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COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED
DECEMBER 31, 2016

CITY OF MORAINÉ, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Issued by:
Finance Department

Richard Sexton
Finance Director

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INTRODUCTORY SECTION

CITY OF MORAINE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

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City of Moraine

Finance Department

June 27, 2017

Honorable Mayor, Chairman of the Finance Committee, Council Members and Citizens of the City of Moraine, Ohio:

The Comprehensive Annual Financial Report of the City of Moraine, Ohio, for the fiscal year ended December 31, 2016, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Office of the Auditor of State of Ohio studies the City's system of internal control, conducts such tests that are necessary under the circumstances and renders an opinion based upon the statements when taken in whole. The City has again received an unmodified opinion from the independent auditors that the financial statements are presented fairly. The opinion letter is included in the Financial Section of this report.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

City Profile

The City provides the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services. This report includes all the funds of the City of Moraine and all of its component units, which make up the financial reporting entity for the City. Component units are legally separate entities for which the City is financially responsible. At December 31, 2016 the City had no component units.

Five other local governmental entities overlap the City's boundaries: Montgomery County, West Carrollton City School District, Kettering City School District, Jefferson Township Local School District, and Miami Valley Regional Transit Authority. These organizations do not meet the reporting entity criteria of governmental generally accepted accounting principles and, therefore, are not included in the City's financial report.

HISTORY AND BACKGROUND

Moraine is located in the heart of the Miami Valley, to the southwest of the Dayton, Ohio metropolitan area. Though the region has been predominantly dependent upon manufacturing, automobile manufacturing most recently, the area is now trending towards a diversification of industries. The City currently occupies a land area of approximately 9.5 square miles, maintains 54 miles of road and serves a population of approximately 6,300 individuals.

In February 1953, residents voted to detach from the Village of Kettering and formed the Township of Moraine. The Township grew to Village status in July, 1957 and on May 12, 1965, had the distinction of attaining the status of a full-fledged City. The original City Charter was presented in 1966 and at that time a Home Rule Charter was adopted along with the Council-Manager form of city government. Under this form of government, policy-making and legislative authority are vested in an elected council consisting of the Mayor and six council members. Four of the council members are elected based upon geographic wards and the remaining two are elected on a non-partisan basis, meaning they represent the entire City rather than specific geographical areas within the City's boundaries. The Mayor is elected separately on a non-partisan basis. The Mayor and City Council are responsible for passing resolutions and ordinances, adopting and amending the capital and operating budgets and for appointing various committee members. The City Manager of Moraine is charged with carrying out the policies and ordinances of City Council, overseeing day-to-day operations of the City and for appointing the department heads, with general responsibilities for the Economic Development and Health, Safety and Culture components of the City's vision.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

2016 welcomed a strong continuation of economic growth for the City. Topping the headlines was the aggressive growth of Fuyao Glass America who exceeded 2,000 employees by year end. Their production momentum and investments, which currently exceed \$500 million, have had a resounding impact on our City and the entire region. In total, Fuyao now comprises more than 1.7 million square feet of renewed industrial space at the former GM facility. Once full capacity is reached in the coming years, more than 8 million units, both new and after-market will be produced annually making Fuyao the largest single site glass manufacturing facility in the world.

The City's manufacturing sector continued a robust rebound with investment by existing companies Harco/SunSong, Dmax, Csafe and Production Control Units (PCU) to name a few. Dmax's pledge has been the on-going investment of \$80 million to accommodate production of a new 6.6 turbo diesel engine and the hiring of 150 new jobs. PCU was awarded a \$40,000 EDGE grant to encourage a 15,000 square foot addition that will increase hiring by 20 new employees.

The City welcomed Fidelity Health Care in early fall of 2015 to the vacated Berry campus, which has brought over 350 jobs into the City, and continues to experience growth well into 2017. Premier Health Specialists joined Fidelity in occupying the vacant Berry buildings during the first

quarter of 2017. Tyler Technologies continues to prove their value by continuing to consolidate and increase the investment at their corporate headquarters along the Dryden road corridor. Current renovations planned for 2017 see Tyler allocating space for upwards of 200 positions.

The City was also fortunate enough to encourage several new developments during 2016, with MedVets along Dryden Road and Project Cure in our Moraine Commerce Park, both initiating the construction of new facilities in 2016. Our Community Reinvestment Area and Bonding programs were decisive factors in encouraging the commitments. These medical buildings will be completed in 2017 and will encourage additional hiring.

As always, business retention and expansion played a key role in the City's continued success. Council's vision and creative business resources allowed us to welcome several new businesses to our community including Southpaw, U.S Aeroteam, Preferred Contractor Solutions and the law firm E.S. Gallon. These incentive efforts helped generate over \$3 million in investment and approximately 150 new jobs with additional growth expected in 2017.

The City continues to play a vital and positive role in the community's economic base. The Dryden Road and Springboro Pike corridors are the fastest growing revitalization quadrants in the entire Dayton Metropolitan area. Significant investment by existing and new companies has sent an encouraging message to the sustainable quality of the City's future.

Long Term Financial Planning

Financial planning for Moraine is a dynamic interactive effort of the community, small and large business and industry, social and cultural service organizations, and municipal government. These dynamics are best demonstrated by the willingness of Moraine residents to involve themselves to support both City service and long-term capital investment.

The positive impact of the temporary half percent income tax rate increase passed in mid 2014 continued to be seen during 2016. This one action by Moraine residents, coupled together with the continued growth of Moraine businesses and regional economic recovery, has lead to significant improvements in the City's finances. Income tax revenue for 2016 topped the previous year by 18% and broke \$18 million in annual cash receipts. Income tax revenues are the highest they've been since 2007. The continued increases in the City's income tax revenues have ultimately resulted in the General Fund unencumbered cash balance at the end of 2016 to exceed \$8 million, which has not been seen since 2010. In fact, between 2014 and 2016, the City has more than doubled the General Fund balance. The unencumbered cash balance for all funds combined City-wide also saw a 14% increase over the previous year.

The City coordinates public improvements of all City related entities through adoption of a Capital Improvement Plan (CIP). The goal is to improve service to the community by adopting a CIP that is compatible with the City's financial condition and will fund capital improvements at a realistic level. The CIP consist of a five-year plan of capital expenditures for all City projects. The CIP is prepared fully every two years and amended, as necessary, in other years. The amendment process ensures continuity in projects and funding.

In addition to the annual budget preparations and the Capital Improvement Fund budget preparations, in 2015 the City Manager and Finance Director met with all department heads and completed Long Range Financial Planning for the City, looking at current and long range capital improvement requirements and operational mandates for the City. This plan was in turn presented to and reviewed by the City Council. In 2016, the needs and requirements of the City were again reviewed by the City Manager, Finance Director, and Department Heads, and incorporated into the 2017 budget where possible. The City's future revenues and how expenses should be allocated was also discussed and presented to Council for review.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

Budgetary control is maintained by a yearly appropriation and the encumbrance of appropriate balances with purchase orders before their release to vendors. Purchase orders that exceed appropriated balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at year-end. Activities of the General Fund, Special Revenue Funds, the Debt Service Fund and the Capital Improvement Funds are included in the annual appropriated budget. For more detailed budget information, please see the Notes to the Required Supplementary Information included in this report.

Awards and Acknowledgements

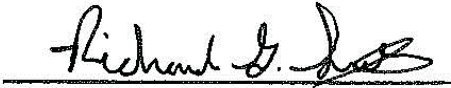
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Moraine for its comprehensive annual financial report for the year ended December 31, 2015. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an informative and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is applicable to one year only. The City of Moraine has received a Certificate of Achievement for the last 30 consecutive years (fiscal years ended 1986-2015). We believe our current report will also conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another Certificate.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Finance Department.

I should also thank the Mayor, members of City Council, the City Manager and Department and Division heads for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script, reading "Richard G. Sexton", is written over a horizontal line.

Richard Sexton
Finance Director

CITY OF MORAINE, OHIO

CITY COUNCIL

Elaine Allison, Mayor

Jim McGuire, Council Member (At Large)

Ora Allen, Council Member (At Large)

Randy Daugherty, Council Member (Ward 1)

Teri Murphy, Council Member (Ward 2)

Shirley Whitt, Council Member (Ward 3)

Jeanette Marcus, Council Member (Ward 4)

APPOINTED OFFICIALS

David Hicks, City Manager

Robert Portune, Law Director

Richard G. Sexton, Finance Director

Diane Werbrich, Clerk of Council

CITY OF MORAINE, OHIO

DEPARTMENT OF FINANCE STAFF

Richard G. Sexton, Finance Director

Lora L. Perry, Deputy Finance Director

Stephanie L. Violette, Income Tax Administrator

Sherry L. Bosse, Financial Assistant

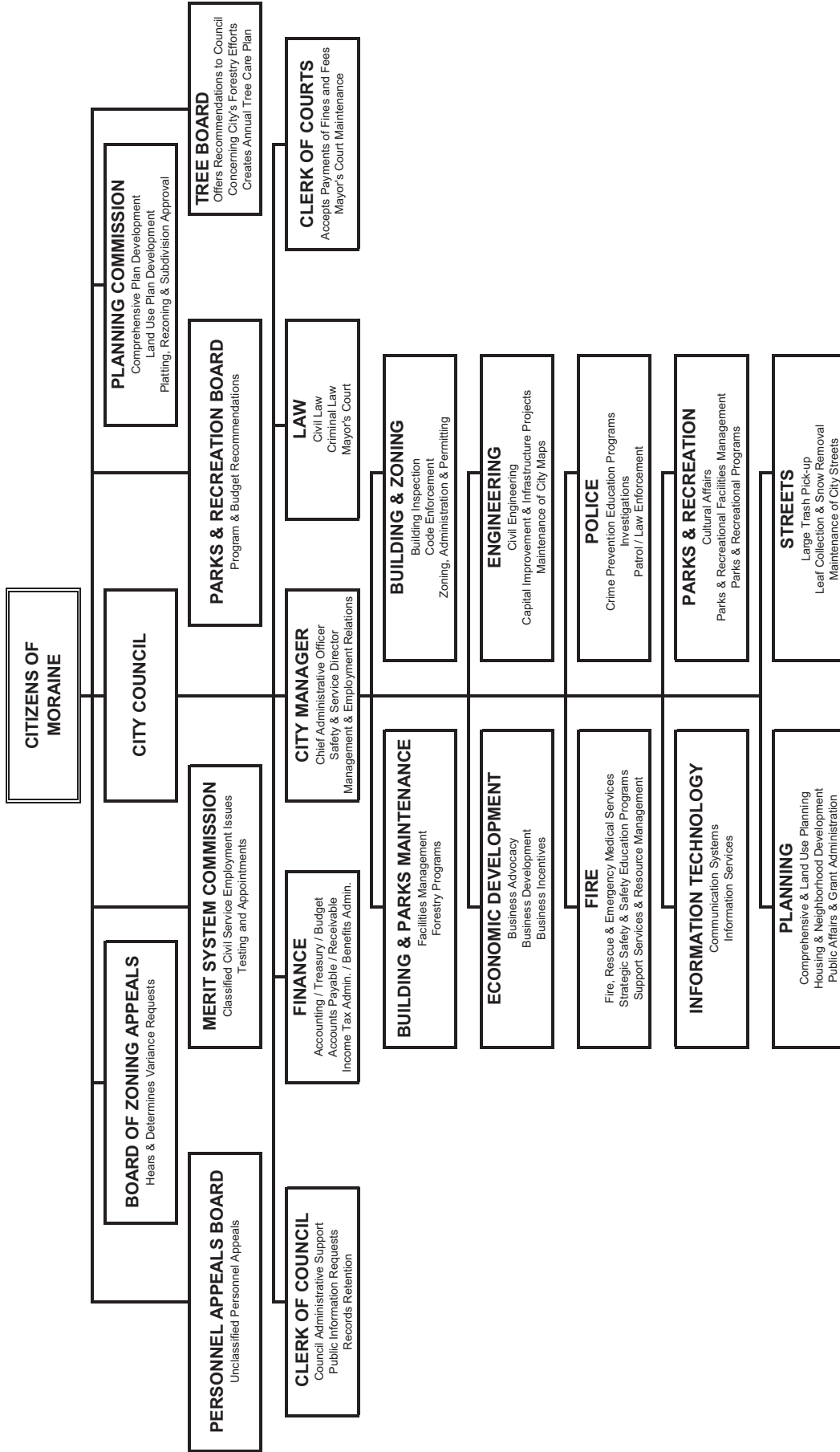
Paula G. Cox, Financial Assistant

Penny C. Tincher, Financial Assistant

Molly A. Saunders, Finance Clerk

Richard Hisey, Finance Clerk

City of Moraine Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Moraine
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

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FINANCIAL SECTION



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Moraine
Montgomery County
4200 Dryden Road
Moraine, Ohio 45439

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Montgomery County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

June 27, 2017

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CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

The discussion and analysis of the City of Moraine, Ohio's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for the year ended December 31, 2016 are as follows:

- Total net position increased by \$945,175 which represents a 3.9% increase from the beginning of 2016. An increase of \$940,137 was reported in governmental activities and an increase of \$5,038 was reported in business-type activities.
- Total assets of governmental activities at December 31, 2016 increased by \$2.0 million from those reported one year prior due primarily to the increases in equity in pooled cash and investments reported at the end of the year, income taxes receivable, and intergovernmental receivables were larger than the decrease in capital assets (depreciation expense exceeding current year additions) reported at the end of the year. Total liabilities of the governmental activities increased by \$4.1 million due exclusively to the City reporting its proportionate share of the net pension liability at year end.
- Overall, the net position of the City's business-type activities increased by \$5,038. The increase was more than the increase reported for 2015 as investment earnings rates increased slightly for 2016 compared with the prior year.
- The \$9.4 million unassigned ending fund balance reported in the General Fund represents 72.4% of the total expenditures, transfers excluded, reported in the General Fund for 2016 compared with 48.3% in the prior year.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Moraine, Ohio as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregated view of the City's finances and a longer-term view of those statements. Major fund financial statements provide the next level of detail. For governmental funds, these financial statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. All current year

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and change in that position. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements should take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's local economy, tax base and the condition of its capital assets. In the Statement of Net Position and the Statement of Activities, the financial information of the City is divided into two kinds of activities:

- Governmental Activities – Most of the City's services are reported here including public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services.
- Business-Type Activities – The City's only business-type activity is the Moraine Loan Program. Interest on the principal loaned makes up the charges for this service. The intent of this operation is to have return of principal and interest to cover the cost of the program.

Reporting the City's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about each major fund. The major funds of the City include the General, Capital Improvement, and Street Construction and Maintenance. The City uses many funds to account for a multitude of financial transactions. However, the focus of the fund financial statements is on the City's most significant funds, and therefore only the major funds are presented in separate columns. All other funds are combined into one column for reporting purposes.

Governmental Funds

Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, 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 you determine whether there are more or fewer 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.

Proprietary Funds

When the City charges citizens for the services it provides, with the intent of recouping operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

Fiduciary Funds

The financial activity of custodial funds, for which the City acts as the fiscal agent, is reported separately in the Statement of Assets and Liabilities. This financial activity is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes.

The City as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. In the case of the City of Moraine, Ohio, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by a total of \$25.1 million at December 31, 2016.

Table 1 provides a summary of the City's net position for 2016 compared to 2015.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 21,553,919	18,959,819	618,732	613,694	22,172,651	19,573,513
Capital Assets	<u>27,441,303</u>	<u>28,079,510</u>	-	-	<u>27,441,303</u>	<u>28,079,510</u>
Total Assets	<u>48,995,222</u>	<u>47,039,329</u>	<u>618,732</u>	<u>613,694</u>	<u>49,613,954</u>	<u>47,653,023</u>
Deferred Outflows of Resources	<u>5,229,401</u>	<u>1,971,615</u>	-	-	<u>5,229,401</u>	<u>1,971,615</u>
Current and Other Liabilities	931,545	851,652	-	-	931,545	851,652
Long-Term Liabilities:						
Net Pension Liability	18,250,201	13,788,700	-	-	18,250,201	13,788,700
Other Amounts	<u>9,520,906</u>	<u>9,967,069</u>	-	-	<u>9,520,906</u>	<u>9,967,069</u>
Total Liabilities	<u>28,702,652</u>	<u>24,607,421</u>	-	-	<u>28,702,652</u>	<u>24,607,421</u>
Deferred Inflows of Resources	<u>1,005,936</u>	<u>827,625</u>	-	-	<u>1,005,936</u>	<u>827,625</u>
Net Position:						
Net Investment in						
Capital Assets	24,220,997	24,835,502	-	-	24,220,997	24,835,502
Restricted	4,391,462	4,813,223	-	-	4,391,462	4,813,223
Unrestricted	<u>(4,096,424)</u>	<u>(6,072,827)</u>	<u>618,732</u>	<u>613,694</u>	<u>(3,477,692)</u>	<u>(5,459,133)</u>
Total Net Position	\$ <u>24,516,035</u>	<u>23,575,898</u>	<u>618,732</u>	<u>613,694</u>	<u>25,134,767</u>	<u>24,189,592</u>

In the prior year, the City implemented the provisions of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revised the accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

As required by GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As displayed in Table 1, total governmental net position of the City increased by \$940,137 from 2015 to 2016. Despite the increases in total liabilities, due to increases in the reported net pension liability, the net position increased as equity in pooled cash and investments reported at the end of the year, income taxes receivable, and intergovernmental receivable amounts were in amounts greater than the increase in liabilities. Cash balances increased as the City received additional income taxes due to increased employment within the City limits as well as diligent monitoring and collection by the City. Increases in income taxes receivable resulted primarily from the additional withholdings related to the increased employment. Intergovernmental receivable increased over the

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

prior year as additional transportation projects were completed during the year for which the related grant funding was not received until the subsequent year.

The deficit in unrestricted net position reported at the end of 2016 was \$2.0 million less than the deficit amount reported in the prior year despite the increase in the reported net pension liability due to the increases in current and other assets noted above.

Table 2 shows the changes in the governmental and business-type net position for the year ended December 31, 2016 compared with the prior year.

