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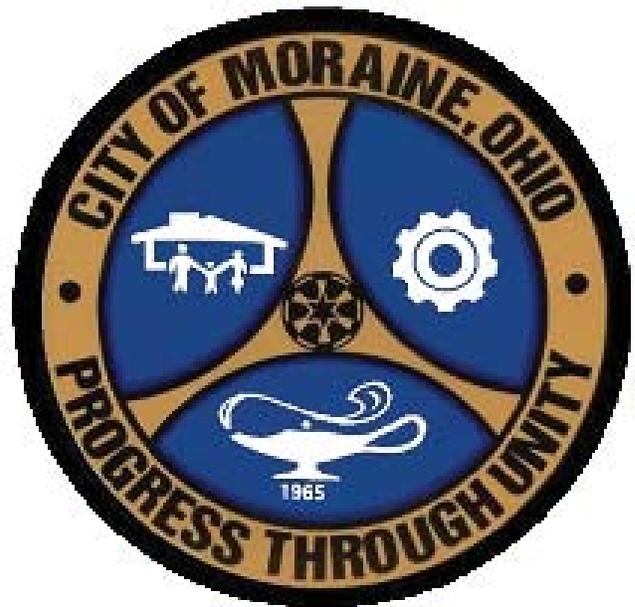
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COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED
DECEMBER 31, 2017



Dave Yost • Auditor of State

City Council
City of Moraine
4200 Dryden Road
Moraine, OH 45439

We have reviewed the *Independent Auditor's Report* of the City of Moraine, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 13, 2018

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CITY OF MORAINÉ, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017

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The logo of the City of Moraine, Ohio, is a circular seal. It features a central figure, possibly a person or a symbol, surrounded by the text "CITY OF MORAIN, OHIO" at the top and "PROGRESS THROUGH FAITH" at the bottom. The year "1848" is also visible. The seal is overlaid on the main title.

City of Moraine

Finance Department

June 26, 2018

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, 2017, 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.

Clark, Schaefer, Hackett & Co., under contract with 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, 2017 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

2017 welcomed continued economic growth for the City. New and existing facility expansions led the way during the year. One example was seen with Fidelity Healthcare, whose corporate office moved into the City in early fall of 2015. In 2017, company renovations welcomed 120 new Premier Physicians Billing employees. WinSupply continued their on-going renovations at the former Corporate Tower building, establishing an ever-growing campus setting at their local headquarters. The City also saw completion of a few local building expansions including Production Control Units (PCU) and Chemstation.

Two significant grand openings occurred in 2017, with MedVets finalizing and occupying their new 20,000 square foot veterinary hospital, and Project Cure becoming the City's second tenant in the Moraine Commerce Park. MedVet's new facility houses nearly 90 employees and offers a plethora of services to assist emergency pet care needs. Project Cure's new 30,000 square foot facility provides regional medical services to those struggling with addiction and has upwards of 30 employees. Project Cure showcases the land-use flexibility within the Moraine Commerce Park.

2017 also ushered in the beginning of certain projects that will continue to change the City's business landscape during 2018. Major investments are expected to begin at Shook Construction and the Ohio Department of Transportation (ODOT). Shook Construction will begin occupying the RSM Accounting building and will bring over 70 jobs to the location once renovations are completed in the third quarter of 2018. ODOT recently acquired 10 acres of the former Delphi site on Dryden Road and will construct a new facility in 2019.

Fuyao Glass America's investment continues to play a major role in the local and state economy. Their employment numbers continue to exceed all incentive expectations and their investment to date is close to \$800 million. Fuyao also celebrated the opening of its restaurant, Taste of the World, during the fourth quarter 2017.

As always, business retention and expansion played a key role in the City's continued success. Council's vision and creative business resources allowed the City to welcome several new businesses to the community, including Tim Horton's, Brookdale Home Health, and Brookdale Hospice. Commercial reinvestment also shined with Alex Bell Plaza receiving a complete make-over from its new owner. The façade and property improvements encouraged several new tenants with more expected to come in 2018.

The City continues to play a vital and positive role in our local and surrounding 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.

During 2017, the City continued to see the positive effects of the temporary half percent income tax rate increase passed by Moraine residents in July 2014. This single action by Moraine residents, coupled together with the continued growth of Moraine businesses and regional economic recovery and improvements, has led to notable improvements in the City's financial numbers and cash balances. City income tax receipt collections for 2017 increased by 2.6% over the previous year and exceeded \$18.8 million in annual receipts on a cash basis. Continued increases in income tax receipts resulted in the General Fund unencumbered cash balance exceeding \$10.7 million at the end of 2017, the highest it's been since 2008. In comparison to past years, the General Fund's unencumbered cash balance increased by 32% over the previous year, and has more than doubled since December 31, 2015. The unencumbered cash balance for all funds in total City-wide also saw a 23% increase over the previous year and a 40% increase in comparison to the end of 2015.

