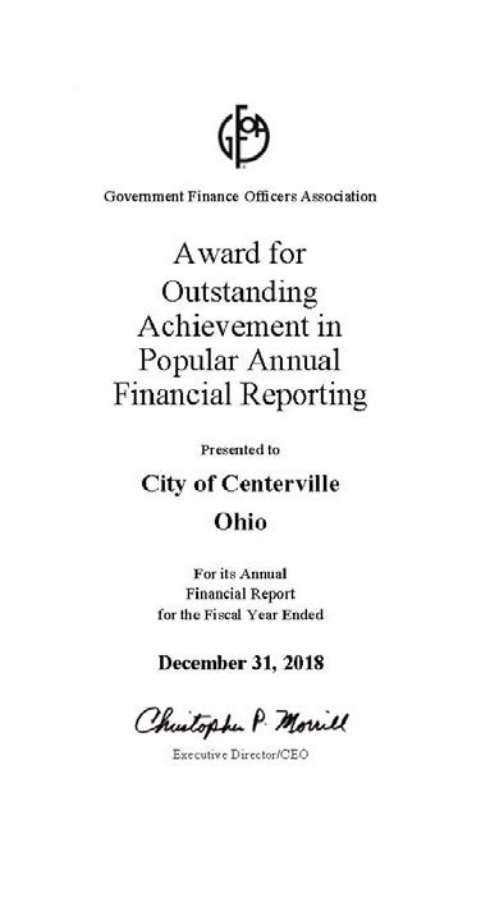
OUTLOOK FOR 2020

The City is planning for:

- *Continued increase in road paving and improvements;*
- *Increasing economic development activity to foster continued growth;*
- *Continued implementation of the Uptown Action Plan*
- *Technology upgrades to enhance customer service for our stakeholders*
- *Major development projects whih include: the continuance of a $120 million mixed-use development, The Cornerstone of Centerville, Miami Valley Hospital expansion, Bethany Lutheran expansion, the Allure and Gateway Lofts multi-family developments and a development plan for the 7.5 acre city-owned property at Yankee Street and Social Row Road.*
- *Our City maintains its focus on providing exceptional services that continue the high quality of life for citizens.*

AWARDS

The Government Finance Officers Association (GFOA) has given an award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Centerville for its Annual Financial Report for the fiscal year ended December 31, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. Centerville was one of 48 among the 5,800 public entities in Ohio to earn the award.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

City of Centerville
Ohio

For its Annual Financial Report for the Fiscal Year Ended

December 31, 2018

Executive Director/CEO

The information contained in this report is a general overview of the City's finances. Questions about any of the information or requests for additional information may be addressed to the Department of Finance, City of Centerville, 100 West Spring Valley Road, Centerville, Ohio 45458.

CITY OF CENTERVILLE

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