Table 2
Changes in Net Position

	Governmental Activities		Business- Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Program Revenues:						
Charges for services	\$ 1,215,182	1,168,151	-	-	1,215,182	1,168,151
Operating grants and contributions	1,398,412	822,724	-	-	1,398,412	822,724
Capital grants and contributions	1,374,261	1,809,949	-	-	1,374,261	1,809,949
Total Program Revenues	<u>3,987,855</u>	<u>3,800,824</u>	<u>-</u>	<u>-</u>	<u>3,987,855</u>	<u>3,800,824</u>
General Revenues:						
Income taxes	18,313,736	15,767,651	-	-	18,313,736	15,767,651
Property and other taxes	575,449	549,466	-	-	575,449	549,466
Payment in lieu of taxes	292,317	247,253	-	-	292,317	247,253
Shared revenues	129,356	178,221	-	-	129,356	178,221
Investment earnings	99,100	80,981	5,038	4,528	104,138	85,509
Miscellaneous	384,057	216,097	-	-	384,057	216,097
Total General Revenues	<u>19,794,015</u>	<u>17,039,669</u>	<u>5,038</u>	<u>4,528</u>	<u>19,799,053</u>	<u>17,044,197</u>
Total Revenues	<u>23,781,870</u>	<u>20,840,493</u>	<u>5,038</u>	<u>4,528</u>	<u>23,786,908</u>	<u>20,845,021</u>
Expenses:						
General government	4,248,191	3,734,963	-	-	4,248,191	3,734,963
Public Safety	9,601,121	8,900,857	-	-	9,601,121	8,900,857
Highways & Streets	5,598,996	4,643,773	-	-	5,598,996	4,643,773
Sanitation	287,165	287,688	-	-	287,165	287,688
Culture & Recreation	1,170,422	1,386,627	-	-	1,170,422	1,386,627
Economic Development	1,533,824	343,303	-	-	1,533,824	343,303
Health & Welfare	151,645	161,413	-	-	151,645	161,413
Interest Expense	250,369	251,173	-	-	250,369	251,173
Total Expenses	<u>22,841,733</u>	<u>19,709,797</u>	<u>-</u>	<u>-</u>	<u>22,841,733</u>	<u>19,709,797</u>
Change in net position	940,137	1,130,696	5,038	4,528	945,175	1,135,224
Net Position - Beginning	<u>23,575,898</u>	<u>22,445,202</u>	<u>613,694</u>	<u>609,166</u>	<u>24,189,592</u>	<u>23,054,368</u>
Net Position - Ending	\$ <u>24,516,035</u>	<u>23,575,898</u>	<u>618,732</u>	<u>613,694</u>	<u>25,134,767</u>	<u>24,189,592</u>

CITY OF MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Total expenses of the governmental activities reported for 2016 were \$3.1 million (15.9 percent) more than those reported for 2015. Overall salary increases for employees of 2.0 percent account were reported for all functions that have personnel services recorded. In addition, the pension expense reported for the current year, as calculated under the provisions of GASB Statement No. 68 was \$1.3 million more than that recorded in the prior year based on the performance of the State-wide pension systems during the measurement period. Additional expenses for 2016 related to one-time projects (Main Street resurfacing, replacement roof for municipal building, and economic development incentives) that occurred during the year which did not meet the City's definition of a capital asset. Additional public safety positions were filled in 2016 which were intentionally left vacant in prior years or to prepare for pending retirement of existing personnel.

As noted in table 2, the City's municipal income tax revenue, which represents 77.0 percent of the total revenue received for the year, increased \$2.5 million (16.1 percent) over the revenue amount reported for 2015. This increase resulted from increased employment within the City limits as well as monitoring and collection efforts on the part of City staff. Effective July 1, 2014, the City's income tax rate increased from 2.0 percent to 2.5 percent. Capital grants decreased slightly when compared to the prior year, however, the City still has benefited by State and Federal grant programs to assist in funding roadway improvement and maintenance projects. The increase in operating grants resulted from the specific State and local grants received to assist the City attract and retain businesses within the City, which is reported under the economic development function.

Governmental Activities

Table 3 shows the expenses of each functional area and the net cost of each functional area financed with general revenue for 2016 and 2015.

Table 3
Governmental Activities

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2016	2015	2016	2015	2016	2015
General Government	\$ 4,248,191	\$ 3,734,963	\$ 510,551	\$ 420,877	\$ 3,737,640	\$ 3,314,086
Public Safety	9,601,121	8,900,857	915,766	575,129	8,685,355	8,325,728
Highways and Streets	5,598,996	4,643,773	1,420,852	2,053,646	4,178,144	2,590,127
Sanitation	287,165	287,688	8,430	329	278,735	287,359
Culture and Recreation	1,170,422	1,386,627	314,267	705,843	856,155	680,784
Economic Development	1,533,824	343,303	817,989	45,000	715,835	298,303
All Others	402,014	412,586	-	-	402,014	412,586
	<u>\$ 22,841,733</u>	<u>\$ 19,709,797</u>	<u>\$ 3,987,855</u>	<u>\$ 3,800,824</u>	<u>\$ 18,853,878</u>	<u>\$ 15,908,973</u>

As indicated by Table 3, the City is spending the vast majority (85.1 percent) of its resources on public safety, highways and streets and general government activities. While the operation of the police and fire departments is approximately \$9.6 million, \$915,766 of program revenue is generated to cover department expenses. The remaining \$8.7 million of expenses must be covered by general revenues collected by the City, principally municipal income taxes. General government functions, principally legislation and administration, comprise approximately \$4.2 million of the total governmental expenses. Court costs and fees generated by licenses and permits financed \$510,551 of the general government functional expenses while the remaining \$3.7 million comes from general revenue sources. Operating and capital grants received from the State of Ohio and the federal government provided approximately \$1.4 million of funding for expenses related to highways and streets for 2016.

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

The City's Funds

Information about the City's major governmental funds begins after the Statement of Activities. These funds are reported using the modified accrual basis of accounting. Governmental funds had total revenues of \$23.3 million and expenditures of \$21.4 million. During 2016, the net change in fund balance of the governmental funds was an increase of approximately \$2.0 million resulting in an ending total fund balance of \$15.5 million. While capital assets are included in the Statement of Net Position, expenditures are recognized in the fund statements thereby reducing the amount of resources available for future spending. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's General Fund realized an increase of approximately \$2.9 million in fund balance during 2016. The General Fund is the primary fund that finances government services to citizens. The increase in fund balance for the year was due to the \$2.4 million increase in income tax revenues over those reported for the prior year. This increase was the result of increased employment within the City during the year as well as monitoring and collection efforts by City staff related to tax accounts. In 2014, the voters within the City approved increasing the City's income tax rate from 2.0 percent to 2.5 percent on earned wages. Total expenditures increased in the General Fund over those reported for the prior year by 2.3 percent, compared to the 12.1 percent increase in the prior year. During the year employees were given a 2.0 percent pay increase and the cost of healthcare benefits for employees increased as well.

At December 31, 2016 the ending unassigned fund balance of the General Fund was \$9.4 million; a 53.5 percent increase from the unassigned fund balance reported at December 31, 2015 and represents 72.4 percent of total General Fund expenditures, excluding transfers, reported for 2016.

The City separately reports two other governmental funds as major funds: the Capital Improvement and the Street Construction and Maintenance funds. The Capital Improvement fund reported a net decrease in fund balance of \$1.1 million which was anticipated due to the planned capital purchases anticipated for the year. The City plans to continue utilizing the carryover fund balance, as well as transfers from the General fund, to fund capital expenditures into the future. The fund balance at December 31, 2016 is \$2.0 million compared with the \$3.1 million reported one year prior. The Street Construction and Maintenance Fund's decrease in fund balance resulted from an increase in operating expenses for the year. The ending fund balance was \$173,892.

General Fund Budgeting Highlights

The City's budget is adopted on a fund basis. Before the budget is adopted, the City Manager and Finance Director review the budgets of each department within the General Fund with City Council. City Council then adopts the annual appropriations budget at the personal services, other operating expenditures, and capital expenditures level for each department within each fund (legal level of control). Management may reallocate appropriations below the legal level, but modifications must be approved by Council in advance.

General Fund revenues at the beginning of the year were estimated at \$18.1 million and were only modified by \$3,773 throughout the remainder of the year. Actual revenues for the year totaled \$19.8 million compared with final anticipated revenues being \$18.1 million. The increase in income tax revenues, for the reasons noted above, resulted in actual revenues being \$1.7 million higher than the final revenue estimates made by the City for 2016. On a budgetary basis, actual revenues received during 2016 were 16.3 percent higher than those received in 2015; due almost exclusively to the increase in income tax receipts for 2016.

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The expenditures, excluding transfers, for the General Fund were estimated at \$13.3 million at the beginning of the year and increased to \$13.5 million at the close of the year. Actual budgetary expenditures for the year were \$1.2 million less than final budgetary estimates due to management's continued efforts to control spending and reduced transfers throughout the year.

Actual ending budgetary fund balance at December 31, 2016 was \$8.1 million compared to the \$4.4 million anticipated in the final 2016 budget.

Capital Assets

At the end of fiscal year 2016, the City had a total of \$64.7 million invested in capital assets less accumulated depreciation of \$37.3 million resulting in a net investment in capital assets of \$27.4 million.

Major capital asset additions for 2016, included recording the completion of the extension of Northlawn Road for just over \$1.0 million; \$579,281 of fire and medic vehicles; three police cruisers for \$102,851; \$266,440 for dispatching equipment; \$83,583 for dump truck; and back-up generators for \$68,567. Depreciation expense for 2016 was \$1.7 million, resulting in the overall decrease in the value of the City's capital assets reported at December 31, 2016.

Table 4 shows 2016 balances compared to those of 2015:

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities	
	2016	2015
Land	\$ 10,967,884	10,967,884
Construction in progress	-	1,032,733
Building and improvements	3,986,508	4,230,974
Equipment	2,037,028	1,206,317
Infrastructure	10,449,883	10,641,602
Total	\$ 27,441,303	28,079,510

Additional information on the City's capital assets can be found in Note 6 to the basic financial statements.

Debt Administration

At December 31, 2016, the City had the following outstanding long-term obligations: \$5.3 million of general obligation bonds; \$894,663 associated with four Ohio Public Works Commission (OPWC) loans; and \$252,599 of capital lease obligations.

At December 31, 2016, the City's overall legal debt margin was \$8.5 million and the unvoted debt margin was \$2.0 million. See Notes 11, 12, and 13 of the notes to the basic financial statements for more detailed information on the debt and other long-term obligations of the City.

CITY OF MORaine, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Finance Director at City of Moraine, Ohio, 4200 Dryden Road, Moraine, Ohio 45439.

CITY OF MORAINE, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 15,086,030	\$ 618,732	\$ 15,704,762
Cash in Segregated Accounts	125,274	-	125,274
Receivables:			
Income Tax	2,933,734	-	2,933,734
Property Tax	580,175	-	580,175
Payment in Lieu of Taxes	350,000	-	350,000
Accounts	488,887	-	488,887
Intergovernmental	951,474	-	951,474
Loans	736,000	-	736,000
Inventories	219,996	-	219,996
Prepays	82,349	-	82,349
Non Depreciable Assets	10,967,884	-	10,967,884
Depreciable Capital Assets, Net of Accumulated Depreciation	16,473,419	-	16,473,419
Total Assets	48,995,222	618,732	49,613,954
DEFERRED OUTFLOWS OF RESOURCES			
Pension	5,229,401	-	5,229,401
Total Deferred Outflows of Resources	5,229,401	-	5,229,401
LIABILITIES			
Accounts Payable	167,137	-	167,137
Salaries and Benefits Payable	592,307	-	592,307
Accrued Interest Payable	24,272	-	24,272
Insurance Claims Payable	147,829	-	147,829
Long-Term Liabilities:			
Due Within One Year	484,986	-	484,986
Due In More Than One Year:			
Other Long-Term Liabilities	9,035,920	-	9,035,920
Net Pension Liability	18,250,201	-	18,250,201
Total Liabilities	28,702,652	-	28,702,652
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	525,096	-	525,096
Payments in Lieu of Property Taxes	350,000	-	350,000
Pension	130,840	-	130,840
Total Deferred Inflows of Resources	1,005,936	-	1,005,936
NET POSITION			
Net Investment in Capital Assets	24,220,997	-	24,220,997
Restricted for:			
Capital Projects	2,108,639	-	2,108,639
Streets and Highways	972,761	-	972,761
Debt Service	135,822	-	135,822
Economic Development	769,822	-	769,822
Law Enforcement Programs	255,626	-	255,626
Cemetery Operations	148,792	-	148,792
Unrestricted	(4,096,424)	618,732	(3,477,692)
Total Net Position	\$ 24,516,035	\$ 618,732	\$ 25,134,767

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 4,248,191	\$ 497,669	\$ -	\$ 12,882	\$ (3,737,640)	\$ -	\$ (3,737,640)
Public Safety	9,601,121	529,299	-	386,467	(8,685,355)	-	(8,685,355)
Highways and Streets	5,598,996	-	495,048	925,804	(4,178,144)	-	(4,178,144)
Sanitation	287,165	196	-	8,234	(278,735)	-	(278,735)
Culture and Recreation	1,170,422	188,018	85,375	40,874	(856,155)	-	(856,155)
Economic Development	1,533,824	-	817,989	-	(715,835)	-	(715,835)
Health and Welfare	151,645	-	-	-	(151,645)	-	(151,645)
Debt Service							
Interest and Fiscal Expense	250,369	-	-	-	(250,369)	-	(250,369)
Total Governmental Activities	<u>22,841,733</u>	<u>1,215,182</u>	<u>1,398,412</u>	<u>1,374,261</u>	<u>(18,853,878)</u>	<u>-</u>	<u>(18,853,878)</u>
Business Type Activities							
Loan Program	-	-	-	-	-	-	-
Total Business Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 22,841,733</u>	<u>\$ 1,215,182</u>	<u>\$ 1,398,412</u>	<u>\$ 1,374,261</u>	<u>(18,853,878)</u>	<u>-</u>	<u>(18,853,878)</u>
General Revenues							
Income Tax					18,313,736	-	18,313,736
Property Tax Levied for							
General Purposes					419,349	-	419,349
Police Pensions					66,164	-	66,164
Fire Pensions					66,896	-	66,896
Other Taxes					23,040	-	23,040
Payments in Lieu of Taxes					292,317	-	292,317
Shared Revenues (unrestricted)					129,356	-	129,356
Miscellaneous Receipts					384,057	-	384,057
Investment Earnings					99,100	5,038	104,138
Total General Revenues					<u>19,794,015</u>	<u>5,038</u>	<u>19,799,053</u>
Change in Net Position					940,137	5,038	945,175
Net Position - Beginning					23,575,898	613,694	24,189,592
Net Position - Ending					<u>\$ 24,516,035</u>	<u>\$ 618,732</u>	<u>\$ 25,134,767</u>

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Major Governmental Funds				Total Governmental Funds
	General Fund	Capital Improvement	Street Construction and Maintenance	Other Governmental Funds	
ASSETS					
Equity in Pooled Cash and Investments	\$ 8,646,735	\$ 1,484,177	\$ 109,471	\$ 2,641,095	\$ 12,881,478
Cash in Segregated Accounts	124,593	681	-	-	125,274
Receivables:					
Income Tax	2,933,734	-	-	-	2,933,734
Property Tax	439,345	-	-	140,830	580,175
Payment in Lieu of Tax	-	-	-	350,000	350,000
Accounts	488,000	-	-	887	488,887
Intergovernmental	64,029	651,961	205,730	29,754	951,474
Loans	-	-	-	736,000	736,000
Inventories	8,930	-	97,728	-	106,658
Prepays	82,349	-	-	-	82,349
Total Assets	\$ 12,787,715	\$ 2,136,819	\$ 412,929	\$ 3,898,566	\$ 19,236,029
LIABILITIES					
Accounts Payable	\$ 109,888	\$ 28,180	\$ 890	\$ 13,057	\$ 152,015
Salaries and Benefits Payable	399,868	-	68,157	109,474	577,499
Total Liabilities	509,756	28,180	69,047	122,531	729,514
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	397,596	-	-	127,500	525,096
Payments in Lieu of Taxes	-	-	-	350,000	350,000
Unavailable for:					
Income Taxes	1,222,405	-	-	-	1,222,405
Delinquent Property Taxes	41,749	-	-	13,330	55,079
Intergovernmental	53,685	140,895	169,990	25,172	389,742
Other Sources	455,069	-	-	887	455,956
Total Deferred Inflows of Resources	2,170,504	140,895	169,990	516,889	2,998,278
FUND BALANCE					
Nonspendable for:					
Materials and Supplies Inventory	8,930	-	97,728	-	106,658
Prepaid Items	82,349	-	-	-	82,349
Long-term Receivable	-	-	-	693,000	693,000
Restricted for:					
Law Enforcement	-	-	-	255,626	255,626
Cemetery Services	-	-	-	147,905	147,905
Debt Service	-	-	-	160,094	160,094
Street Repair and Maintenance	-	-	76,164	950,095	1,026,259
Economic Development	-	-	-	1,015,637	1,015,637
Committed for:					
Capital Projects	-	1,967,744	-	-	1,967,744
Economic Development	-	-	-	76,822	76,822
Assigned for:					
Unpaid Obligations	461,388	-	-	-	461,388
Recreation Services	201,542	-	-	-	201,542
Unassigned	9,353,246	-	-	(40,033)	9,313,213
Total Fund Balance	10,107,455	1,967,744	173,892	3,259,146	15,508,237
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,787,715	\$ 2,136,819	\$ 412,929	\$ 3,898,566	\$ 19,236,029

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016

Total Governmental Fund Balances		\$ 15,508,237
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,441,303
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Municipal income taxes	1,222,405	
Property and other taxes	55,079	
Shared revenues and grants	389,742	
Charges for services and other sources	<u>455,956</u>	
Total		2,123,182
Internal service fund is used by management to charge the costs of providing insurance as well as central services to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,912,620
Some liabilities, including long-term debt obligations and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable	(24,272)	
Compensated absences payable	(2,966,706)	
General obligations bonds payable	(5,250,000)	
Premium on bonds	(68,223)	
Capital lease obligation	(252,599)	
OPWC loans payable	<u>(894,663)</u>	
Total		(9,456,463)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred outflows - pension	5,108,905	
Net pension liability	(17,996,009)	
Deferred inflows - pension	<u>(125,740)</u>	
Total		<u>(13,012,844)</u>
Governmental Activities' Net Position		<u><u>\$ 24,516,035</u></u>

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Major Governmental Funds				Total Governmental Funds
	General Fund	Capital Improvement	Street Construction and Maintenance	Other Governmental Funds	
REVENUES					
Taxes:					
Income	\$ 18,103,691	\$ -	\$ -	\$ -	\$ 18,103,691
Property	409,681	-	-	130,056	539,737
Other	23,040	-	-	-	23,040
Payment in Lieu of Taxes	-	-	-	292,317	292,317
Shared Revenues	133,555	-	432,547	63,554	629,656
Intergovernmental Grants	76,109	1,192,492	-	817,989	2,086,590
Licenses and Permits	197,944	-	-	-	197,944
Charges for Services	617,851	-	-	3,650	621,501
Fines	222,593	8,873	-	649	232,115
Investment Earnings	75,987	-	1,600	21,513	99,100
Miscellaneous	208,856	-	484	264,815	474,155
Total Revenues	<u>20,069,307</u>	<u>1,201,365</u>	<u>434,631</u>	<u>1,594,543</u>	<u>23,299,846</u>
EXPENDITURES					
Current:					
General Government	3,557,020	-	-	4,916	3,561,936
Public Safety	7,366,430	-	-	1,031,869	8,398,299
Highways and Streets	258,587	-	1,970,990	80,056	2,309,633
Sanitation	287,165	-	-	-	287,165
Economic Development	202,960	-	-	948,003	1,150,963
Health and Welfare	143,967	-	-	-	143,967
Culture and Recreation	1,096,764	-	-	-	1,096,764
Debt service:					
Principal	-	127,815	-	190,000	317,815
Interest	-	10,654	-	244,974	255,628
Capital Outlays:					
General Government	-	594,183	-	-	594,183
Public Safety	-	1,005,899	-	-	1,005,899
Highways and Streets	-	2,064,576	-	-	2,064,576
Culture and Recreation	-	194,065	-	-	194,065
Total Expenditures	<u>12,912,893</u>	<u>3,997,192</u>	<u>1,970,990</u>	<u>2,499,818</u>	<u>21,380,893</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>7,156,414</u>	<u>(2,795,827)</u>	<u>(1,536,359)</u>	<u>(905,275)</u>	<u>1,918,953</u>
OTHER FINANCING					
SOURCES (USES)					
Transfers In	-	1,700,000	1,530,000	1,080,000	4,310,000
Transfers Out	(4,310,000)	-	-	-	(4,310,000)
Proceeds from the Sale of Capital Assets	46,985	-	-	-	46,985
Total Other Financing Sources (Uses)	<u>(4,263,015)</u>	<u>1,700,000</u>	<u>1,530,000</u>	<u>1,080,000</u>	<u>46,985</u>
Net Change in Fund Balance	2,893,399	(1,095,827)	(6,359)	174,725	1,965,938
Fund Balance - Beginning	7,214,056	3,063,571	180,251	3,084,421	13,542,299
Fund Balance - Ending	<u>\$ 10,107,455</u>	<u>\$ 1,967,744</u>	<u>\$ 173,892</u>	<u>\$ 3,259,146</u>	<u>\$ 15,508,237</u>

See accompanying notes to the basic financial statements.