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 2017, the five-year plan was revised, and 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, 2016. 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

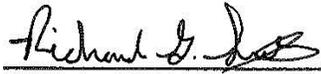
Certificate of Achievement, a governmental unit must publish an informative and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is applicable to one year only. The City of Moraine has received a Certificate of Achievement for the last 31 consecutive years (fiscal years ended 1986-2016). 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 black ink, appearing to read "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

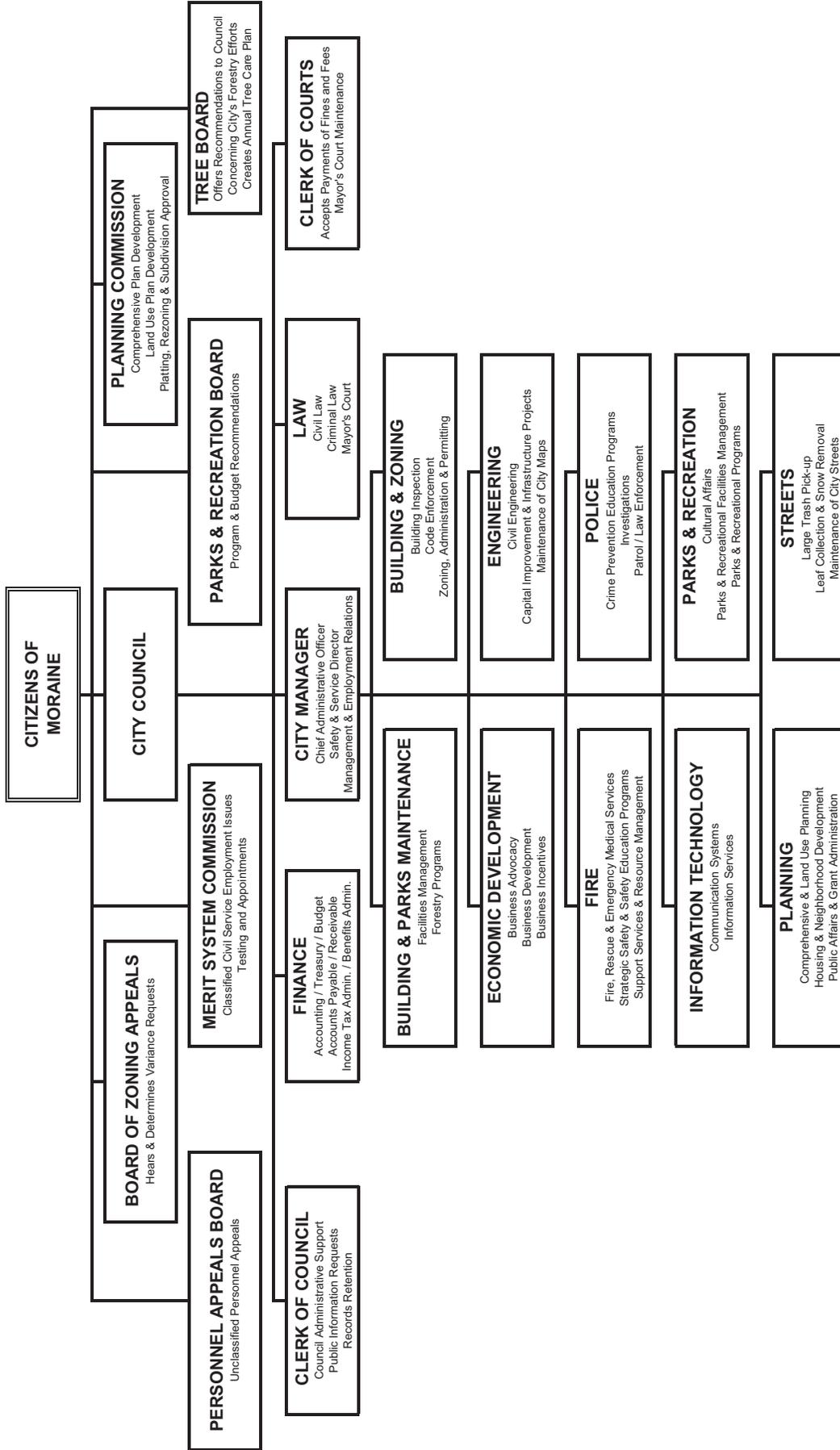
Penny C. Tincher, Financial Assistant

Richard Hisey, Financial Assistant

Briana Thomas, Finance Clerk

Sheri Thatcher, 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, 2016

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

City Council
City of Moraine, Ohio
4200 Dryden Road
Moraine, Ohio 45439

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, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with 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 that the management's discussion and analysis (pages 3 – 11), budgetary comparison schedules (pages 53 – 57) and the schedules of the City's proportionate share of net pension liabilities and contributions (pages 58 – 60) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 25, 2018

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(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, 2017. 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, 2017 are as follows:

- Total net position decreased by \$487,041 which represents a 1.9% decrease from the beginning of 2017. A decrease of \$491,565 was reported in governmental activities and an increase of \$4,524 was reported in business-type activities.
- Total assets of governmental activities at December 31, 2017 increased by \$4.5 million from those reported one year prior due primarily to the increase in equity in pooled cash and investments reported at the end of the year was 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 \$5.5 million due to the \$2.6 million bond anticipation notes issued during the year as well as increases in the amount reported at December 31, 2017 for accounts payable and the net pension liability.
- Overall, the net position of the City's business-type activities increased by \$4,524. The increase was less than the increase reported for 2016 as investment earnings rates decreased slightly for 2017 compared with the prior year due to the decrease in the fair value of the City's investments.
- The \$10.8 million unassigned ending fund balance reported in the General Fund represents 82.6% of the total expenditures, transfers excluded, reported in the General Fund for 2017 compared with 72.4% 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 2017?" 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 MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(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, Street Construction and Maintenance, and Vance Darroch Capital funds. 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, 2017
(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 \$24.6 million at December 31, 2017.

Table 1 provides a summary of the City's net position for 2017 compared to 2016.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 26,811,149	21,553,919	623,256	618,732	27,434,405	22,172,651
Capital Assets	26,664,265	27,441,303	-	-	26,664,265	27,441,303
Total Assets	53,475,414	48,995,222	623,256	618,732	54,098,670	49,613,954
Deferred Outflows of Resources	5,809,409	5,229,401	-	-	5,809,409	5,229,401
Current and Other Liabilities	4,102,890	931,545	-	-	4,102,890	931,545
Long-Term Liabilities:						
Net Pension Liability	20,484,669	18,250,201	-	-	20,484,669	18,250,201
Other Amounts	9,642,723	9,520,906	-	-	9,642,723	9,520,906
Total Liabilities	34,230,282	28,702,652	-	-	34,230,282	28,702,652
Deferred Inflows of Resources	1,030,071	1,005,936	-	-	1,030,071	1,005,936
Net Position:						
Net Investment in						
Capital Assets	23,229,306	24,220,997	-	-	23,229,306	24,220,997
Restricted	4,646,860	4,391,462	-	-	4,646,860	4,391,462
Unrestricted	(3,851,696)	(4,096,424)	623,256	618,732	(3,228,440)	(3,477,692)
Total Net Position	\$ 24,024,470	24,516,035	623,256	618,732	24,647,726	25,134,767

During 2015, the City adopted GASB Statement No. 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.

CITY OF MORaine, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

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 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 Statement No. 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.

In accordance with GASB Statement No. 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 decreased by \$491,565 from 2016 to 2017. The \$5.1 million increase in total assets and deferred outflows of resources was less than the \$5.6 million increase in total liabilities and deferred inflows of resources. The increase in assets and deferred outflows of resources was due primarily to the increase in equity in pooled cash and investments reported at the end of the year being larger than the decrease in capital assets (depreciation expense exceeding current year additions) reported at the end of

CITY OF MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

the year. The increase in total liabilities and deferred inflows of resources resulted from the issuance of \$2.6 million in bond anticipation notes during the year as well as increases in the amount reported at December 31, 2017 for accounts payable and the City's proportionate share of the net pension liability. The increase in accounts payable reported at the end of 2017 related to significant capital projects completed during 2017 that were not paid by year end, including roadway resurfacing as well as planning and engineering services for infrastructure in development areas within the City.

The deficit in unrestricted net position reported at the end of 2017 was \$244,728 less than the deficit amount reported in the prior year due to the amount of net position reported as net investment in capital assets for the current year compared to the prior year.