CITY OF MORAINE, 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, 2016

Net Change in Fund Balance - Total Governmental Funds \$ 1,965,938

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	1,240,707	
Depreciation	(1,739,133)	
Book value of disposed capital assets	(139,781)	
Total		(638,207)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums or discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

General obligation bond payment	190,000	
Amortization of premium	3,790	
Capital lease payment	58,002	
OPWC loan payment	69,813	
Total		321,605

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (22,123)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, rather these revenues are reported as as deferred inflow of resources. On the statement of activities, these amounts are revenues. 435,039

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. These activities consist of:

Decrease in accrued interest payable	1,469	
Decrease in compensated absences payable	133,552	
Total		135,021

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,404,691

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (2,661,827)

Change in Net Position of Governmental Activities \$ 940,137

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	<u>Enterprise Fund</u> <u>Moraine Loan</u> <u>Program</u>	<u>Internal</u> <u>Service Funds</u>
ASSETS		
Current Assets		
Equity in Pooled Cash and Investments	\$ 618,732	\$ 2,204,552
Inventories	-	113,338
Total Assets	<u>618,732</u>	<u>2,317,890</u>
Deferred Outflows of Resources		
Pension	-	120,496
Total Deferred Outflows of Resources	<u>-</u>	<u>120,496</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	-	15,122
Salaries and Benefits Payable	-	14,808
Compensated Absences Payable	-	5,055
Insurance Claims Payable	-	147,829
Total Current Liabilities	<u>-</u>	<u>182,814</u>
Long-Term Liabilities		
Compensated Absences Payable	-	83,660
Net Pension Liability	-	254,192
Total Long-Term Liabilities	<u>-</u>	<u>337,852</u>
Total Liabilities	<u>-</u>	<u>520,666</u>
Deferred Inflows of Resources		
Pension	-	5,100
Total Deferred Inflows of Resources	<u>-</u>	<u>5,100</u>
NET POSITION		
Unrestricted	618,732	1,912,620
Total Net Position	<u>\$ 618,732</u>	<u>\$ 1,912,620</u>

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Enterprise Fund</u>	
	<u>Moraine Loan</u>	<u>Internal</u>
	<u>Program</u>	<u>Service Funds</u>
Operating Revenues		
Charges for Services	\$ -	\$ 2,435,311
Miscellaneous	-	82,137
Total Operating Revenues	<u>-</u>	<u>2,517,448</u>
Operating Expenses		
Personal Services	-	350,952
Contractual Services	-	359,768
Supplies and Materials	-	236,447
Claims and Judgements	-	1,605,537
Total Operating Expenses	<u>-</u>	<u>2,552,704</u>
Operating Income (Loss)	<u>-</u>	<u>(35,256)</u>
Non-Operating Revenues		
Investment earnings	5,038	13,133
Total Non-Operating Revenues	<u>5,038</u>	<u>13,133</u>
Change in Net Position	5,038	(22,123)
Total Net Position - Beginning	613,694	1,934,743
Total Net Position - Ending	<u>\$ 618,732</u>	<u>\$ 1,912,620</u>

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Enterprise Fund	
	Moraine Loan	Internal
	Program	Service Funds
Cash Flows From Operating Activities		
Cash received for interfund services	\$ -	\$ 2,435,311
Miscellaneous receipts & reimbursements	-	82,137
Cash paid to employees for services	-	(317,911)
Cash paid to suppliers for goods or services	-	(594,091)
Cash paid for insurance claims	-	(1,543,046)
Net cash provided by operating activities	-	62,400
Cash Flows From Non-Capital Financing Activities		
Repayment of loan principal	1,090	-
Net cash provided by non-capital financing activities	1,090	-
Cash Flows From Investing Activities		
Investment earnings	5,038	13,133
Net cash provided by investing activities	5,038	13,133
Net Change	6,128	75,533
Equity in Pooled Cash and Investments Beginning of Year	612,604	2,129,019
Equity in Pooled Cash and Investments End of Year	\$ 618,732	\$ 2,204,552
 Reconciliation of Operating Loss to Net Cash		
Provided by Operating Activities		
Operating loss	\$ -	\$ (35,256)
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Decrease in inventories	-	6,367
Increase in deferred outflows of resources	-	(89,496)
Decrease in accounts payable	-	(4,243)
Increase in salaries and benefits payable	-	1,965
Increase in insurance claims payable	-	62,491
Increase in compensated absences payable	-	8,994
Increase in net pension liabilities	-	109,331
Increase in deferred inflows of resources	-	2,247
Net cash provided by operating activities	\$ -	\$ 62,400

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2016

		Agency Funds
ASSETS		
Equity in Pooled Cash and Investments	\$	47,496
Cash in Segregated Accounts		15,153
Accounts Receivable		12,727
Total Assets	\$	75,376
 LIABILITIES		
Accounts Payable	\$	580
Deposits		59,643
Due to Other Governments		5,087
Escrow Bonds and Deposits		10,066
Total Liabilities	\$	75,376

See accompanying notes to the basic financial statements.

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CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 – DESCRIPTION OF CITY AND REPORTING ENTITY:

The City of Moraine (the “City”) is a home rule municipal corporation organized under the laws of the State of Ohio, which operates under its own Charter. The current Charter was adopted in 1966 and has subsequently been amended. As provided in the Charter, the City operates under a Council/Manager form of government. The City was incorporated in 1958 and gained City status in 1965.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds and departments which provide the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services.

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 body 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 for which the City approves the budget, the issuance of debt or the levying of taxes. The City currently has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Moraine have been prepared in conformity with generally accepted accounting principles (GAAP) applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most 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 that provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type 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 and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

therefore clearly identifiable to a particular function. Program revenues include charges paid by a 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. Revenues 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 function or business-type activity 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 and enterprise 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. The internal service funds are presented in a single column on the face of the proprietary fund statements. 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 three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

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

General Fund - This fund is the operating fund of the City and is used to account for 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 and the Charter of the City.

Capital Improvement Fund – This fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds).

Street Construction and Maintenance Fund – This fund is used to account for the City's share of the gasoline and motor vehicle gasoline taxes which is restricted to the construction and maintenance of the City's transportation infrastructure.

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

CITY OF MORAINE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Proprietary Fund Types

The proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has one enterprise fund, the Moraine Loan Program fund, which accounts for home improvement and business loans offered to residents and businesses located within the City.

Internal Service Funds – An internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City has three internal service funds. They are the City Garage Fund used to account for the cost of servicing the vehicles and maintenance equipment of City departments, the Health Insurance Program Fund used to accumulate and account for monies for the payment of health insurance costs for the employees of City departments and the Insurance Reserve Fund used to account for monies to cover legal services related to lawsuits and other expenditures where reimbursement is received from the general insurance carrier.

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. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's fiduciary funds include agency funds only and account for undistributed receipts of the Moraine Mayor's Court and miscellaneous deposits received by the City.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operations of the City are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources along with current liabilities and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances report 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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 are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows or resources and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income tax, property tax and payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the tax imposed takes place and revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements and matching requirements. Timing requirements specify the year when the resources are required to be used or the fiscal year when use is first permitted. Matching requirements specify how the City must provide local resources 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.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income tax, state-levied locally shared taxes (including local government assistance, gasoline tax and vehicle license tax), EMS and other charges for services, and intergovernmental grants.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position may report a separate category for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position related to pension amounts, which are explained further in Note 7.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of property taxes, pension, and unavailable revenue. Property

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

taxes and payments in lieu of property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which are levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes income taxes, delinquent property taxes, intergovernmental grants, and various charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and are further explained in Note 7.

Expenses/Expenditures

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

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

Equity in Pooled Cash and Investments

To improve cash management, cash received by the City is pooled. Money for all funds, except the Health Insurance Program Fund, is maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pooled bank account is presented as "equity in pooled cash and investments" on the financial statements.

During 2016, the City invested in STAROhio. STAROhio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The City measures their investment in STAROhio at the net asset value (NAV) per share provided by STAROhio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Investments with an original maturity of three months or less at the time of purchase, and investments of the cash management pool are reported as cash equivalents on the financial statements. Investments are reported at fair value. For the City's investments in STAROhio and open-end mutual funds, fair value is determined by the share price. There are no limitations or restrictions on withdrawals from these investments due to redemption notice periods, liquidity fees, or redemption gates. STAROhio does require notice to be given 24 hours in advance for all deposits or withdrawals exceeding \$25 million. STAROhio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the STAROhio investors will be combined for these purposes.

Interest income is distributed to the funds according to ordinance and statutory requirements. Interest revenue reported in the statement of activities for 2016 amounted to \$104,138.

Supplies Inventory

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

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

Capital assets, which include land, construction in progress, infrastructure, buildings and improvements, and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets utilized by governmental activities are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the respective fund financial statements with the enterprise funds capital assets being reported in the business-type activities column of the government-wide statement of net position.

The City defines capital assets as those with an individual cost of more than \$3,000 except for improvements to infrastructure, which is \$50,000. All capital assets are capitalized at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are recorded at their fair values as of the date received. Interest on constructed capital assets within the business-type activities is capitalized. When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements. The City's infrastructure consists of bridges, culverts, curbs, storm sewers and streets.

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

Land Improvements	20-25 years
Building and Improvements	20-40 years
Machinery and Equipment	2-25 years
Infrastructure	20-50 years

Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued based on the vesting method; which states that the City will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are expected to become eligible in the future to receive such payments. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's

CITY OF MORAINE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

termination policy. The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Fund Balance

The City reports classifications of fund equity based on the purpose for which resources were received and the level of constraint placed on the resources. Nonspendable fund balance indicates resources that cannot be spent because they are not in a spendable form. Resources that have purpose constraints placed upon them by laws, regulations, creditors, grantors, or other external parties are considered available only for the purpose for which they were received and are reported as a restricted fund balance. The City may limit the use of unrestricted resources and they may be reported as committed or assigned fund balance depending on the level of governance the constraints were placed upon the resources. With an affirmative vote of its members, through ordinance, the City Council may create funds for which resources are committed to the established purpose of that fund. Once funds are committed, those resources may not be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts. Through the City's purchasing policy the Council has given the Finance Director the authority to constrain monies for intended purposes, which are reported as assigned fund balances. Unassigned fund balance consists of amounts, that are in spendable form, which have not been restricted, committed, or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

The City applies restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to 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 borrowing 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 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. At December 31, 2016, none of the City's net position is restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide goods or services that are the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

Interfund Activity

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

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide statement of net position. These eliminations minimize the duplicate effect on assets and liabilities within the governmental and business-type activities total column; however, the interfund services provided and used are not eliminated in the process of consolidation. Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Estimates

The preparation of the 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.

Budgetary Process

All funds, except for agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriation ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation ordinance is Council's authorization to spend resources and sets

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annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by the Council at the department level with a detail breakdown by personal services, operating and capital expenditures/expenses. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the department level within each fund. Administrative control is maintained through the establishment of more detailed line-item budgets.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate at the time final appropriations were adopted.

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

Change in Accounting Principle

For 2016, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 77, *Tax Abatement Disclosures*; GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*; and GASB Statement No. 82, *Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73*.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes are incorporated into the City's 2016 financial statements; however, there was no effect on beginning net position or fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pension plans that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing for those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68. The implementation of this GASB Statement did not result in any changes to the City's financial statements.

GASB Statement No. 76 identifies, in the context of the current governmental financial reporting environment, the sources of accounting principles used to prepare the financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this Statement did not result in any changes to the City's financial statements.

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GASB Statement No. 77 requires financial statement disclosures that will provide users with information concerning the reporting government's tax abatement programs – nature and magnitude – which will provide information on ability to raise resources and the impact abatement programs have on financial position of the government. The City has evaluated its abated tax revenues for the year and deemed the amount insignificant to the financial statements and therefore the required disclosures have not been included within these financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements that participate in those pools. The City participates in STAROhio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB 79 guidance into its 2016 financial statements; however, there was no effect on beginning net position or fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position or fund balance.

Issued but Not Implemented Accounting Standard

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which will require the City to recognize on the face of the financial statements, its proportionate share of the net OPEB liability related to its participation in the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F). This Standard also enhances accountability and transparency through revised note disclosures and required supplementary information. The provisions of this Standard are required to be implemented for reporting periods beginning after June 15, 2017. The City has not early implemented GASB Statement No. 75 and is currently in the process of evaluating the impact this Standard will have on its financial statements; however, that effect is anticipated to be significant.

NOTE 4 – DEPOSITS AND INVESTMENTS:

Monies of substantially all funds of the City are maintained or invested in a common group of bank accounts and STAROhio. This is done in order to limit the risk associated with the investments while providing for a reasonable market rate of return. Interest income is distributed to the funds according to local ordinances and statutory requirements.

The provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code govern the investment and deposit of City monies. In accordance with these provisions, only financial institutions located in Ohio, as well as primary and regional securities dealers are eligible to hold public deposits. The provisions also permit the City to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAROhio), obligations of the United States government or certain agencies thereof, bankers acceptance notes, and commercial paper. The City may also enter into repurchase agreements with any eligible depository for a period not exceeding five years.

Public depositories must give security for all public funds on deposit. According to the City's Deposit and Investment Policy, these institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities, the face value of which is at least 105 percent of the total value of public monies on deposit at the institution.

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Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. Protection of the City's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institution.

At year end, the City reported a bank balance of \$5,625,250 of which \$301,804 was covered by federal deposit insurance and the remaining \$5,323,446 was exposed to custodial credit risk because it was uninsured and collateralized by specific pledged securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Investments

At year-end, the City had the following investments:

Investment Type	Rating	Fair Value	Less than One Year	Two to Three Years	Beyond Three Years
Federal Home Loan Mortgage	AA+	\$ 1,397,783	\$ -	\$ -	\$ 1,397,783
Federal National Mortgage	AA+	1,096,017	-	-	1,096,017
Federal Home Loan Bank	AA+	988,630	988,630	-	-
STAR Ohio	AAAm	324,901	324,901	-	-
Negotiable CD's	N/A	2,616,323	737,822	1,878,501	-
Mutual Funds	N/A	3,908,087	3,908,087	-	-
US Treasury Notes	N/A	488,922	488,922	-	-
		<u>\$ 10,820,663</u>	<u>\$ 6,448,362</u>	<u>\$ 1,878,501</u>	<u>\$ 2,493,800</u>

Interest Rate Risk – The City's investment policy addresses interest rate risk by directing management to attempt to match the term to maturity of the investments with anticipated cash flow requirements and investing active deposits necessary for operating funds primarily in short term demand accounts and money market accounts or similar investments.

Credit Risk – The City's investment policy restricts investments in obligations of the United States Treasury and Federal Agencies to direct obligations of the issuing entity. The City's policy requires commercial paper to have a credit rating in the highest classification established by at least two nationally recognized standard rating services and the aggregate value of the notes cannot exceed ten per cent of the outstanding commercial paper of the issuing corporation. Bankers acceptances are restricted to those insured by the federal deposit insurance corporation, are eligible for purchase by the Federal Reserve System and the obligations mature not later than one hundred eighty days after purchase. All negotiable certificates of deposit are covered by FDIC.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The City's investment policy addresses concentration of credit risk by limiting the portfolio holding of allowable investments to the following percentages:

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<u>Diversification of Instrument</u>	<u>Maximum Percent Allowed</u>
U.S. Treasury Obligations	100%
Authorized U.S. Federal Agency Securities and U.S. Government-sponsored Corporations	100%
Nonnegotiable Certificates of Deposit	100%
Authorized Bankers Acceptance	25%
STAR Ohio	100%
Prime Commercial Paper	25%

The following table includes percentage of each investment type held by the City at December 31, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Federal Home Loan Mortgage	\$ 1,397,783	12.92%
Federal National Mortgage	1,096,017	10.13%
Federal Home Loan Bank Notes	988,630	9.13%
STAR Ohio	324,901	3.00%
Negotiable CD's	2,616,323	24.18%
Mutual Funds	3,908,087	36.11%
US Treasury Notes	<u>488,922</u>	<u>4.53%</u>
	<u>\$ 10,820,663</u>	<u>100.00%</u>

Fair Value Measurement

The City's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 - Investments reflect prices quoted in active markets.
- Level 2 - Investments reflect prices that are based on a similar observable asset either directly, or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments with the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment's risk. The City had the following reoccurring fair value measurements as of December 31, 2016:

<u>Investment Type</u>	<u>Total</u>	<u>Identical Assets (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
U.S. Governmental Agencies	\$ 3,482,430	\$ -	\$ 3,482,430	\$ -
Negotiable CD's	2,616,323	-	2,616,323	-
US Treasury Notes	<u>488,922</u>	-	<u>488,922</u>	-
	<u>\$ 6,587,675</u>	<u>\$ -</u>	<u>\$ 6,587,675</u>	<u>\$ -</u>

Investments classified in Level 2 of the fair value hierarchy are valued using pricing sources as provided by the investment managers. The City's investments in STAROhio and mutual funds are measured at amortized cost and therefore are not classified based on the hierarchy above.

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NOTE 5 – RECEIVABLES:

Receivables at December 31, 2016 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, and loans.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of the appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016 was \$2.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property Tax Assessed Valuation	\$ 135,456,160
Public Utility Real Property Assessed Valuation	420,530
Public Utility Personal Property Assessed Valuation	<u>95,606,020</u>
Total	<u>\$ 231,482,710</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Moraine. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2016, and for which there is an enforceable legal claim. At the fund level, the entire receivable has been offset as a deferred inflow of resources since the current taxes were not levied to finance 2016 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the full accrual basis, collectible delinquent property taxes have been recorded as revenue.

Income Tax

The City levies a municipal income tax 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 the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current income tax rate. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City monthly. Corporation and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

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During 2016, the income tax rate was two and a half percent of earned income. In accordance with the ordinance adopted by the City Council, 100 percent of income tax revenue is allocated to and maintained by the General Fund.

Loans Receivable

The City operates a long-term home improvement loan program as an enterprise fund. Loans receivable at December 31, 2016 was \$0 as the final \$1,090 balance was paid during the year.

In 2001, as an economic development tool, the City began offering business loans that would be forgiven if the business met certain employment and financial conditions over the life of the loan. The first such loan was made during 2001. The loans receivable in the Economic Development Fund at December 31, 2016 were as follows:

Loans Receivable, 12/31/2015	\$ 472,000
New Loans	305,000
Forgiven Loans	(41,000)
Loans Receivable, 12/31/2016	<u>\$ 736,000</u>

In 2014, the City entered into a business loan agreement with a company with an original loan amount of \$1 million, which will be disbursed in five installments of \$200,000 based on certain benchmarks. The third of these disbursements occurred during 2016. In addition, the City entered into additional loan agreements during 2016 totaling \$105,000 with three separate companies. As is the policy of the City under this program, the repayment of these loans will be forgiven 100 percent of the loan if the companies satisfy the conditions contained within the agreements.

NOTE 6 – CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Balance</u> <u>12/31/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/16</u>
<i>Governmental Activities</i>				
Non-depreciable capital assets:				
Land	\$ 10,967,884	\$ 25,159	\$ (25,159)	\$ 10,967,884
Construction in Progress	1,032,733	5,485	(1,038,218)	-
Non-depreciable capital assets:	<u>12,000,617</u>	<u>30,644</u>	<u>(1,063,377)</u>	<u>10,967,884</u>
Depreciable capital assets:				
Buildings and improvements	12,741,704	-	-	12,741,704
Equipment	9,511,955	1,202,863	(565,970)	10,148,848
Infrastructure	29,837,741	1,045,418	-	30,883,159
Depreciable capital assets:	<u>52,091,400</u>	<u>2,248,281</u>	<u>(565,970)</u>	<u>53,773,711</u>

(continued)

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	Balance 12/31/15	Increases	Decreases	Balance 12/31/16
<i>Governmental Activities</i>				
Less: accumulated depreciation		.		
Buildings and improvements	(8,510,730)	(244,466)	-	(8,755,196)
Equipment	(8,305,638)	(257,530)	451,348	(8,111,820)
Infrastructure	(19,196,139)	(1,237,137)	-	(20,433,276)
Accumulated depreciation	(36,012,507)	(1,739,133) *	451,348	(37,300,292)
Depreciable capital assets, net	16,078,893	509,148	(114,622)	16,473,419
Governmental activities capital assets, net	\$ 28,079,510	\$ 539,792	\$ (1,177,999)	\$ 27,441,303
				(concluded)

* - Depreciation expense was charged to governmental functions as follows:

General Government	\$ 94,522
Public Safety	187,537
Highways and Streets	1,237,137
Culture and Recreation	213,491
Economic Development	6,446
Total depreciation expense - governmental activities	\$ 1,739,133

Prior to the start of the 2010 season, the City decided not to open its water park, Splash! Moraine, due to budgetary constraints. While there are no plans to reopen Splash! Moraine at this time, the City will look at reutilization of the grounds and facility to better fit the needs of the City and residents. No impairment loss is recognized since the City is still performing normal, routine maintenance to ensure the asset does not lose value, other than normal depreciation, over time. The carrying value of this asset as of December 31, 2016 is \$100,693, which is reported within the buildings and improvements category.

Capital assets of the Internal Service City Garage Fund include machinery and equipment with a cost of \$150,591 and accumulated depreciation of \$150,591.

NOTE 7 – DEFINED BENEFIT PENSION PLANS:

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in salaries and benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local Employees		
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2016 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
2016 Actual Contribution Rates:	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	2.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required pension contribution was \$484,641 for 2016; \$108,802 is reported within accrued salaries and benefits payable.

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Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

2016 Statutory Maximum Contribution Rates:	<u>Police</u>	<u>Firefighters</u>
Employer	19.50%	24.00%
Employee	12.25%	12.25%

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2016 Actual Contribution Rates:

Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$948,450 for 2016; \$171,354 is reported within accrued salaries and benefits payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 5,016,862	\$ 13,233,339	\$ 18,250,201
Proportion of the net pension liability			
Current measurement date	0.028964%	0.205708%	
Prior measurement date	0.026116%	0.205342%	
Change in proportionate share	<u>0.002848%</u>	<u>0.000366%</u>	
Pension expense	\$ 809,416	\$ 1,902,894	\$ 2,712,310

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Net difference between projected and actual earnings on pension plan investments	\$ 1,460,900	\$ 2,084,496	\$ 3,545,396
Change in City's proportionate share	235,017	15,897	250,914
City contributions subsequent to the measurement date	<u>484,641</u>	<u>948,450</u>	<u>1,433,091</u>
Total	<u>\$ 2,180,558</u>	<u>\$ 3,048,843</u>	<u>\$ 5,229,401</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	<u>\$ (93,682)</u>	<u>\$ (37,158)</u>	<u>\$ (130,840)</u>

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\$1,433,091 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Fiscal Year Ending December 31:			
2017	\$ 429,158	\$ 539,951	\$ 969,109
2018	450,420	539,951	990,371
2019	388,941	539,950	928,891
2020	333,716	448,256	781,972
2021	-	(4,097)	(4,097)
Thereafter	-	(776)	(776)
	\$ 1,602,235	\$ 2,063,235	\$ 3,665,470

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

Wage inflation	3.75%
Future salary increases, including inflation	4.25% to 10.05% including wage inflation
COLA or Ad Hoc COLA	
Pre-January 7, 2013 retirees	3.00%, simple
Post-January 7, 2013 retirees	3.00% simple through 2018, then 2.80% simple
Investment rate of return	8.00%
Actuarial cost method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00%	2.31%
Domestic Equities	20.70%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	18.30%	7.40%
Other Investments	<u>18.00%</u>	<u>4.59%</u>
Total	<u>100.00%</u>	<u>5.27%</u>

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
City's proportionate share of the net pension liability	\$ 7,993,087	\$ 5,016,862	\$ 2,506,511

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Changes between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25%
Projected Salary Increases	4.25% to 11.00%
Payroll Increases	3.75%
Inflation Assumptions	3.25%
Cost of Living Adjustments	2.60% and 3.00% simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015 are summarized below:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash & Cash Equivalents	0.00%	0.00%	0.00%
Domestic Equity	16.00%	6.50%	7.80%
Non-US Equity	16.00%	6.70%	8.00%
Core Fixed Income *	20.00%	3.50%	5.35%
Global Inflation Protected *	20.00%	3.50%	4.73%
High Yield	15.00%	6.35%	7.21%
Real Estate	12.00%	5.80%	7.43%
Private Markets	8.00%	9.50%	10.73%
Timber	5.00%	6.55%	7.35%
Master Limited Partnerships	<u>8.00%</u>	9.65%	10.75%
Total	<u>120.00%</u>		

Note: Assumptions are geometric.

* - levered 2x

** - Numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	<u>1% Decrease (7.25%)</u>	<u>Current Discount Rate (8.25%)</u>	<u>1% Increase (9.25%)</u>
City's proportionate share of the net pension liability	\$ 17,453,003	\$ 13,233,339	\$ 9,658,870

NOTE 8 – POSTEMPLOYMENT BENEFITS:

Statement 45 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting by Employers for Post-employment benefits other than Pension," establishes standards for disclosure information for postemployment benefits other than pension benefits. Both OPERS and OP&F have post-employment benefits that meet the definition as described in GASB Statement 45.

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Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced as follows for additional information.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml> by 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 the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016, state and local employers contributed at a rate of 14% of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2% for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4%.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS

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Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the City's contributions allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015 and 2014 which were used to fund postemployment benefits were \$81,881, \$73,158 and \$94,209, respectively; 78.5% has been contributed for 2016 and 100% for 2015 and 2014. The balance of the 2016 required contribution is reported as a component of the salaries and benefits liability.

Ohio Police and Fire Pension Fund

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

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 by GASB Statement 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 visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, employer contributions allocated to health care was 0.5% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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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 portion of the City's contributions for 2016, 2015 and 2014 that were used to fund postemployment benefits were \$35,887, \$21,060 and \$31,100 for police and firefighters, respectively; 81.9% has been contributed for 2016 and 100% for 2015 and 2014. The balance of the 2016 required contribution is reported as a component of the salaries and benefits liability.

NOTE 9 – COMPENSATED ABSENCES:

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, the City accrues a liability for sick leave and vacation when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined.

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. At termination or retirement, employees are paid at their full rate for 100% of their unused vacation. The obligation for accrued unpaid vacation time for the City as a whole amounted to \$983,174 at December 31, 2016.

Accumulated Unpaid Sick Leave

City employees earn sick leave at varying rates based upon length of service and when the employee was hired. Employees who have completed ten to twenty years of service and were hired prior to April 11, 1993 and have a sick leave balance are able to receive payment upon retirement of one hour for each two hours accumulated. For service beyond twenty years an employee would receive payment for each hour accumulated in that time. Employees hired after April 11, 1993 who have completed ten to twenty years of service are able to receive payment upon retirement of one hour for each three hours up to a maximum of 720 hours. For service beyond twenty years an employee would receive payment upon retirement of one hour for every three accumulated up to a maximum of 960 hours. Individuals leaving the employment of the City prior to retirement or at retirement with less than ten years of service lose their accumulated sick leave. The obligation for accrued unpaid sick leave for the City as a whole amounted to \$2,072,247 at December 31, 2016.

NOTE 10 – RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. In 1995 the City joined the Public Entities Pool of Ohio (PEP) for coverage of these risks. The risk of loss is transferred to the Pool. PEP financial data as of December 31, 2016 and 2015 follows:

Casualty & Property Coverage

	<u>2016</u>	<u>2015</u>
Assets	\$ 42,182,281	\$ 38,307,677
Liabilities	<u>(13,396,700)</u>	<u>(12,759,127)</u>
Net Position - Unrestricted	<u>\$ 28,785,581</u>	<u>\$ 25,548,550</u>

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The Pool's membership increased from 499 members in 2015 to 520 members in 2016.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. At December 31, 2016 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims. The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. Coverage has not changed and losses have not exceeded that coverage over the last three years.

Unpaid claims of the Pool that will be billed in the future were approximately \$11.5 million and \$11.0 million at December 31, 2016 and 2015, respectively.

Health Insurance Coverage

The City provides health insurance coverage for its employees. This program is accounted for in the Internal Service Health Insurance Program Fund. This coverage is provided by the City self-funding a portion of the program with the balance of coverage provided by stop loss coverage through Anthem Insurance Company. The stop loss carrier provides coverage as follows: the City paid all claims up to \$1,000,000 in aggregate during the contract year, which runs from January 1 through December 31 of each year. The City expects that all claims will be settled within one year.

The City has not received any stop loss reimbursement for the past three years.

Below is a claims history for the past three years:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Claims liability at January 1	\$ 85,338	\$ 60,713	\$ 109,650
Claims incurred	1,575,671	1,468,778	1,331,617
Claims paid	<u>(1,513,180)</u>	<u>(1,444,153)</u>	<u>(1,380,554)</u>
Claims liability at December 31	<u>\$ 147,829</u>	<u>\$ 85,338</u>	<u>\$ 60,713</u>

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NOTE 11 - LONG-TERM OBLIGATIONS:

Long-term obligations activity for the year ended December 31, 2016, is as follows:

	Beginning			Ending	Due within
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>One Year</u>
<i><u>Governmental Activities:</u></i>					
General Obligation Bonds	\$ 5,440,000	\$ -	\$ 190,000	\$ 5,250,000	\$ 195,000
Premium on Bonds	72,013	-	3,790	68,223	-
Ohio Public Works Commission	964,476	-	69,813	894,663	55,954
Capital Lease Obligation	310,601	-	58,002	252,599	59,992
Compensated Absences	3,179,979	41,692	166,250	3,055,421	174,040
Net Pension Liability:					
OPERS	3,151,149	1,865,713	-	5,016,862	-
OP&F	<u>10,637,551</u>	<u>2,595,788</u>	-	<u>13,233,339</u>	-
Total Net Pension Liability	<u>13,788,700</u>	<u>4,461,501</u>	-	<u>18,250,201</u>	-
Total Governmental Activities	<u>\$ 23,755,769</u>	<u>\$ 4,503,193</u>	<u>\$ 487,855</u>	<u>\$ 27,771,107</u>	<u>\$ 484,986</u>

The City pays obligations related to employee compensation (compensated absences and pension contributions) from the funds benefitting from their employment, including the General, Parks and Recreation, Street Construction and Maintenance, and City Garage Funds.

On January 7, 2010 the City issued \$5,805,000 in various purpose infrastructure and improvement general obligation bonds. These bonds were issued to retire outstanding notes of \$5,300,000 that were originally issued for the purpose of designing, engineering, constructing and improving new and existing infrastructure. The issue is made up of serial and term bonds with interest rates between 2% and 5%. The bonds will mature on December 1, 2034. A portion of the debt service on the bonds will be paid from service payments in lieu of taxes made by certain property owners in the area benefited by the project. In the event TIF payments are insufficient to cover debt service, the City is responsible for the debt service payments.

At December 31, 2016, the City has three outstanding loans from the Ohio Public Works Commission (OPWC) to finance various projects; \$450,000 for improvements to Springboro Pike West during 2009; \$402,492 for improvements to the traffic signals throughout the City during 2014; and \$266,579 for roadway improvements to Stroop Road during 2015. All three of these loans carried an interest rate of zero percent and have maturities of 20 years. At December 31, 2016 the outstanding balance on these three loans totaled \$894,663.

In the prior year, the City entered into a lease agreement for the purpose of providing financing for the acquisition of specific public safety equipment (police consoles). The terms of this agreement provides a purchase option at the end of the lease where ownership of the equipment will revert to the City. This agreement meets the definition of a capital lease in which the lease agreement transfers benefits and risk of ownership to the City. Lease payments began in 2016 with payment from the Capital Improvement Fund when required. As of December 31, 2016, this equipment has been capitalized as equipment in the amount of \$310,601. Payments of \$68,656 will be made annually, ending on June 1, 2020.

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Debt Service Requirements

Principal and interest requirement to retire the City's long-term bonds and loans payable are as follows:

Calendar Year	Governmental Activities		
	General Obligation Bonds		OPWC Loans
	Principal	Interest	Principal
2017	\$ 195,000	\$ 239,274	\$ 55,954
2018	205,000	232,448	55,954
2019	210,000	224,761	55,954
2020	220,000	216,361	55,953
2021	230,000	205,361	55,954
2022-2026	1,335,000	844,155	279,769
2027-2031	1,665,000	514,347	234,768
2032-2034	1,190,000	114,477	100,357
Total	<u>\$ 5,250,000</u>	<u>\$ 2,591,184</u>	<u>\$ 894,663</u>

Annual debt service requirements to maturity for the capital lease obligation are as follows:

	Calendar Year	Amount
	2017	\$ 68,656
	2018	68,656
	2019	68,656
Total minimum	2020	<u>68,656</u>
Less: amount representing interest		274,624
Present value of minimum lease payments		<u>(22,025)</u>
		<u>\$ 252,599</u>

NOTE 12 – CONDUIT DEBT OBLIGATIONS:

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. The City, the State, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 1997, there were eleven series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the eleven series issued prior to January 1, 1997 could not be determined; however, their original issue amounts totaled \$32.9 million. There were no series issued after January 1, 1997.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 13 – OTHER LONG-TERM OBLIGATION:

The City has agreed to make the Bond payments less all hook-up fees for a sewer trunk line that Montgomery County installed to benefit a new industrial park in the City limits. The bond payments are billed to the City each year less all hook-up fees. The 2016 payment was \$76,756 and included \$46,000 in principal and \$30,756 in interest. These payments are recorded as expenses in the year that they are paid and no asset or long term liability is being carried on the City's books. The sewer belongs to, and is maintained by, Montgomery County.

NOTE 14 – INTERFUND ACTIVITY:

Interfund transfers for the year ended December 31, 2016, consisted of the following:

Transfer to Fund	Transfer from Fund	Amount
Street Construction and Maintenance	General	\$ 1,530,000
Capital Improvement	General	1,700,000
Nonmajor - Economic Development	General	260,000
Nonmajor - Police Pension	General	375,000
Nonmajor - Fire Pension	General	445,000
		\$ 4,310,000

Transfers are used to move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorization.

NOTE 15 – CONTINGENT LIABILITIES:

Litigation

The City is a defendant in various lawsuits and subject to various claims over which litigation has not yet commenced. Although the outcomes of these matters is not presently determinable, in the opinion of management and the law director, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Federal and State Grants

For the period January 1, 2016 to December 31, 2016, 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.

NOTE 16 – ACCOUNTABILITY:

At December 31, 2016, the Police Pension and Fire Pension Funds, non-major special revenue funds, reported deficit fund balances of \$18,228 and \$21,805, respectively. The deficits occurred as a result of current year accruals being recognized and deficits do not exist on a cash basis. The General Fund provides transfers to cover fund deficit balances; however, this is done when cash is needed and not when accruals occur.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 17 – COMMITMENTS:

Encumbrances

Outstanding encumbrances at year-end include:

<u>Fund</u>	<u>Encumbrance Outstanding</u>
General	\$ 483,047
Capital Improvement	1,204,119
Street Construction & Maintenance	8,854
Other Governmental Funds	54,605
	<u>\$ 1,750,625</u>

NOTE 18 – SUBSEQUENT EVENT:

In 2017, the City issued \$4,435,000 of Various Purpose Infrastructure and Improvement General Obligations Refunding Bonds for the purpose of refunding a portion of the 2010 General Obligation Bonds outstanding at December 31, 2016.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Income	\$ 16,525,000	\$ 16,525,000	\$ 18,158,953	\$ 1,633,953
Property	407,550	412,533	409,681	(2,852)
Other	28,300	28,300	23,040	(5,260)
Shared Revenues	130,006	128,796	135,875	7,079
Intergovernmental	41,500	41,500	20,329	(21,171)
License and Permits	78,015	78,015	197,944	119,929
Charges for Services	374,200	374,200	408,989	34,789
Fines	256,000	256,000	212,428	(43,572)
Investment Earnings	75,000	75,000	89,661	14,661
Rents and Royalties	14,500	14,500	21,190	6,690
Miscellaneous	163,710	163,710	111,202	(52,508)
Total Revenues	<u>18,093,781</u>	<u>18,097,554</u>	<u>19,789,292</u>	<u>1,691,738</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Council				
Personnel services	19,119	19,119	15,462	3,657
General operating expenses	42,429	42,429	22,224	20,205
Total Council	<u>61,548</u>	<u>61,548</u>	<u>37,686</u>	<u>23,862</u>
Clerk of Council				
Personnel services	69,858	69,858	66,565	3,293
General operating expenses	21,273	21,273	7,689	13,584
Total Clerk of Council	<u>91,131</u>	<u>91,131</u>	<u>74,254</u>	<u>16,877</u>
City Manager				
Personnel services	308,149	308,149	287,871	20,278
General operating expenses	53,785	53,785	27,156	26,629
Total City Manager	<u>361,934</u>	<u>361,934</u>	<u>315,027</u>	<u>46,907</u>
Clerk of Courts				
Personnel services	172,905	172,905	166,581	6,324
General operating expenses	40,558	40,558	27,595	12,963
Total Clerk of Courts	<u>213,463</u>	<u>213,463</u>	<u>194,176</u>	<u>19,287</u>
Law Director				
General operating expenses	188,911	188,911	159,220	29,691
Total Law Director	<u>188,911</u>	<u>188,911</u>	<u>159,220</u>	<u>29,691</u>

(continued)

CITY OF MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016
(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Merit Service				
General operating expenses	11,850	11,850	5,599	6,251
Total Merit Service	<u>11,850</u>	<u>11,850</u>	<u>5,599</u>	<u>6,251</u>
Mayor				
Personnel services	6,190	6,190	5,079	1,111
General operating expenses	1,300	1,300	760	540
Total Mayor	<u>7,490</u>	<u>7,490</u>	<u>5,839</u>	<u>1,651</u>
Finance				
Personnel services	589,251	589,251	555,651	33,600
General operating expenses	79,627	79,627	56,462	23,165
Total Finance	<u>668,878</u>	<u>668,878</u>	<u>612,113</u>	<u>56,765</u>
Information Center				
Personnel services	139,185	139,185	131,036	8,149
Total Information Center	<u>139,185</u>	<u>139,185</u>	<u>131,036</u>	<u>8,149</u>
Public Buildings				
Personnel services	515,563	515,563	454,361	61,202
General operating expenses	638,485	638,485	490,646	147,839
Total Public Buildings	<u>1,154,048</u>	<u>1,154,048</u>	<u>945,007</u>	<u>209,041</u>
General Miscellaneous				
Personnel services	335,764	343,564	342,352	1,212
General operating expenses	570,563	562,763	496,534	66,229
Total General Miscellaneous	<u>906,327</u>	<u>906,327</u>	<u>838,886</u>	<u>67,441</u>
Information Technology				
Personnel services	205,306	205,306	196,184	9,122
General operating expenses	305,932	305,932	181,249	124,683
Total Information Technology	<u>511,238</u>	<u>511,238</u>	<u>377,433</u>	<u>133,805</u>
Human Resources				
General operating expenses	80,675	80,675	40,299	40,376
Total Human Resources	<u>80,675</u>	<u>80,675</u>	<u>40,299</u>	<u>40,376</u>
TOTAL GENERAL GOVERNMENT	<u>4,396,678</u>	<u>4,396,678</u>	<u>3,736,575</u>	<u>660,103</u>