Table 2 shows the changes in the governmental and business-type net position for the year ended December 31, 2017 compared with the prior year.

Table 2
Changes in Net Position

	Governmental Activities		Business- Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for services	\$ 1,017,355	1,215,182	-	-	1,017,355	1,215,182
Operating grants and contributions	785,363	1,398,412	-	-	785,363	1,398,412
Capital grants and contributions	-	1,374,261	-	-	-	1,374,261
Total Program Revenues	1,802,718	3,987,855	-	-	1,802,718	3,987,855
General Revenues:						
Income taxes	18,308,167	18,313,736	-	-	18,308,167	18,313,736
Property and other taxes	557,585	575,449	-	-	557,585	575,449
Payment in lieu of taxes	344,578	292,317	-	-	344,578	292,317
Shared revenues	98,415	129,356	-	-	98,415	129,356
Investment earnings	86,551	99,100	4,524	5,038	91,075	104,138
Miscellaneous	448,249	384,057	-	-	448,249	384,057
Total General Revenues	19,843,545	19,794,015	4,524	5,038	19,848,069	19,799,053
Total Revenues	21,646,263	23,781,870	4,524	5,038	21,650,787	23,786,908
Expenses:						
General government	4,443,362	4,248,191	-	-	4,443,362	4,248,191
Public Safety	9,586,317	9,601,121	-	-	9,586,317	9,601,121
Highways & Streets	5,018,019	5,598,996	-	-	5,018,019	5,598,996
Sanitation	548,760	287,165	-	-	548,760	287,165
Culture & Recreation	1,425,957	1,170,422	-	-	1,425,957	1,170,422
Economic Development	552,724	1,533,824	-	-	552,724	1,533,824
Health & Welfare	178,685	151,645	-	-	178,685	151,645
Interest Expense and Issuance Costs	384,004	250,369	-	-	384,004	250,369
Total Expenses	22,137,828	22,841,733	-	-	22,137,828	22,841,733
Change in net position	(491,565)	940,137	4,524	5,038	(487,041)	945,175
Net Position - Beginning	24,516,035	23,575,898	618,732	613,694	25,134,767	24,189,592
Net Position - Ending	\$ 24,024,470	24,516,035	623,256	618,732	24,647,726	25,134,767

CITY OF MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

Total expenses of the governmental activities reported for 2017 were \$703,905 (3.1 percent) less than those reported for 2016. 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 \$637,665 more than that recorded in the prior year based on the information reported by the State-wide pension systems. These increases in expenses were less than the decreases in expenses related to highway and street maintenance and economic development for 2017 compared to those reported in 2016. The decrease in both these areas resulted from significant one-time projects occurring in 2016 (Main Street resurfacing and economic development incentives) which did not occur in 2017.

As noted in table 2, the City's municipal income tax revenue, which represents 84.6 percent of the total revenue received for the year, decreased slightly over the income tax revenue amount reported for 2016. While income tax revenue came in less than expected for 2017, the increase experienced in the prior year was significant (16.1 percent) and possibly skewed revenue projections. Capital grants decreased when compared to the prior year as the City received no State and Federal grant revenue to assist in funding roadway improvement and maintenance projects for the current year. The decrease in operating grants resulted from recognizing specific State and local grants in 2016 for economic development activities which was not received in 2017 as well as the change in which the State permissive sales tax is distributed to local governments during 2017.

Governmental Activities

Table 3 shows the expenses of each functional area and the net cost of each functional area financed with general revenue for 2017 and 2016.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Program Revenues</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General Government	\$ 4,443,362	\$ 4,248,191	\$ 438,271	\$ 510,551	\$ 4,005,091	\$ 3,737,640
Public Safety	9,586,317	9,601,121	451,084	915,766	9,135,233	8,685,355
Highways and Streets	5,018,019	5,598,996	636,617	1,420,852	4,381,402	4,178,144
Sanitation	548,760	287,165	382	8,430	548,378	278,735
Culture and Recreation	1,425,957	1,170,422	234,665	314,267	1,191,292	856,155
Economic Development	552,724	1,533,824	41,699	817,989	511,025	715,835
All Others	562,689	402,014	-	-	562,689	402,014
	<u>\$ 22,137,828</u>	<u>\$ 22,841,733</u>	<u>\$ 1,802,718</u>	<u>\$ 3,987,855</u>	<u>\$20,335,110</u>	<u>\$18,853,878</u>

As indicated by Table 3, the City is spending the vast majority (86.0 percent) of its resources on public safety, highways and streets and general government activities. While the expenses of the police and fire departments total approximately \$9.6 million, only \$451,084 of program revenue is generated to cover department expenses. The remaining \$9.1 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 \$4.4 million of the total governmental expenses. Court costs and fees generated by licenses and permits financed \$438,271 of the general government functional expenses while the remaining \$4.0 million comes from general revenue sources. Decrease in capital grants received from the State of Ohio and the federal government compared with the prior year accounts for the increase in the net cost related to highways and streets maintenance reported for 2017.