(continued)

CITY OF MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016
(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY				
Police				
Personnel services	3,425,614	3,637,114	3,562,224	74,890
General operating expenses	601,135	623,260	518,814	104,446
Total Police	4,026,749	4,260,374	4,081,038	179,336
Fire				
Personnel services	3,339,527	3,339,527	3,146,269	193,258
General operating expenses	370,108	370,108	294,295	75,813
Total Fire	3,709,635	3,709,635	3,440,564	269,071
Civil Defense				
General operating expenses	13,600	13,600	11,758	1,842
Total Civil Defense	13,600	13,600	11,758	1,842
TOTAL PUBLIC SAFETY	7,749,984	7,983,609	7,533,360	450,249
HIGHWAYS AND STREETS				
Engineering				
Personnel services	-	500	492	8
General operating expenses	144,106	139,606	88,574	51,032
Total Engineering	144,106	140,106	89,066	51,040
Street Lighting				
General operating expenses	276,542	276,542	257,215	19,327
Total Street Lighting	276,542	276,542	257,215	19,327
TOTAL HIGHWAYS AND STREETS	420,648	416,648	346,281	70,367
SANITATION				
Waste Collection				
General operating expenses	329,447	329,447	322,448	6,999
Total Waste Collection	329,447	329,447	322,448	6,999
TOTAL SANITATION	329,447	329,447	322,448	6,999
HEALTH AND WELFARE				
Health & Alcoholism				
General operating expenses	3,000	3,000	1,088	1,912
Total Health & Alcoholism	3,000	3,000	1,088	1,912
Board of Zoning Appeals				
General operating expenses	450	450	-	450
Total Board of Zoning Appeals	450	450	-	450

(continued)

CITY OF MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016
(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Building Inspection				
Personnel services	91,921	91,921	89,158	2,763
General operating expenses	91,950	95,950	83,983	11,967
Total Building Inspection	<u>183,871</u>	<u>187,871</u>	<u>173,141</u>	<u>14,730</u>
TOTAL HEALTH AND WELFARE	<u>187,321</u>	<u>191,321</u>	<u>174,229</u>	<u>17,092</u>
ECONOMIC DEVELOPMENT AND ASSISTANCE				
Planning				
Personnel services	190,810	190,810	185,917	4,893
General operating expenses	27,407	27,407	13,528	13,879
Total Planning	<u>218,217</u>	<u>218,217</u>	<u>199,445</u>	<u>18,772</u>
Planning Commission				
General operating expenses	4,348	4,348	3,006	1,342
Total Planning Commission	<u>4,348</u>	<u>4,348</u>	<u>3,006</u>	<u>1,342</u>
TOTAL ECONOMIC DEVELOPMENT AND ASSISTANCE	<u>222,565</u>	<u>222,565</u>	<u>202,451</u>	<u>20,114</u>
TOTAL EXPENDITURES	<u>13,306,643</u>	<u>13,540,268</u>	<u>12,315,344</u>	<u>1,224,924</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,787,138</u>	<u>4,557,286</u>	<u>7,473,948</u>	<u>2,916,662</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,609,000)	(5,759,000)	(5,060,000)	699,000
Proceeds from the sale of capital assets	-	-	46,985	46,985
Total Other Financing Sources (Uses)	<u>(5,609,000)</u>	<u>(5,759,000)</u>	<u>(5,013,015)</u>	<u>745,985</u>
Net Change in Fund Balance	(821,862)	(1,201,714)	2,460,933	3,662,647
Fund Balance - Beginning	5,311,599	5,311,599	5,311,599	-
Prior Year Encumbrances Appropriated	330,015	330,015	330,015	-
Fund Balance - Ending	<u>\$ 4,819,752</u>	<u>\$ 4,439,900</u>	<u>\$ 8,102,547</u>	<u>\$ 3,662,647</u>

See accompanying notes to the required supplementary information.

CITY OF MORAINE, OHIO
STREET CONSTRUCTION AND MAINTENANCE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 405,000	\$ 405,000	\$ 434,020	\$ 29,020
Investment Earnings	1,200	1,200	1,645	445
Miscellaneous	2,000	2,000	484	(1,516)
Total Revenues	<u>408,200</u>	<u>408,200</u>	<u>436,149</u>	<u>27,949</u>
EXPENDITURES				
HIGHWAY AND STREETS				
Streets Department				
Personnel Services	1,703,778	1,703,778	1,634,689	69,089
General Operating Expenses	382,378	382,378	346,584	35,794
Total Expenditures	<u>2,086,156</u>	<u>2,086,156</u>	<u>1,981,273</u>	<u>104,883</u>
Excess (deficiency) of revenues over (under)	<u>(1,677,956)</u>	<u>(1,677,956)</u>	<u>(1,545,124)</u>	<u>132,832</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,650,000	1,650,000	1,530,000	(120,000)
Total Other Financing Sources (Uses)	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,530,000</u>	<u>(120,000)</u>
Net Change in Fund Balance	(27,956)	(27,956)	(15,124)	12,832
Fund Balance - Beginning	107,887	107,887	107,887	-
Prior Year Encumbrances Appropriated	8,478	8,478	8,478	-
Fund Balance - Ending	<u>\$ 88,409</u>	<u>\$ 88,409</u>	<u>\$ 101,241</u>	<u>\$ 12,832</u>

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO

Schedule of the City's Proportionate Share
of the Net Pension Liability
Last Three Years (1)

	2015	2014	2013
<u>Ohio Public Employees Retirement System - Traditional Plan:</u>			
City's Proportion of the Net Pension Liability	0.028964%	0.026116%	0.026116%
City's Proportionate Share of the Net Pension Liability	\$ 5,016,862	\$ 3,151,149	\$ 3,078,736
City's Covered-Employee Payroll	\$ 3,610,042	\$ 3,201,850	\$ 2,932,369
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	138.97%	98.42%	104.99%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%
<u>Ohio Police and Fire Pension Fund:</u>			
City's Proportion of the Net Pension Liability	0.205708%	0.205342%	0.205342%
City's Proportionate Share of the Net Pension Liability	\$ 13,233,339	\$ 10,637,551	\$ 10,000,780
City's Covered-Employee Payroll	\$ 4,538,940	\$ 4,220,732	\$ 4,471,557
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	291.55%	252.03%	223.65%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

Note: Information prior to 2013 is not available. The City will continue to present information for years available until a full ten-year trend is presented.

(1) Amount presented as of the City's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO

Schedule of the City's Contributions
Last Four Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Ohio Public Employees Retirement System - Traditional Plan:</u>				
Contractually Required Contribution	\$ 484,641	\$ 433,205	\$ 384,222	\$ 381,208
Contributions in Relation to the Contractually Required Contributions	<u>(484,641)</u>	<u>(433,205)</u>	<u>(384,222)</u>	<u>(381,208)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 City Covered-Employee Payroll	 \$ 4,038,675	 \$ 3,610,042	 \$ 3,201,850	 \$ 2,932,369
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%
 <u>Ohio Police and Fire Pension Fund:</u>				
Contractually Required Contribution	\$ 948,450	\$ 911,873	\$ 859,341	\$ 763,742
Contributions in Relation to the Contractually Required Contributions	<u>(948,450)</u>	<u>(911,873)</u>	<u>(859,341)</u>	<u>(763,742)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 City Covered-Employee Payroll	 \$ 4,991,842	 \$ 4,538,940	 \$ 4,220,732	 \$ 4,471,557
Contributions as a Percentage of Covered-Employee Payroll	19.00%	20.09%	20.36%	17.08%

Note: Information prior to 2013 is not available. The City will continue to present information for years available until a full ten-year trend is presented.

See accompanying notes to the required supplementary information.

CITY OF MORaine, OHIO
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

NOTE A-BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balances 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and GAAP basis are as follows:

Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP Basis).

Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budgetary basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

Some funds are included in the General fund (GAAP basis), but have separate legally adopted budgets (budgetary basis).

The following summarizes the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule for the City’s major funds.

	Net Change in Fund Balance	
	General	Street Construction and Maintenance
GAAP Basis	\$ 2,893,399	\$ (6,359)
Revenue Accruals	43,494	1,518
Expenditure Accruals	(37,827)	(1,429)
Encumbrances	(461,388)	(8,854)
Funds Budgeted Elsewhere	23,255	-
Budget Basis	\$ 2,460,933	\$ (15,124)

Note: For reporting purposes, the Parks and Recreation fund is combined with the General fund; however that fund is legally budgeted separately from the General fund. As such, a separate budgetary comparison schedule is presented along with those of the non-major special revenue funds within the combining financial statements and individual fund schedules section of this report.

**COMBINING FINANCIAL STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

CITY OF MORAIN, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	\$ 2,481,001	\$ 160,094	\$ 2,641,095
Receivables:			
Property Tax	140,830	-	140,830
Payment in Lieu of Taxes	350,000	-	350,000
Accounts	887	-	887
Intergovernmental	29,754	-	29,754
Loans	736,000	-	736,000
Total Assets	<u>\$ 3,738,472</u>	<u>\$ 160,094</u>	<u>\$ 3,898,566</u>
LIABILITIES			
Accounts Payable	\$ 13,057	\$ -	\$ 13,057
Salaries and Benefits Payable	109,474	-	109,474
Total Liabilities	<u>122,531</u>	<u>-</u>	<u>122,531</u>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes	127,500	-	127,500
Payment in Lieu of Taxes	350,000	-	350,000
Unavailable for:			
Delinquent Property Taxes	13,330	-	13,330
Intergovernmental	25,172	-	25,172
Other Sources	887	-	887
Total Deferred Inflows of Resources	<u>516,889</u>	<u>-</u>	<u>516,889</u>
FUND BALANCES			
Nonspendable:			
Long-term Receivables	693,000	-	693,000
Restricted for:			
Law Enforcement	255,626	-	255,626
Cemetery Services	147,905	-	147,905
Debt Service	-	160,094	160,094
Street Repair and Maintenance	950,095	-	950,095
Economic Development	1,015,637	-	1,015,637
Committed for:			
Economic Development	76,822	-	76,822
Unassigned	(40,033)	-	(40,033)
Total Fund Balances	<u>3,099,052</u>	<u>160,094</u>	<u>3,259,146</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,738,472</u>	<u>\$ 160,094</u>	<u>\$ 3,898,566</u>

CITY OF MORAIN, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	State Highway Improvement	Cemetery	Motor Vehicle License Tax
ASSETS			
Equity in Pooled Cash and Investments	\$ 857,930	\$ 147,905	\$ 100,640
Receivables:			
Property Tax	-	-	-
Payment in Lieu of Taxes	-	-	-
Accounts	-	887	-
Intergovernmental	16,680	-	10,568
Loans	-	-	-
Total Assets	<u>\$ 874,610</u>	<u>\$ 148,792</u>	<u>\$ 111,208</u>
LIABILITIES			
Accounts Payable	\$ 9,062	\$ -	\$ 3,995
Salaries and Benefits Payable	-	-	-
Total Liabilities	<u>9,062</u>	<u>-</u>	<u>3,995</u>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes	-	-	-
Payments in Lieu of Taxes	-	-	-
Unavailable for:			
Delinquent Property Taxes	-	-	-
Intergovernmental	13,782	-	8,884
Other Sources	-	887	-
Total Deferred Inflows of Resources	<u>13,782</u>	<u>887</u>	<u>8,884</u>
FUND BALANCE			
Nonspendable			
Long-term Receivable	-	-	-
Restricted for:			
Law Enforcement	-	-	-
Cemetery Services	-	147,905	-
Street Repair and Maintenance	851,766	-	98,329
Economic Development	-	-	-
Committed for:			
Economic Development	-	-	-
Unassigned	-	-	-
Total Fund Balance	<u>851,766</u>	<u>147,905</u>	<u>98,329</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 874,610</u>	<u>\$ 148,792</u>	<u>\$ 111,208</u>

Enforcement and Education	Economic Development	T.I.F.	Police Pension	Fire Pension	Federal Law Enforcement
\$ 57,969	\$ 33,822	\$ 1,015,637	\$ 32,733	\$ 36,708	\$ 48,727
-	-	-	70,415	70,415	-
-	-	350,000	-	-	-
-	-	-	-	-	-
-	-	-	1,253	1,253	-
-	736,000	-	-	-	-
<u>\$ 57,969</u>	<u>\$ 769,822</u>	<u>\$ 1,365,637</u>	<u>\$ 104,401</u>	<u>\$ 108,376</u>	<u>\$ 48,727</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	50,961	58,513	-
-	-	-	50,961	58,513	-
-	-	-	63,750	63,750	-
-	-	350,000	-	-	-
-	-	-	6,665	6,665	-
-	-	-	1,253	1,253	-
-	-	-	-	-	-
-	-	350,000	71,668	71,668	-
-	693,000	-	-	-	-
57,969	-	-	-	-	48,727
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,015,637	-	-	-
-	76,822	-	-	-	-
-	-	-	(18,228)	(21,805)	-
<u>57,969</u>	<u>769,822</u>	<u>1,015,637</u>	<u>(18,228)</u>	<u>(21,805)</u>	<u>48,727</u>
<u>\$ 57,969</u>	<u>\$ 769,822</u>	<u>\$ 1,365,637</u>	<u>\$ 104,401</u>	<u>\$ 108,376</u>	<u>\$ 48,727</u>

(continued)

CITY OF MORAIN, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016
(continued)

	State Law Enforcement	Drug Law Enforcement	Total Nonmajor Special Revenue Funds
ASSETS			
Equity in Pooled Cash and Investments	\$ 110,129	\$ 38,801	\$ 2,481,001
Receivables:			
Property Tax	-	-	140,830
Payment in Lieu of Taxes	-	-	350,000
Accounts	-	-	887
Intergovernmental	-	-	29,754
Loans	-	-	736,000
Total Assets	<u>\$ 110,129</u>	<u>\$ 38,801</u>	<u>\$ 3,738,472</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 13,057
Salaries and Benefits Payable	-	-	109,474
Total Liabilities	<u>-</u>	<u>-</u>	<u>122,531</u>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes	-	-	127,500
Payments in Lieu of Taxes	-	-	350,000
Unavailable for:			
Delinquent Property Taxes	-	-	13,330
Intergovernmental	-	-	25,172
Other Sources	-	-	887
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>516,889</u>
FUND BALANCE			
Nonspendable			
Long-term Receivable	-	-	693,000
Restricted for:			
Law Enforcement	110,129	38,801	255,626
Cemetery Services	-	-	147,905
Street Repair and Maintenance	-	-	950,095
Economic Development	-	-	1,015,637
Committed for:			
Economic Development	-	-	76,822
Unassigned	-	-	(40,033)
Total Fund Balance	<u>110,129</u>	<u>38,801</u>	<u>3,099,052</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 110,129</u>	<u>\$ 38,801</u>	<u>\$ 3,738,472</u>

(concluded)

CITY OF MORAIN, OHIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Taxes:			
Property	\$ 130,056	\$ -	\$ 130,056
Payment in Lieu of Taxes	292,317	-	292,317
Shared Revenues	63,554	-	63,554
Intergovernmental Grants	817,989	-	817,989
Charges for Services	3,650	-	3,650
Fines	649	-	649
Investment Earnings	20,215	1,298	21,513
Miscellaneous	264,815	-	264,815
Total Revenues	<u>1,593,245</u>	<u>1,298</u>	<u>1,594,543</u>
EXPENDITURES			
Current:			
General government	4,916	-	4,916
Public Safety	1,031,869	-	1,031,869
Highways and streets	80,056	-	80,056
Economic Development	948,003	-	948,003
Debt service			
Principal	190,000	-	190,000
Interest	244,974	-	244,974
Total Expenditures	<u>2,499,818</u>	<u>-</u>	<u>2,499,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(906,573)</u>	<u>1,298</u>	<u>(905,275)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,080,000	-	1,080,000
Total Other Financing Sources (Uses)	<u>1,080,000</u>	<u>-</u>	<u>1,080,000</u>
Net Change in Fund Balance	173,427	1,298	174,725
Fund Balance - Beginning	2,925,625	158,796	3,084,421
Fund Balance - Ending	<u>\$ 3,099,052</u>	<u>\$ 160,094</u>	<u>\$ 3,259,146</u>

CITY OF MORAIN, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2016

	<u>State Highway Improvement</u>	<u>Cemetery</u>	<u>Motor Vehicle License Tax</u>
REVENUES			
Taxes:			
Property	\$ -	\$ -	\$ -
Payment in Lieu of Taxes	-	-	-
Shared Revenues	35,072	-	23,396
Intergovernmental Grants	-	-	-
Charges for Services	-	3,650	-
Fines	-	-	-
Investment Earnings	7,001	1,188	820
Miscellaneous	-	1,259	-
Total Revenues	<u>42,073</u>	<u>6,097</u>	<u>24,216</u>
EXPENDITURES			
Current:			
General Government	-	2,912	-
Public Safety	-	-	-
Highways and Streets	53,395	-	26,661
Economic Development	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>53,395</u>	<u>2,912</u>	<u>26,661</u>
Excess (deficiency) of Revenues			
Over (under) Expenditures	<u>(11,322)</u>	<u>3,185</u>	<u>(2,445)</u>
OTHER FINANCING			
SOURCES (USES)			
Transfers in	-	-	-
Total Other Financing			
Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(11,322)	3,185	(2,445)
Fund Balance - Beginning	863,088	144,720	100,774
Fund Balance - Ending	<u>\$ 851,766</u>	<u>\$ 147,905</u>	<u>\$ 98,329</u>

<u>Enforcement and Education</u>	<u>Economic Development</u>	<u>T.I.F.</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Federal Law Enforcement</u>
\$ -	\$ -	\$ -	\$ 64,662	\$ 65,394	\$ -
-	-	292,317	-	-	-
-	-	-	2,543	2,543	-
-	700,000	117,989	-	-	-
-	-	-	-	-	-
649	-	-	-	-	-
464	-	8,386	224	169	395
-	139,743	99,184	-	-	-
<u>1,113</u>	<u>839,743</u>	<u>517,876</u>	<u>67,429</u>	<u>68,106</u>	<u>395</u>
-	-	2,004	-	-	-
-	-	-	457,372	529,455	-
-	-	-	-	-	-
-	853,000	95,003	-	-	-
-	-	190,000	-	-	-
-	-	244,974	-	-	-
<u>-</u>	<u>853,000</u>	<u>531,981</u>	<u>457,372</u>	<u>529,455</u>	<u>-</u>
<u>1,113</u>	<u>(13,257)</u>	<u>(14,105)</u>	<u>(389,943)</u>	<u>(461,349)</u>	<u>395</u>
-	260,000	-	375,000	445,000	-
-	260,000	-	375,000	445,000	-
1,113	246,743	(14,105)	(14,943)	(16,349)	395
56,856	523,079	1,029,742	(3,285)	(5,456)	48,332
<u>\$ 57,969</u>	<u>\$ 769,822</u>	<u>\$ 1,015,637</u>	<u>\$ (18,228)</u>	<u>\$ (21,805)</u>	<u>\$ 48,727</u>

(continued)

CITY OF MORAIN, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2016

(Continued)

	<u>State Law Enforcement</u>	<u>Drug Law Enforcement</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES			
Taxes:			
Property	\$ -	\$ -	\$ 130,056
Payment in Lieu of Taxes	-	-	292,317
Shared Revenues	-	-	63,554
Intergovernmental Grants	-	-	817,989
Charges for Services	-	-	3,650
Fines	-	-	649
Investment Earnings	1,253	315	20,215
Miscellaneous	24,629	-	264,815
Total Revenues	<u>25,882</u>	<u>315</u>	<u>1,593,245</u>
EXPENDITURES			
Current:			
General government	-	-	4,916
Public Safety	45,042	-	1,031,869
Highways and streets	-	-	80,056
Economic development	-	-	948,003
Debt service			
Principal	-	-	190,000
Interest	-	-	244,974
Total Expenditures	<u>45,042</u>	<u>-</u>	<u>2,499,818</u>
Excess (deficiency) of Revenues			
Over (under) Expenditures	<u>(19,160)</u>	<u>315</u>	<u>(906,573)</u>
OTHER FINANCING			
SOURCES (USES)			
Transfers in	-	-	1,080,000
Total Other Financing			
Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,080,000</u>
Net Change in Fund Balance	(19,160)	315	173,427
Fund Balance - Beginning	129,289	38,486	2,925,625
Fund Balance - Ending	<u>\$ 110,129</u>	<u>\$ 38,801</u>	<u>\$ 3,099,052</u>

(concluded)

CITY OF MORAIN, OHIO
STATE HIGHWAY IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 31,500	\$ 31,500	\$ 35,191	\$ 3,691
Investment Earnings	7,500	7,500	7,588	88
Total Revenues	<u>39,000</u>	<u>39,000</u>	<u>42,779</u>	<u>3,779</u>
EXPENDITURES				
HIGHWAY AND STREETS				
Street Department				
General Operating Expenses	136,817	136,817	64,227	72,590
Total Expenditures	<u>136,817</u>	<u>136,817</u>	<u>64,227</u>	<u>72,590</u>
Net Change in Fund Balance	(97,817)	(97,817)	(21,448)	76,369
Fund Balance - Beginning	857,244	857,244	857,244	-
Prior Year Encumbrances Appropriated	7,617	7,617	7,617	-
Fund Balance - Ending	<u>\$ 767,044</u>	<u>\$ 767,044</u>	<u>\$ 843,413</u>	<u>\$ 76,369</u>

CITY OF MORaine, OHIO
CEMETERy FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 4,000	\$ 4,000	\$ 3,650	\$ (350)
Investment Earnings	1,500	1,500	1,307	(193)
Miscellaneous	3,000	3,000	1,259	(1,741)
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>6,216</u>	<u>(2,284)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Building and Park Maintenance				
General Operating Expenses	22,550	22,550	4,012	18,538
Total Expenditures	<u>22,550</u>	<u>22,550</u>	<u>4,012</u>	<u>18,538</u>
Net Change in Fund Balance	(14,050)	(14,050)	2,204	16,254
Fund Balance - Beginning	143,544	143,544	143,544	-
Prior Year Encumbrances Appropriated	1,900	1,900	1,900	-
Fund Balance - Ending	<u>\$ 131,394</u>	<u>\$ 131,394</u>	<u>\$ 147,648</u>	<u>\$ 16,254</u>

CITY OF MORAIN, OHIO
MOTOR VEHICLE LICENSE TAX FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 23,000	\$ 23,000	\$ 23,639	\$ 639
Investment Earnings	1,500	1,500	882	(618)
Total Revenues	<u>24,500</u>	<u>24,500</u>	<u>24,521</u>	<u>21</u>
EXPENDITURES				
HIGHWAY AND STREETS				
Street Department				
General Operating Expenses	67,178	67,178	35,254	31,924
Total Expenditures	<u>67,178</u>	<u>67,178</u>	<u>35,254</u>	<u>31,924</u>
Net Change in Fund Balance	(42,678)	(42,678)	(10,733)	31,945
Fund Balance - Beginning	84,475	84,475	84,475	-
Prior Year Encumbrances Appropriated	18,379	18,379	18,379	
Fund Balance - Ending	<u>\$ 60,176</u>	<u>\$ 60,176</u>	<u>\$ 92,121</u>	<u>\$ 31,945</u>

CITY OF MORAIN, OHIO
ENFORCEMENT AND EDUCATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines	\$ 600	\$ 600	\$ 649	\$ 49
Investment Earnings	700	700	510	(190)
Total Revenues	<u>1,300</u>	<u>1,300</u>	<u>1,159</u>	<u>(141)</u>
EXPENDITURES				
PUBLIC SAFETY				
Police				
General Operating Expenses	4,500	4,500	-	4,500
Total Expenditures	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Net Change in Fund Balance	(3,200)	(3,200)	1,159	4,359
Fund Balance - Beginning	57,142	57,142	57,142	-
Fund Balance - Ending	<u>\$ 53,942</u>	<u>\$ 53,942</u>	<u>\$ 58,301</u>	<u>\$ 4,359</u>

CITY OF MORAIN, OHIO
ECONOMIC DEVELOPMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 700,000	\$ 790,000	\$ 700,000	\$ (90,000)
Total Revenues	<u>700,000</u>	<u>790,000</u>	<u>700,000</u>	<u>(90,000)</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Economic Development				
General operating expenses	324,000	1,199,000	1,123,249	75,751
Total Expenditures	<u>324,000</u>	<u>1,199,000</u>	<u>1,123,249</u>	<u>75,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>376,000</u>	<u>(409,000)</u>	<u>(423,249)</u>	<u>(14,249)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	200,000	400,000	260,000	(140,000)
Proceeds from the sale of capital assets	150,000	150,000	139,743	(10,257)
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>550,000</u>	<u>399,743</u>	<u>(150,257)</u>
Net Change in Fund Balance	726,000	141,000	(23,506)	(164,506)
Fund Balance - Beginning	32,328	32,328	32,328	-
Prior Year Encumbrances Appropriated	25,001	25,001	25,001	-
Fund Balance - Ending	<u>\$ 783,329</u>	<u>\$ 198,329</u>	<u>\$ 33,823</u>	<u>\$ (164,506)</u>

CITY OF MORAIN, OHIO

T. I. F. FUND

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Payments in lieu of taxes	\$ 260,000	\$ 260,000	\$ 292,317	\$ 32,317
Intergovernmental Grants	-	-	117,989	117,989
Investment Earnings	10,000	10,000	9,027	(973)
Miscellaneous	-	-	99,184	99,184
Total Revenues	<u>270,000</u>	<u>270,000</u>	<u>518,517</u>	<u>248,517</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Engineer				
General operating expenses	125,000	125,000	122,004	2,996
DEBT SERVICE				
Principal Retirement	190,000	190,000	190,000	-
Interest	244,974	244,974	244,974	-
Total Expenditures	<u>559,974</u>	<u>559,974</u>	<u>556,978</u>	<u>2,996</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(289,974)</u>	<u>(289,974)</u>	<u>(38,461)</u>	<u>251,513</u>
OTHER FINANCING SOURCES				
Proceeds from the sale of assets	250,000	250,000	-	(250,000)
Total Other Financing Sources	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Net Change in Fund Balance	(39,974)	(39,974)	(38,461)	1,513
Fund Balance - Beginning	1,034,900	1,034,900	1,034,900	-
Fund Balance - Ending	<u>\$ 994,926</u>	<u>\$ 994,926</u>	<u>\$ 996,439</u>	<u>\$ 1,513</u>

CITY OF MORAIN, OHIO
POLICE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 65,952	\$ 66,073	\$ 64,662	\$ (1,411)
Intergovernmental	3,250	3,250	2,543	(707)
Investment Earnings	500	500	247	(253)
Total Revenues	<u>69,702</u>	<u>69,823</u>	<u>67,452</u>	<u>(2,371)</u>
EXPENDITURES				
 PUBLIC SAFETY				
 Police				
Personnel	413,123	431,123	441,271	(10,148)
General operating expense	1,500	1,500	1,176	324
Total Expenditures	<u>414,623</u>	<u>432,623</u>	<u>442,447</u>	<u>(9,824)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(344,921)</u>	<u>(362,800)</u>	<u>(374,995)</u>	<u>(12,195)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	384,000	384,000	375,000	(9,000)
Total Other Financing Sources (Uses)	<u>384,000</u>	<u>384,000</u>	<u>375,000</u>	<u>(9,000)</u>
Net Change in Fund Balance	39,079	21,200	5	(21,195)
Fund Balance - Beginning	32,915	32,915	32,915	-
Fund Balance - Ending	<u>\$ 71,994</u>	<u>\$ 54,115</u>	<u>\$ 32,920</u>	<u>\$ (21,195)</u>

CITY OF MORAIN, OHIO
FIRE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 65,952	\$ 66,073	\$ 65,394	\$ (679)
Intergovernmental	3,250	3,250	2,543	(707)
Investment Earnings	500	500	194	(306)
Total Revenues	<u>69,702</u>	<u>69,823</u>	<u>68,131</u>	<u>(1,692)</u>
EXPENDITURES				
PUBLIC SAFETY				
Fire				
Personnel	512,660	512,660	512,112	548
General operating expense	1,500	1,500	1,176	324
Total Expenditures	<u>514,160</u>	<u>514,160</u>	<u>513,288</u>	<u>872</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(444,458)</u>	<u>(444,337)</u>	<u>(445,157)</u>	<u>(820)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	485,000	485,000	445,000	(40,000)
Total Other Financing Sources (Uses)	<u>485,000</u>	<u>485,000</u>	<u>445,000</u>	<u>(40,000)</u>
Net Change in Fund Balance	40,542	40,663	(157)	(40,820)
Fund Balance - Beginning	37,076	37,076	37,076	-
Fund Balance - Ending	<u>\$ 77,618</u>	<u>\$ 77,739</u>	<u>\$ 36,919</u>	<u>\$ (40,820)</u>

CITY OF MORAIN, OHIO
FEDERAL LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 400	\$ 400	\$ 431	\$ 31
Fines	5,000	5,000	-	(5,000)
Total Revenues	<u>5,400</u>	<u>5,400</u>	<u>431</u>	<u>(4,969)</u>
EXPENDITURES				
PUBLIC SAFETY				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	5,400	5,400	431	(4,969)
Fund Balance - Beginning	48,573	48,573	48,573	-
Fund Balance - Ending	<u>\$ 53,973</u>	<u>\$ 53,973</u>	<u>\$ 49,004</u>	<u>\$ (4,969)</u>

CITY OF MORaine, OHIO
STATE LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 1,234	\$ 234
Miscellaneous	1,920	1,920	1,920	-
Total Revenues	<u>2,920</u>	<u>2,920</u>	<u>3,154</u>	<u>234</u>
EXPENDITURES				
PUBLIC SAFETY				
Police				
General operating expense	42,500	57,500	45,042	12,458
Total Expenditures	<u>42,500</u>	<u>57,500</u>	<u>45,042</u>	<u>12,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,580)</u>	<u>(54,580)</u>	<u>(41,888)</u>	<u>12,692</u>
OTHER FINANCING SOURCES (USES)				
Sale of Forfeited Property	10,000	10,000	22,709	12,709
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>22,709</u>	<u>12,709</u>
Net Change in Fund Balance	(29,580)	(44,580)	(19,179)	25,401
Fund Balance - Beginning	129,937	129,937	129,937	-
Fund Balance - Ending	<u>\$ 100,357</u>	<u>\$ 85,357</u>	<u>\$ 110,758</u>	<u>\$ 25,401</u>

CITY OF MORAIN, OHIO
DRUG LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 500	\$ 500	\$ 344	\$ (156)
Total Revenues	<u>500</u>	<u>500</u>	<u>344</u>	<u>(156)</u>
EXPENDITURES				
PUBLIC SAFETY				
Police				
General operating expense	7,000	7,000	-	7,000
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Net Change in Fund Balance	(6,500)	(6,500)	344	6,844
Fund Balance - Beginning	38,679	38,679	38,679	-
Fund Balance - Ending	<u>\$ 32,179</u>	<u>\$ 32,179</u>	<u>\$ 39,023</u>	<u>\$ 6,844</u>

CITY OF MORAINÉ, OHIO
PARKS AND RECREATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 192,500	\$ 192,500	\$ 186,131	\$ (6,369)
Investment Earnings	1,500	1,500	1,797	297
Grants	46,000	46,000	52,870	6,870
Miscellaneous	36,500	36,500	40,874	4,374
Total Revenues	<u>276,500</u>	<u>276,500</u>	<u>281,672</u>	<u>5,172</u>
EXPENDITURES				
CULTURE AND RECREATION				
Civic Center				
Personnel services	283,277	311,777	297,774	14,003
General operating expenses	53,367	53,367	43,832	9,535
Total Civic Center	<u>336,644</u>	<u>365,144</u>	<u>341,606</u>	<u>23,538</u>
Recreational Center				
Personnel services	582,377	567,877	532,094	35,783
General operating expenses	201,663	201,663	142,613	59,050
Total Recreational Center	<u>784,040</u>	<u>769,540</u>	<u>674,707</u>	<u>94,833</u>
Parks & Recreation Programs				
General operating expenses	73,290	73,290	45,503	27,787
Total Parks & Recreation Programs	<u>73,290</u>	<u>73,290</u>	<u>45,503</u>	<u>27,787</u>
Total Expenditures	<u>1,193,974</u>	<u>1,207,974</u>	<u>1,061,816</u>	<u>146,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(917,474)</u>	<u>(931,474)</u>	<u>(780,144)</u>	<u>151,330</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	820,000	820,000	750,000	(70,000)
Total Other Financing Sources (Uses)	<u>820,000</u>	<u>820,000</u>	<u>750,000</u>	<u>(70,000)</u>
Net Change in Fund Balance	(97,474)	(111,474)	(30,144)	81,330
Fund Balance - Beginning	120,927	120,927	120,927	-
Prior Year Encumbrances Appropriated	30,496	30,496	30,496	-
Fund Balance - Ending	<u>\$ 53,949</u>	<u>\$ 39,949</u>	<u>\$ 121,279</u>	<u>\$ 81,330</u>

CITY OF MORAIN, OHIO
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 1,500	\$ 1,500	\$ 1,418	\$ (82)
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,418</u>	<u>(82)</u>
EXPENDITURES				
Debt Service	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,500	1,500	1,418	(82)
Fund Balance - Beginning	159,590	159,590	159,590	-
Fund Balance - Ending	<u>\$ 161,090</u>	<u>\$ 161,090</u>	<u>\$ 161,008</u>	<u>\$ (82)</u>

CITY OF MORaine, OHIO
CAPITAL IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Grants	2,781,774	2,781,774	689,660	(2,092,114)
Miscellaneous	463,000	463,000	8,762	(454,238)
Total Revenues	<u>3,244,774</u>	<u>3,244,774</u>	<u>698,422</u>	<u>(2,546,352)</u>
EXPENDITURES				
CAPITAL OUTLAY				
General Government	720,909	720,909	637,648	83,261
Public Safety	1,101,277	1,101,277	1,013,298	87,979
Highways and Streets	4,527,243	3,757,243	2,730,066	1,027,177
Culture-Recreation	417,000	267,600	266,296	1,304
Economic Development	51,510	23,510	-	23,510
DEBT SERVICE				
Principal	205,351	188,101	173,811	14,290
Interest	41,410	41,410	41,410	-
Total Expenditures	<u>7,064,700</u>	<u>6,100,050</u>	<u>4,862,529</u>	<u>1,237,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,819,926)</u>	<u>(2,855,276)</u>	<u>(4,164,107)</u>	<u>(1,308,831)</u>
OTHER FINANCING SOURCES				
Transfers in	2,000,000	2,000,000	1,700,000	(300,000)
Total Other Financing Sources	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,700,000</u>	<u>(300,000)</u>
Net Change in Fund Balance	(1,819,926)	(855,276)	(2,464,107)	(1,608,831)
Fund Balance - Beginning	1,377,667	1,377,667	1,377,667	-
Prior Year Encumbrances Appropriated	1,366,497	1,366,497	1,366,497	-
Fund Balance - Ending	<u>\$ 924,238</u>	<u>\$ 1,888,888</u>	<u>\$ 280,057</u>	<u>\$ (1,608,831)</u>

CITY OF MORaine, OHIO
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2016

	<u>City Garage</u>	<u>Insurance Reserve</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
ASSETS				
CURRENT ASSETS				
Equity in Pooled Cash and Investments	\$ 321,605	\$ 1,491,847	\$ 391,100	\$ 2,204,552
Inventories	113,338	-	-	113,338
Total Current Assets	<u>434,943</u>	<u>1,491,847</u>	<u>391,100</u>	<u>2,317,890</u>
Total Assets	<u>434,943</u>	<u>1,491,847</u>	<u>391,100</u>	<u>2,317,890</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pensions	120,496	-	-	120,496
Total Deferred Outflows of Resources	<u>120,496</u>	<u>-</u>	<u>-</u>	<u>120,496</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	15,122	-	-	15,122
Salaries and Benefits Payable	14,808	-	-	14,808
Compensated Absences Payable	5,055	-	-	5,055
Insurance Claims Payable	-	-	147,829	147,829
Total Current Liabilities	<u>34,985</u>	<u>-</u>	<u>147,829</u>	<u>182,814</u>
LONG-TERM LIABILITIES				
Compensated Absences Payable	83,660	-	-	83,660
Net Pension Liability	254,192	-	-	254,192
Total Long-Term Liabilities	<u>337,852</u>	<u>-</u>	<u>-</u>	<u>337,852</u>
Total Liabilities	<u>372,837</u>	<u>-</u>	<u>147,829</u>	<u>520,666</u>
DEFERRED INFLOWS OF RESOURCES:				
Pensions	5,100	-	-	5,100
Total Deferred Inflows of Resources	<u>5,100</u>	<u>-</u>	<u>-</u>	<u>5,100</u>
NET POSITION				
Unrestricted	177,502	1,491,847	243,271	1,912,620
Total Net Position	<u>\$ 177,502</u>	<u>\$ 1,491,847</u>	<u>\$ 243,271</u>	<u>\$ 1,912,620</u>

CITY OF MORaine, OHIO

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended December 31, 2016

	<u>City Garage</u>	<u>Insurance Reserve</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Operating Revenues				
Charges for Services	\$ 572,396	\$ -	\$ 1,862,915	\$ 2,435,311
Miscellaneous	91	82,046	-	82,137
Total Operating Revenues	<u>572,487</u>	<u>82,046</u>	<u>1,862,915</u>	<u>2,517,448</u>
Operating Expenses				
Personal Services	350,952	-	-	350,952
Contractual Services	29,151	13,671	316,946	359,768
Supplies and Materials	236,447	-	-	236,447
Claims and Judgements	-	29,866	1,575,671	1,605,537
Total Operating Expenses	<u>616,550</u>	<u>43,537</u>	<u>1,892,617</u>	<u>2,552,704</u>
Operating Income (Loss)	<u>(44,063)</u>	<u>38,509</u>	<u>(29,702)</u>	<u>(35,256)</u>
Non-operating Revenues				
Investment Earnings	-	11,794	1,339	13,133
Total Non-operating Revenues	<u>-</u>	<u>11,794</u>	<u>1,339</u>	<u>13,133</u>
Change in Net Position	<u>(44,063)</u>	<u>50,303</u>	<u>(28,363)</u>	<u>(22,123)</u>
Total Net Position - Beginning	<u>221,565</u>	<u>1,441,544</u>	<u>271,634</u>	<u>1,934,743</u>
Total Net Position - Ending	<u>\$ 177,502</u>	<u>\$ 1,491,847</u>	<u>\$ 243,271</u>	<u>\$ 1,912,620</u>