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(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 \$21.8 million and expenditures of \$19.9 million. During 2017, the net change in fund balance of the governmental funds was an increase of approximately \$2.2 million resulting in an ending total fund balance of \$17.7 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 \$2.6 million in fund balance during 2017. 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 \$382,291 increase in income tax revenues over those reported for the prior year while limiting the increase in expenditures for the year to 1.1 percent. The 2017 increase in the general fund balance was \$331,985 less than the change reported for 2016 due to the increased transfers out of the general fund for 2017, primarily to fund specific capital projects. 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, 2017 the ending unassigned fund balance of the General Fund was \$10.8 million; a 15.3 percent increase from the unassigned fund balance reported at December 31, 2016 and represents 82.6 percent of total General Fund expenditures, excluding transfers, reported for 2017.

The City separately reports three other governmental funds as major funds, one of which is a special revenue fund and other two are capital project funds. The Capital Improvement fund reported a slight increase in fund balance of \$40,525 which was anticipated as capital projects/purchases are planned and financed through transfers from the General Fund. Grant revenues decreased for 2017 compared to 2016 due availability of grant funding for the capital projects undertaken during the year. The revenue and expenditures of the Street Construction and Maintenance Fund were consistent with the prior year, however the fund decreased slightly during 2017 due to a decrease in the transfer from the General Fund. The Vance Darroch Capital fund was created in 2017 to account for the expenditures related to certain infrastructure improvements in development areas in the City. The City issued \$2.6 million in bond anticipation notes during the year to finance the initial phase of these improvements.

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 to the legal level must be approved by Council in advance.

General Fund revenues at the beginning of the year were estimated at \$20.4 million and were not modified during the year. Actual revenues for the year totaled \$20.2 million compared with final anticipated revenues being \$20.4 million. The variance in actual versus anticipated income tax revenues resulted from the City anticipating a greater growth in revenues based on the increase realized in the prior year. On a budgetary basis, actual revenues received during 2017 were 2.2 percent higher than those received in 2016 due to the 2.0 percent increase in income tax receipts for 2017 as well as the workers' compensation rebate received during the year.

CITY OF MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

The expenditures, excluding transfers, for the General Fund were estimated at \$14.4 million at the beginning of the year and increased only \$17,401 during the course of the year. Actual budgetary expenditures for the year were nearly \$2.0 million less than final budgetary estimates due to management's continued efforts to control spending and lower than expected spending levels, especially public safety functions.

Actual ending budgetary fund balance at December 31, 2017 was \$10.7 million compared to the \$8.0 million anticipated in the final 2017 budget.

Capital Assets

At the end of fiscal year 2017, the City had a total of \$64.8 million invested in capital assets less accumulated depreciation of \$38.1 million resulting in a net investment in capital assets of \$26.7 million. Major capital asset additions for 2017, included recording the addition to construction in progress of \$499,051 related to infrastructure project and recreation upgrades, \$144,117 for purchase of four police cruisers, and \$172,561 for a street sweeper. Current year disposals included the demolition of the old natatorium and various vehicles and pieces of equipment. Depreciation expense for 2017 was \$1.8 million, resulting in the overall decrease in the value of the City's capital assets reported at December 31, 2017.

Table 4 shows 2017 balances compared to those of 2016:

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

		Governmental Activities	
		2017	2016
Land	\$	10,967,884	10,967,884
Construction in progress		499,051	-
Building and improvements		3,757,976	3,986,508
Equipment		2,224,181	2,037,028
Infrastructure		9,215,173	10,449,883
Total	\$	26,664,265	27,441,303

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

Debt Administration

At December 31, 2017, the City had the following outstanding long-term obligations: \$5.1 million of general obligation bonds; \$921,255 associated with four Ohio Public Works Commission (OPWC) loans; and \$192,607 of capital lease obligations.

During the year, the City undertook an advance refunding of \$4.4 million of 2010 general obligation bonds by issuing refunding general obligation bonds. As a result of this advance refunding, the City will reduce its total debt service over the next 17 years by \$465,472 and resulted in an economic gain of \$392,463. A portion of the general obligation bonds will be paid from service payments in lieu of taxes, however in the event these payments are insufficient to cover debt service, the City is responsible for the debt service payments.