CITY OF MORAIN, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

	City Garage	Insurance Reserve	Health Insurance	Total Internal Service Funds
Cash Flows From Operating Activities				
Cash received for interfund services	\$ 572,396	\$ -	\$ 1,862,915	\$ 2,435,311
Miscellaneous receipts & reimbursements	91	82,046	-	82,137
Cash paid to employees for services	(317,911)	-	-	(317,911)
Cash paid to suppliers for goods or services	(254,586)	(22,559)	(316,946)	(594,091)
Cash paid for insurance claims	-	(29,866)	(1,513,180)	(1,543,046)
Net cash used by operating activities	<u>(10)</u>	<u>29,621</u>	<u>32,789</u>	<u>62,400</u>
Cash Flows From Investing Activities				
Investment earnings	-	11,794	1,339	13,133
Net cash provided by investing activities	<u>-</u>	<u>11,794</u>	<u>1,339</u>	<u>13,133</u>
Net Change	(10)	41,415	34,128	75,533
Equity in Pooled Cash and Investments Beginning of Year	321,615	1,450,432	356,972	2,129,019
Equity in Pooled Cash and Investments End of Year	<u>\$ 321,605</u>	<u>\$ 1,491,847</u>	<u>\$ 391,100</u>	<u>\$ 2,204,552</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities				
Operating loss	\$ (44,063)	\$ 38,509	\$ (29,702)	\$ (35,256)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Decrease in inventories	6,367	-	-	6,367
Increase in deferred outflows of resources	(89,496)	-	-	(89,496)
Increase (decrease) in accounts payable	4,645	(8,888)	-	(4,243)
Increase in salaries and benefits payable	1,965	-	-	1,965
Increase in insurance claims payable	-	-	62,491	62,491
Increase in compensated absences payable	8,994	-	-	8,994
Increase in net pension liabilities	109,331	-	-	109,331
Increase in deferred inflows of resources	2,247	-	-	2,247
Net cash used by operating activities	<u>\$ (10)</u>	<u>\$ 29,621</u>	<u>\$ 32,789</u>	<u>\$ 62,400</u>

CITY OF MORAIN, OHIO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Balance December 31, 2015	Additions	Deductions	Balance December 31, 2016
Miscellaneous Agency Fund				
Assets				
Equity in Pooled Cash and Investments	\$ 46,616	\$ 8,255	\$ (7,375)	\$ 47,496
Accounts Receivable	12,015	12,727	(12,015)	12,727
Total Assets	<u>58,631</u>	<u>20,982</u>	<u>(19,390)</u>	<u>60,223</u>
Liabilities				
Accounts Payable	290	580	(290)	580
Deposits	58,341	20,402	(19,100)	59,643
Total Liabilities	<u>58,631</u>	<u>20,982</u>	<u>(19,390)</u>	<u>60,223</u>
Mayor's Court				
Assets				
Cash in Segregated Accounts	21,996	511,628	(518,471)	15,153
Total Assets	<u>21,996</u>	<u>511,628</u>	<u>(518,471)</u>	<u>15,153</u>
Liabilities				
Due to Other Governments	3,881	65,696	(64,490)	5,087
Escrow Bonds	18,115	445,932	(453,981)	10,066
Total Liabilities	<u>21,996</u>	<u>511,628</u>	<u>(518,471)</u>	<u>15,153</u>
Totals - All Agency Funds				
Assets				
Equity in Pooled Cash and Investments	46,616	8,255	(7,375)	47,496
Cash in Segregated Accounts	21,996	511,628	(518,471)	15,153
Accounts Receivable	12,015	12,727	(12,015)	12,727
Total Assets	<u>80,627</u>	<u>532,610</u>	<u>(537,861)</u>	<u>75,376</u>
Liabilities				
Accounts Payable	290	580	(290)	580
Deposits	58,341	20,402	(19,100)	59,643
Due to Other Governments	3,881	65,696	(64,490)	5,087
Escrow Bonds	18,115	445,932	(453,981)	10,066
Total Liabilities	<u>\$ 80,627</u>	<u>\$ 532,610</u>	<u>\$ (537,861)</u>	<u>\$ 75,376</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents:

Financial Trends (Tables 1-4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules can be found on pages 93 to 97.

Revenue Capacity (Tables 5-10)

These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, income and property taxes. These schedules can be found on pages 98 to 103.

Debt Capacity (Tables 11-13)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt as well as the City's ability to issue additional debt in the future. These schedules can be found on pages 104 to 106.

Demographic and Economic Information (Tables 14-15)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. These schedules can be found on pages 107 and 108.

Operating Information (Tables 16-18)

These schedules contain information about the City's operation and resources to help the reader understand how the City's financial information relates to the services provided and activities performed. These schedules can be found on pages 109 to 111.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's annual financial reports for the relevant year.

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CITY OF MORAINE, OHIO
Net Position by Component
Last Ten Years
(accrual basis of accounting)
(reported in thousands)

TABLE 1

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010⁽¹⁾</u>	<u>2011⁽¹⁾</u>	<u>2012</u>	<u>2013</u>	<u>2014⁽²⁾</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net Investment in Capital Assets	\$ 26,274	\$ 27,966	\$ 30,033	\$ 29,438	\$ 29,263	\$ 27,607	\$ 26,822	\$ 25,033	\$ 24,836	\$ 24,221
Restricted for:										
Debt service	131	138	147	0	0	131	136	137	133	136
Special revenue	2,188	1,765	1,999	2,382	1,947	1,498	1,580	1,581	1,927	2,146
Capital projects	3,756	3,048	2,848	3,464	4,475	4,924	4,240	3,913	2,753	2,109
Unrestricted	17,780	15,422	13,129	8,942	5,018	1,840	2,866	(8,219)	(6,073)	(4,096)
Total government activities net position	<u>50,129</u>	<u>48,339</u>	<u>48,156</u>	<u>44,226</u>	<u>40,703</u>	<u>36,000</u>	<u>35,644</u>	<u>22,445</u>	<u>23,576</u>	<u>24,516</u>
Business-type activities										
Unrestricted	500	529	563	581	594	598	605	609	614	619
Total business-type activities net position	<u>500</u>	<u>529</u>	<u>563</u>	<u>581</u>	<u>594</u>	<u>598</u>	<u>605</u>	<u>609</u>	<u>614</u>	<u>619</u>
Primary government										
Net Investment in Capital Assets	26,274	27,966	30,033	29,438	29,263	27,607	26,822	25,033	24,836	24,221
Restricted	6,075	4,951	4,994	5,846	6,422	6,553	5,956	5,631	4,813	4,391
Unrestricted	18,280	15,951	13,692	9,523	5,612	2,438	3,471	(7,610)	(5,459)	(3,477)
Total primary government net position	<u>\$ 50,629</u>	<u>\$ 48,868</u>	<u>\$ 48,719</u>	<u>\$ 44,807</u>	<u>\$ 41,297</u>	<u>\$ 36,598</u>	<u>\$ 36,249</u>	<u>\$ 23,054</u>	<u>\$ 24,190</u>	<u>\$ 25,135</u>

Note:

- (1) - restated for implementation of GASB 65.
- (2) - restated for implementation of GASB 68 and certain other corrections.

CITY OF MORAINE, OHIO
Changes in Net Position
Last Ten Years
(accrual basis of accounting)
(reported in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> ⁽¹⁾	<u>2011</u> ⁽¹⁾	<u>2012</u>	<u>2013</u>	<u>2014</u> ⁽²⁾	<u>2015</u> ⁽³⁾	<u>2016</u>
Expenses										
Governmental activities:										
General government	\$ 5,112	\$ 5,230	\$ 4,523	\$ 4,079	\$ 3,277	\$ 3,663	\$ 3,356	\$ 3,634	\$ 3,735	\$ 4,248
Public safety	9,513	9,689	9,456	8,731	8,852	8,147	8,426	8,014	8,901	9,601
Highways and streets	3,761	2,790	879	3,658	3,638	3,415	3,233	3,612	4,644	5,599
Sanitation	339	347	419	346	284	308	326	303	288	287
Culture and recreation	2,745	2,935	2,312	1,249	1,113	1,109	1,093	991	1,387	1,171
Economic development	283	677	935	326	1,005	479	252	730	343	1,534
Health and welfare	144	95	93	83	86	213	36	116	161	152
Interest and fiscal charges	268	321	221	265	302	294	250	248	251	250
Total governmental activities expenses	<u>22,165</u>	<u>22,084</u>	<u>18,838</u>	<u>18,737</u>	<u>18,557</u>	<u>17,628</u>	<u>16,972</u>	<u>17,648</u>	<u>19,710</u>	<u>22,842</u>
Total primary government expenses	<u>22,165</u>	<u>22,084</u>	<u>18,838</u>	<u>18,737</u>	<u>18,557</u>	<u>17,628</u>	<u>16,972</u>	<u>17,648</u>	<u>19,710</u>	<u>22,842</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	285	248	452	410	650	477	444	408	421	498
Public safety	46	39	31	372	612	429	354	295	488	529
Highways and streets	33	1	194	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	6	3	14	-	-
Culture and recreation	813	794	723	-	-	207	215	195	259	188
Health and welfare	39	58	56	-	-	-	-	-	-	-
Operating grants and contributions	382	286	200	351	72	451	600	764	823	1,399
Capital grants and contributions	809	337	784	1,044	1,950	382	757	128	1,810	1,374
Total governmental activities program revenues	<u>2,407</u>	<u>1,763</u>	<u>2,440</u>	<u>2,177</u>	<u>3,284</u>	<u>1,952</u>	<u>2,373</u>	<u>1,804</u>	<u>3,801</u>	<u>3,988</u>
Business-type activities:										
Loan program charges for services	1	1	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>2,408</u>	<u>1,764</u>	<u>2,440</u>	<u>2,177</u>	<u>3,284</u>	<u>1,952</u>	<u>2,373</u>	<u>1,804</u>	<u>3,801</u>	<u>3,988</u>

Note:

- (1) - restated for implementation of GASB 65.
- (2) - restated for correction of errors. Information necessary to restate the 2014 beginning balance and 2014 pension expense amounts for the effects of the initial implementation of GASB 68 was not available.
- (3) - implementation of GASB 68.

TABLE 2 (continued)

CITY OF MORAINE, OHIO
Changes in Net Position
Last Ten Years
(accrual basis of accounting)
(reported in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010⁽¹⁾</u>	<u>2011⁽¹⁾</u>	<u>2012</u>	<u>2013</u>	<u>2014⁽²⁾</u>	<u>2015⁽³⁾</u>	<u>2016</u>
Net (Expense)/Revenue										
Governmental activities	(19,758)	(20,321)	(16,398)	(16,560)	(15,273)	(15,676)	(14,599)	(15,844)	(15,909)	(18,854)
Business-type activities	1	1	-	-	-	-	-	-	-	-
Total primary government net expense	<u>(19,733)</u>	<u>(20,292)</u>	<u>(16,365)</u>	<u>(16,542)</u>	<u>(15,281)</u>	<u>(15,673)</u>	<u>(14,599)</u>	<u>(15,844)</u>	<u>(15,909)</u>	<u>(18,854)</u>
General Revenues										
Governmental activities:										
Taxes	19,618	15,333	11,817	9,853	9,542	10,046	12,786	13,137	15,768	18,314
Income tax										
Property taxes, levied for										
General purposes	619	567	345	388	421	350	380	415	404	419
Police pensions	70	65	64	90	89	70	61	66	65	66
Fire pensions	70	65	64	90	89	70	61	66	65	67
Other taxes	82	66	11	18	50	24	18	20	16	23
Payments in lieu of taxes	-	-	-	41	43	33	95	185	247	292
Shared revenues	871	1,078	713	719	657	223	279	261	178	130
Intergovernmental	-	-	260	444	92	-	-	-	-	-
Miscellaneous	233	105	1,967	577	530	126	429	259	216	384
Investment earnings	1,221	1,255	961	410	237	31	133	73	81	99
Gain on the sale of capital assets	67	(2)	13	-	-	-	-	-	-	-
Total governmental activities general revenues	<u>22,851</u>	<u>18,532</u>	<u>16,215</u>	<u>12,630</u>	<u>11,750</u>	<u>10,973</u>	<u>14,242</u>	<u>14,482</u>	<u>17,040</u>	<u>19,794</u>
Business-type activities:										
Investment earnings	24	28	33	18	14	3	8	4	5	5
Total business-type activities general revenues	<u>24</u>	<u>28</u>	<u>33</u>	<u>18</u>	<u>14</u>	<u>3</u>	<u>8</u>	<u>4</u>	<u>5</u>	<u>5</u>
Total primary government general revenues	<u>22,875</u>	<u>18,560</u>	<u>16,248</u>	<u>12,648</u>	<u>11,764</u>	<u>10,976</u>	<u>14,250</u>	<u>14,486</u>	<u>17,045</u>	<u>19,799</u>
Change in Net Position										
Governmental activities	3,093	(1,789)	(183)	(3,930)	(3,523)	(4,703)	(357)	(1,362)	1,131	940
Business-type activities	25	29	33	18	14	3	8	4	5	5
Total primary government	<u>\$ 3,118</u>	<u>\$ (1,760)</u>	<u>\$ (150)</u>	<u>\$ (3,912)</u>	<u>\$ (3,517)</u>	<u>\$ (4,700)</u>	<u>\$ (349)</u>	<u>\$ (1,358)</u>	<u>\$ 1,136</u>	<u>\$ 945</u>

Note:

- (1) - restated for implementation of GASB 65.
(2) - restated for correction of errors. Information necessary to restate the 2014 beginning balance and 2014 pension expense amounts for the effects of the initial implementation of GASB 68 was not available.
(3) - implementation of GASB 68.

CITY OF MORAINE, OHIO
Governmental Fund Balances
Last Ten Years

(modified accrual basis of accounting)
 (reported in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> ⁽¹⁾	<u>2015</u>	<u>2016</u>
General Fund										
Reserved	\$ 393	\$ 1,321	\$ 1,230	\$ 1,120	\$ 88	\$ 88	\$ 935	\$ 933	\$ 92	\$ 91
Unreserved	16,495	13,045	11,551	7,608	694	1,720	866	541	1,029	663
Nonspendable					5,283	978	1,132	3,762	6,093	9,353
Assigned					6,065	2,786	2,933	5,236	7,214	10,107
Unassigned										
Total general fund	16,888	14,366	12,781	8,728	11,928	11,566	12,933	12,455	14,328	19,911
All Other Governmental Funds										
Reserved	1,825	2,418	6,465	2,725						
Unreserved, reported in:										
Special revenue funds	2,188	(3,268)	(4,022)	2,016						
Capital projects fund	2,620	1,435	2,642	1,128						
Debt service fund	131	138	147	150						
Nonspendable					1,928	1,156	44	245	534	791
Restricted					2,020	2,397	3,379	2,871	2,962	2,606
Committed					4,249	5,019	4,089	3,762	2,841	2,044
Unassigned					(210)	(506)	(241)	(603)	(9)	(40)
Total all other governmental funds	\$ 6,764	\$ 723	\$ 5,232	\$ 6,019	\$ 7,987	\$ 8,066	\$ 7,271	\$ 6,275	\$ 6,328	\$ 5,401

Note:

The City implemented the provisions of GASB Statement No. 54 for 2011 which changed the manner in which governmental funds were reported.

(1) - restated for correction of errors.

CITY OF MORAINE, OHIO
Changes in Governmental Fund Balances
Last Ten Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

TABLE 4

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014(1)</u>	<u>2015</u>	<u>2016</u>
REVENUES										
Income Taxes	\$ 19,244	\$ 15,382	\$ 11,657	\$ 9,760	\$ 9,699	\$ 10,029	\$ 12,141	\$ 13,452	\$ 15,721	\$ 18,104
Property Taxes	772	697	474	526	596	479	514	544	529	540
Other Taxes	69	66	11	2	43	24	18	19	16	23
Payment in lieu of taxes	-	-	-	41	43	33	95	185	247	292
Shared Revenues	1,022	1,270	852	708	656	725	724	715	825	630
License and Permits	98	41	232	15	11	106	129	148	113	198
Charges for Services	842	866	948	575	782	535	627	516	646	621
Fines	240	214	257	75	343	266	227	275	326	232
Investment Earnings	1,221	1,255	960	410	237	31	133	72	81	99
Contributions and Donations	32	22	9	23	-	-	-	-	-	-
Rents and Royalties	36	19	18	20	12	-	-	-	-	-
Intergovernmental	1,024	451	1,107	1,565	2,219	492	751	592	1,601	2,087
Miscellaneous	233	105	1,966	509	500	198	340	306	271	474
Total Revenues	<u>24,833</u>	<u>20,388</u>	<u>18,491</u>	<u>14,229</u>	<u>15,148</u>	<u>12,918</u>	<u>15,699</u>	<u>16,824</u>	<u>20,376</u>	<u>23,300</u>
EXPENDITURES										
Current:										
General government	4,859	4,893	4,290	3,868	3,154	3,314	2,978	3,343	3,536	3,562
Public Safety	9,509	9,092	8,860	8,311	8,433	7,784	8,144	7,519	8,397	8,398
Highways & Streets	2,399	2,559	2,371	2,319	2,637	2,251	2,121	2,558	3,198	2,310
Sanitation	340	347	419	346	284	308	326	303	288	287
Economic Development	3,132	639	944	299	990	473	302	684	327	1,151
Health and Welfare	133	85	86	76	79	206	28	112	162	144
Culture and Recreation	2,593	2,567	2,108	1,000	886	870	906	760	1,176	1,097
Capital Improvements	2,645	4,315	1,890	1,712	1,688	381	1,542	66	1,292	3,858
Debt Service:										
Principal	169	5,068	161	5,475	205	232	269	110	269	318
Interest & Fiscal Charges	205	301	227	248	307	300	255	252	250	256
Total Expenditures	<u>25,984</u>	<u>29,866</u>	<u>21,356</u>	<u>23,654</u>	<u>18,663</u>	<u>16,119</u>	<u>16,871</u>	<u>15,707</u>	<u>18,895</u>	<u>21,381</u>
Excess (deficiency) of revenues over expenditures	(1,151)	(9,478)	(2,865)	(9,425)	(3,515)	(3,201)	(1,172)	1,117	1,481	1,919
OTHER FINANCIAL SOURCES (USES)										
General long-term debt issued			5,300	5,805	-	-	216	187	267	-
Transfers In	6,025	5,125	3,150	2,805	2,100	2,000	2,235	1,860	3,135	4,310
Transfers Out	(6,025)	(5,125)	(3,150)	(2,805)	(2,200)	(2,000)	(2,235)	(1,860)	(3,175)	(4,310)
Inception of capital leases		693	450	94	-	-	-	-	310	-
Proceeds from the sale of assets	253	220	41	260	18	-	308	2	14	47
Total Other Financing Sources (Uses)	<u>253</u>	<u>913</u>	<u>5,791</u>	<u>6,159</u>	<u>(82)</u>	<u>-</u>	<u>524</u>	<u>189</u>	<u>551</u>	<u>47</u>
Net Change in Fund Balance	<u>\$(898)</u>	<u>\$(8,565)</u>	<u>\$ 2,926</u>	<u>\$(3,266)</u>	<u>\$(3,597)</u>	<u>\$(3,201)</u>	<u>\$(648)</u>	<u>\$ 1,306</u>	<u>\$ 2,032</u>	<u>\$ 1,966</u>
Debt service as a percentage of noncapital expenditures	1.77%	21.14%	2.28%	25.09%	3.02%	3.35%	3.34%	2.34%	2.95%	2.85%

(1) - restated for correction of errors.

CITY OF MORaine, OHIO
General Governmental Tax Revenues by Source
Last Ten Years
(accrual basis of accounting)

TABLE 5

Year	Municipal Income Taxes	Property and Other Local Taxes	State Shared Taxes and Permits	Total
2007	\$ 19,617,652	\$ 840,936	\$ 870,654	\$ 21,329,242
2008	15,332,598 (1)	696,967	1,077,507	17,107,072
2009	11,817,442 (1)	473,697	712,879	13,004,018
2010	9,852,558	568,599	718,455	11,139,612
2011	9,541,527	600,521	657,429	10,799,477
2012	10,045,847	547,175	222,897	10,815,919
2013	12,786,187	614,151	279,426	13,679,764
2014	13,136,740 (2)	752,342	261,322	14,150,404
2015	15,767,651	796,719	178,221	16,742,591
2016	18,313,736	867,766	129,356	19,310,858

Source: City of Moraine, Department of Finance

(1) City's largest employer ceased operations during 2008 and 2009

(2) Income tax rate increased 1/2% to 2.5% effective July 1, 2014, with 2015 being the first full year of collection using new rate.

CITY OF MORAINE, OHIO
Income Tax Revenues (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)

TABLE 6

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$ 19,244,218
2008	15,382,323 ⁽²⁾
2009	11,657,120
2010	9,760,045
2011	9,699,479
2012	10,028,922
2013	12,141,049
2014	13,451,675 ⁽³⁾
2015	15,721,498
2016	18,103,691

Source: City of Moraine, Department of Finance

(1) Includes all governmental fund types.

(2) City's largest employer ceased operations during 2008 and 2009.

(3) Income tax rate increased 1/2% to 2.5% effective July 1, 2014. First full year of collection using new rate was 2015.

Principal Income Tax Payers
Current Year and Nine Years Ago
(cash basis of accounting)

<u>2007</u>			<u>2016</u>		
<u>Rank</u>	<u>Name</u>	<u>2016</u>	<u>Rank</u>	<u>Name</u>	
1	General Motors Corporation	-	1	Fuyao Glass America	
2 ⁽¹⁾	Delphi Automotive	-	2	Dmax Ltd.	
3	Dmax	2	3	WinSupply	
4	A T & T Resources	-	4	Dayton Power & Light	
5	Dayton Power and Light	4	5	Fidelity Healthcare	
6	Win Wholesale	3	6	Heidelberg	
7	Delphi Systems	-	7	Compunet Lab	
8	City of Moraine	10	8	Tyler Technologies	
9	Compunet Clinical Laboratories	7	9	Lastar	
10	Walmart	-	10	City of Moraine	

Source: City of Moraine, Department of Finance

(1) Delphi is a spinoff of General Motors Corporation

Note: Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of the withholding by taxpayer. The City chose not to disclose percentages and number of filers by income level because the City does not require all taxpayers to file a return, therefore it does not have, or can it obtain, this type of information.

CITY OF MORAINE, OHIO
Assessed Value and Estimated Actual Value of Property
Last Ten Fiscal Years

Fiscal Year	Agricultural Property	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Property Value	Total Direct Tax Rate	Estimated Actual Taxable Property Value	Taxable Assessed Value as a Percentage of Taxable Estimated Actual Property Value
2007	\$ 1,047,510	\$ 48,894,860	\$ 55,008,990	\$ 44,009,840	\$ 148,961,200	2.50	\$ 425,603,429	0.35
2008	1,040,330	49,019,710	55,504,680	43,628,350	149,193,070	2.50	426,265,914	0.35
2009	1,237,860	52,743,290	53,981,150	42,698,100	151,250,300	2.50	432,143,714	0.35
2010	1,207,550	52,349,240	55,915,630	42,568,540	152,040,960	2.50	434,402,743	0.35
2011	1,334,070	52,112,240	59,096,180	42,410,040	154,952,530	2.50	442,721,514	0.35
2012	1,485,130	49,529,340	53,772,660	40,605,060	145,392,190	2.50	415,406,257	0.35
2013	1,440,480	49,394,930	53,135,260	32,607,220	136,577,890	2.50	390,222,543	0.35
2014	1,451,150	49,545,830	53,776,430	33,006,830	137,780,240	2.50	393,657,829	0.35
2015	1,915,020	43,571,810	51,698,110	32,169,850	129,354,790	2.50	369,585,114	0.35
2016	1,915,580	44,220,900	51,301,380	38,018,300	135,456,160	2.50	387,017,600	0.35

Source: Montgomery County Auditor's Office

CITY OF MORaine, OHIO
Property Tax Rates- Direct and Overlapping Governments (Per \$1,000 of Assessed Value)
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
MUNICIPAL UNITS:										
General Fund	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Police Pension Fund	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Fire Pension Fund	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Total Municipal Rates	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
COUNTY UNITS:										
General Fund	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Developmental Disabilities	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Conservancy Tax										
Human Services Levy A	5.21	7.21	7.21	7.21	7.21	7.21	7.21	8.21	8.21	8.21
Human Services Levy B	6.03	6.03	6.03	6.03	6.03	6.03	6.03	6.03	6.03	6.03
Total County Rates	<u>13.94</u>	<u>15.94</u>	<u>15.94</u>	<u>15.94</u>	<u>15.94</u>	<u>15.94</u>	<u>15.94</u>	<u>16.94</u>	<u>16.94</u>	<u>16.94</u>
OTHER UNITS:										
Montgomery County Community College	2.50	2.50	3.20	3.20	3.20	3.20	3.20	3.20	3.20	4.20
Montgomery County Park District	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Dayton - Montgomery Library	1.25	1.25	1.75	1.75	1.75	1.75	3.31	3.31	3.31	3.31
SCHOOL DISTRICT:										
Kettering / Moraine Community	67.80	71.30	73.10	78.00	78.00	78.00	78.00	82.99	82.99	82.99
West Carrollton Community	65.55	72.05	72.05	72.05	72.05	72.05	72.05	72.05	72.05	72.05
Jefferson Local School	61.90	61.90	66.90	66.90	66.90	66.90	66.90	61.40	61.40	61.40
Joint Vocational School	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58

Source: Montgomery County Auditor's Office

CITY OF MORAIN, OHIO
Principal Property Tax Payers
Current Year and Nine Years Ago

TABLE 9

		<u>Calendar Year 2016</u>		
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable</u> <u>Valuation</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u> <u>Taxable</u> <u>Valuation</u>
Dayton Power & Light Company	Gas and Electric Utility	\$ 88,282,280	1	38.14%
Vectren Energy	Utility	9,741,010	2	4.21%
General Motors Company	Manufacturing	3,639,090	3	1.57%
Dovetree Apartments	Real Estate	3,371,130	4	1.46%
Fuyao Asset Management LLC	Manufacturing	3,234,760	5	1.40%
WMSSMDOM LLC	Publisher & Marketing	2,658,590	6	1.15%
Kettering Woodbine LLC	Retail Sales	1,759,080	7	0.76%
Dryden Service Center Dayton LLC	Real Estate	1,562,720	8	0.68%
Cobblegate Square Limited	Real Estate/Development	1,333,410	9	0.58%
Uninvest Dayton Ohio LLC	Real Estate	1,243,040	10	0.54%
	Subtotal	<u>116,825,110</u>		<u>50.49%</u>
	All Others	<u>114,657,600</u>		<u>49.51%</u>
	Total	<u><u>\$ 231,482,710</u></u>		<u><u>100.00%</u></u>

		<u>Calendar Year 2007</u>		
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable</u> <u>Valuation</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u> <u>Taxable</u> <u>Valuation</u>
Dayton Power & Light Company	Gas and Electric Utility	\$ 41,502,450	1	17.48%
General Motors Corporation	Manufacturing	23,152,170	2	9.75%
Walmart Stores	Retail Sales	6,221,790	3	2.62%
Vectren Energy	Utility	5,616,720	4	2.37%
Dmax Ltd	Manufacturing	5,392,910	5	2.27%
Delphi Automotive Systems Inc.	Manufacturing	5,358,440	6	2.26%
Cooper Tire Company	Manufacturing	2,966,530	7	1.25%
L.M. Berry Company	Printing	2,823,720	8	1.19%
Dayton-Point West Real Estate	Real Estate	1,824,930	9	0.77%
Setech Inc.	Real Estate	1,504,120	10	0.63%
	Subtotal	<u>96,363,780</u>		<u>40.59%</u>
	All Others	<u>141,123,342</u>		<u>59.41%</u>
	Total	<u><u>\$ 237,487,122</u></u>		<u><u>100.00%</u></u>

Source: Montgomery County Auditor's Office

CITY OF MORAINE, OHIO
Property Taxes Levied and Collected
Last Ten Fiscal Years

<u>TAX YEAR</u>	<u>YEAR</u>	<u>TOTAL LEVIED</u>	<u>TOTAL COLLECTED</u>	<u>PERCENTAGE COLLECTED</u>	<u>DELINQUENT COLLECTIONS</u>	<u>TOTAL COLLECTIONS</u>	<u>TOTAL PERCENTAGE LEVIED</u>	<u>OUTSTANDING TAXES</u>	<u>OUTSTANDING DELINQUENT TAXES AS PERCENTAGE LEVIED</u>
2006/2007	2007	\$ 588,657	\$ 567,763	96%	\$ 69,988	\$ 637,751	108% ⁽¹⁾	\$ 39,375	7%
2007/2008	2008	551,362	512,629	93%	13,459	526,088	95%	41,536	8%
2008/2009	2009	502,096	481,108	96%	18,004	499,112	99%	49,320	10%
2009/2010	2010	515,207	516,538	100%	17,152	533,690	104% ⁽¹⁾	53,901	10%
2010/2011	2011	536,361	503,251	94%	23,254	526,505	98%	47,609	9%
2011/2012	2012	516,689	478,482	93%	19,005	497,487	96%	39,553	8%
2012/2013	2013	546,775	531,633	97%	5,424	537,057	98%	26,503	5%
2013/2014	2014	570,034	549,675	96%	16,493	566,168	99%	30,368	5%
2014/2015	2015	550,881	528,894	96%	20,970	549,864	100%	34,676	6%
2015/2016	2016	572,820	534,548	93%	25,574	560,122	98%	35,998	6%

Source: Montgomery County Auditor's Office

(1) The County does not identify delinquent collections by the year for which the tax was levied. The City continues to work in conjunction with the County to resolve this issue, however, the information needed will not likely be available until a new computer system is implemented at the County. The cost of such a system currently makes this option impractical.

City of Moraine, Ohio
Ratios of Outstanding Debt by Type
Last Ten Years

TABLE 11

Year	BAN and OPWC Note		Various Purpose Bonds (1)	Capital Leases	Total Primary Government	Personal Income (2) <small>(thousands of dollars)</small>	Percentage Personal Income	Total Debt Per Capita (2)
	\$	\$						
2007	\$ 5,000,000	\$ -	-	-	\$ 5,000,000	\$ 116,421,360	4.29%	\$ 724.95
2008	5,300,000	-	-	693,399	5,993,399	110,327,680	5.43%	916.98
2009	5,300,000	-	-	560,008	5,860,008	110,327,680	5.31%	896.57
2010	591,160	5,895,963	-	424,020	6,911,143	106,462,435	6.49%	1,095.79
2011	554,805	5,862,173	-	285,385	6,702,363	106,462,435	6.30%	1,062.69
2012	504,595	5,818,383	-	144,060	6,467,038	106,462,435	6.07%	1,025.37
2013	644,905	5,764,593	-	-	6,409,498	106,462,435	6.02%	1,016.25
2014	781,561	5,700,803	-	-	6,482,364	106,462,435	6.09%	1,027.80
2015	964,476	5,512,013	-	310,601	6,787,090	106,462,435	6.38%	1,076.12
2016	894,663	5,318,223	-	252,599	6,465,485	106,462,435	6.07%	1,025.13

(1) Bond amounts include unamortized premiums

(2) See Table 14 for demographic data

CITY OF MORaine, OHIO
Computation of Direct and Overlapping Debt
December 31, 2016

Jurisdiction	Net Outstanding Debt	Percentage Applicable to City (1)	Amount Applicable to City of Moraine, Ohio
<i>DIRECT DEBT</i>			
CITY OF MORaine	\$ 6,465,485	100.00%	\$ 6,465,485
<i>OVERLAPPING</i>			
MONTGOMERY COUNTY	39,001,338	2.56%	998,434
DAYTON METRO LIBRARY	164,050,000	2.56%	4,199,680
WEST CARROLLTON CITY SCHOOL DISTRICT	1,260,000	54.65%	688,590
KETTERING CITY SCHOOL DISTRICT	81,085,012	13.60%	11,027,562
<i>TOTAL OVERLAPPING DEBT</i>	<u>285,396,350</u>		<u>16,914,266</u>
TOTAL	<u>\$ 291,861,835</u>		<u>\$ 23,379,751</u>

Source: Individual Jurisdictions

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

CITY OF MORAIN, OHIO
Legal Debt Margin Information
Last Ten Calendar Years
 (amounts expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$24,936	\$23,370	\$21,885	\$16,270	\$15,266	\$14,341	\$14,341	\$13,582	\$14,467	\$13,582
Legal Debt Margin	<u>24,936</u>	<u>23,370</u>	<u>21,885</u>	<u>10,465</u>	<u>9,491</u>	<u>8,760</u>	<u>8,939</u>	<u>8,115</u>	<u>9,160</u>	<u>8,468</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	35.68%	37.83%	39.99%	39.64%	41.42%	36.68%	37.65%

Legal Debt Margin Calculation for Calendar Year 2016

Total Assessed Value (tax year 2015)	129,355
Debt limit (10.5% of total assessed value)	13,582
Debt applicable to limit:	
General Obligation Bonds	5,250
Less: Amount reserved for repayment of general obligation debt	(136)
Total net debt applicable to limit	<u>5,114</u>
Legal debt margin	<u>\$8,468</u>

CITY OF MORAIN, OHIO
Demographic and Economic Statistics
Last Ten Calendar Years

TABLE 14

Calendar Year	(1) Population	(1) Personal Income <small>(thousands of dollars)</small>	(1) Per Capita Personal Income	(1) Median Age	(2) Unemployment Rate
2007	6,897	\$ 116,421	\$ 16,880	32.5	6.2%
2008	6,536	110,328	16,880	32.5	8.5%
2009	6,536	110,328	16,880	32.5	11.8%
2010	6,307	106,462	16,880	37.0	9.8%
2011	6,307	106,462	16,880	37.0	8.2%
2012	6,307	106,462	16,880	37.0	7.0%
2013	6,307	106,462	16,880	37.0	7.1%
2014	6,307	106,462	16,880	37.0	4.8%
2015	6,307	106,462	16,880	37.0	4.7%
2016	6,307	106,462	16,880	37.0	4.6%

Sources:

(1) 2000 and 2010 United States Census Bureau.

(2) Bureau of Labor Statistics - rates are not available for the City of Moraine. The rates shown are for Montgomery County

CITY OF MORaine, OHIO
Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government										
Clerk of Council	1	1	1	1	1	1	1	1	1	1
City Manager	8	8	8	7	7	6	6	6	6	6
Clerk of Courts	2	2	2	2	2	2	2	2	2	2
Law	0	0	0	0	0	0	0	0	0	0
Finance	8	8	7	6	6	6	6	6	6	6
Public Buildings	23	22	21	21	12 (1)	5	6	6	6	6
Public Safety										
Police	48	48	45	44	49	38	37	32	34	34
Fire	52	51	46	45	36	32	33	25	27	24
Other										
Highways and Streets	18	19	18	18	26 (1)	15	16	18	18	16
Community Development	6	6	6	6	5	3	3	3	3	3
Recreation and Culture	57	54	42	39	22	19	18	18	20	21
Garage	4	4	4	4	4	3	3	3	3	3
Total	227	223	200	193	170	130	131	120	126	122

Source: City of Moraine, Department of Finance

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation, holiday, sick leave and comp time). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080. However, due to the calendar in Fiscal Year 2004, full-time employees worked 2,120. Therefore, full-time equivalent employment is calculated for 2004 by dividing total labor hours by 2,120. In Fiscal Year 2010, full-time employees worked 1,872 hours annually. Therefore, full-time employment for 2010 is calculated by dividing total labor hours by 1,872.

(1) During 2011, 6 public buildings employees were transferred to the highways and streets department

CITY OF MORAINE, OHIO
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Warrants served	1,345	1,347	N/A	1,128	1,266	905	822	899	1,041	872
Felony arrests	N/A	120	N/A	92	131	177	157	252	293	273
Arrests made	1,292	1,198	N/A	1,702	778	1,753	1,535	1,771	1,800	1,700
Traffic citations issued	2,808	2,398	N/A	1,568	3,205	2,653	1,944	2,537	2,523	2,799
Miles Patrolled	375,637	294,281	N/A	237,841	272,940	260,804	253,927	224,694	233,288	207,661
Fire										
Fire calls	118	133	100	112	92	566	637	80	722	801
EMS calls	1,708	1,755	1,357	1,567	1,619	1,689	1,565	1,705	2,069	2,152
Fire Inspections	929	909	976	961	1,043	1,012	1,032	920	749	799
Child Safety Seat Inspections	51	48	60	31	20	25	25	26	16	52
Highways and Streets										
Gallons of street paint used	1,880	1,456	1,750	1,040	865	1,353	1,045	1,050	1,115	1,040
Tons of snow melting salt used	797	1,000	1,200	1,200	953	338	332	854	657	578
Community Development										
Building Inspections	236	245	328	177	481	787	965	797	737	686
Residential Building Permits Issued	84	74	65	75	103	196	208	129	118	106
Commercial Building Permits Issued	105	96	108	95	105	174	199	190	206	308
Culture and Recreation										
Payne Recreation Center Attendance	90,605	89,590	82,467	138,939	175,000	136,512	141,620	175,386	185,276	192,765
Splash! Moraine Attendance	64,333	62,703	56,092	- (1)	-	-	-	-	-	-
Civic Center Attendance (estimated)	25,979	43,686	40,992	31,061	55,000	77,935	106,260	112,868	108,215	110,013
Youth and Day Camps Attendance	1,013	1,098	885	752	824	342	203	210	340	481

(1) Splash! Moraine ceased operation September 2009.

(N/A) Not Available

Source - Various City of Moraine departments

CITY OF MORAINE, OHIO
Capital Assets by Function
Last Ten Fiscal Years

TABLE 18

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	28	28	28	28	24	22	21	21	19	18
Fire:										
Stations	3	3	3	3	2	2	2	2	2	2
Emergency Response Vehicles	10	10	10	10	12 (1)	12 (1)	12	12	13	13
Highways and Streets										
Miles of Streets (Center Line Miles)	276.65	276.65	276.65	276.65	276.65	276.65	276.65	276.65	276.65	276.65
Number of Streetlights (Non-special assessment)	1,313	1,313	1,226	1,226	1,356	1,356	1,356	1,356	1,356	1,357
Culture and Recreation										
Parks	13	13	13	13	13	13	13	12 (2)	12 (2)	12
Civic Centers	1	1	1	1	1	1	1	1	1	1
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water Parks	1	1	1	1	1	1	1	1	1	1

Source - Various City of Moraine Departments

(1) 2 Deputy Chief vehicles have been reclassified as emergency response vehicles due to manning reductions. No new vehicles have been acquired.

(2) Represents the number of city owned and maintained parks.

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