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, 2017
(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.

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CITY OF MORAINÉ, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 20,908,007	\$ 623,256	\$ 21,531,263
Cash in Segregated Accounts	123,176	-	123,176
Receivables:			
Income Tax	2,713,927	-	2,713,927
Property Tax	587,634	-	587,634
Payment in Lieu of Taxes	401,619	-	401,619
Accounts	490,934	-	490,934
Intergovernmental	399,440	-	399,440
Loans	913,000	-	913,000
Inventories	193,905	-	193,905
Prepays	79,507	-	79,507
Non Depreciable Assets	11,466,935	-	11,466,935
Depreciable Capital Assets, Net of Accumulated Depreciation	15,197,330	-	15,197,330
Total Assets	53,475,414	623,256	54,098,670
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	299,750	-	299,750
Pension	5,509,659	-	5,509,659
Total Deferred Outflows of Resources	5,809,409	-	5,809,409
LIABILITIES			
Accounts Payable	822,102	-	822,102
Salaries and Benefits Payable	479,910	-	479,910
Matured Compensated Absences Payable	43,583	-	43,583
Accrued Interest Payable	50,074	-	50,074
Insurance Claims Payable	142,221	-	142,221
Bond Anticipation Notes Payable	2,565,000	-	2,565,000
Long-Term Liabilities:			
Due Within One Year	496,879	-	496,879
Due In More Than One Year:			
Other Long-Term Liabilities	9,145,844	-	9,145,844
Net Pension Liability	20,484,669	-	20,484,669
Total Liabilities	34,230,282	-	34,230,282
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	556,993	-	556,993
Payments in Lieu of Property Taxes	400,000	-	400,000
Pension	73,078	-	73,078
Total Deferred Inflows of Resources	1,030,071	-	1,030,071
NET POSITION			
Net Investment in Capital Assets	23,229,306	-	23,229,306
Restricted for:			
Capital Projects	2,140,357	-	2,140,357
Streets and Highways	983,297	-	983,297
Debt Service	142,540	-	142,540
Economic Development	973,604	-	973,604
Law Enforcement Programs	263,402	-	263,402
Cemetery Operations	143,660	-	143,660
Unrestricted	(3,851,696)	623,256	(3,228,440)
Total Net Position	\$ 24,024,470	\$ 623,256	\$ 24,647,726

See accompanying notes to the basic financial statements.

CITY OF MORAINÉ, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Major Governmental Funds					Total Governmental Funds
	General Fund	Capital Improvement	Street Construction & Maintenance	Vance Darroch Capital	Other Governmental Funds	
ASSETS						
Equity in Pooled Cash and Investments	\$ 11,215,414	\$ 2,525,801	\$ 117,770	\$ 2,304,527	\$ 2,548,064	\$ 18,711,576
Cash in Segregated Accounts	122,565	611	-	-	-	123,176
Receivables:						
Income Tax	2,713,927	-	-	-	-	2,713,927
Property Tax	444,466	-	-	-	143,168	587,634
Payment in Lieu of Tax	-	-	-	-	401,619	401,619
Accounts	490,084	-	-	-	850	490,934
Intergovernmental	46,574	132,088	192,798	-	27,980	399,440
Loans	-	-	-	-	913,000	913,000
Inventories	10,553	-	69,420	-	-	79,973
Prepays	79,507	-	-	-	-	79,507
Total Assets	<u>\$ 15,123,090</u>	<u>\$ 2,658,500</u>	<u>\$ 379,988</u>	<u>\$ 2,304,527</u>	<u>\$ 4,034,681</u>	<u>\$ 24,500,786</u>
LIABILITIES						
Accounts Payable	\$ 126,949	\$ 518,143	\$ 931	\$ 164,938	\$ 1,465	\$ 812,426
Salaries and Benefits Payable	298,755	-	72,303	-	105,569	476,627
Matured Compensated Absences Payable	43,583	-	-	-	-	43,583
Bond Anticipation Notes Payable	-	-	-	2,565,000	-	2,565,000
Accrued Interest Payable	-	-	-	31,350	-	31,350
Total Liabilities	<u>469,287</u>	<u>518,143</u>	<u>73,234</u>	<u>2,761,288</u>	<u>107,034</u>	<u>3,928,986</u>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	421,341	-	-	-	135,652	556,993
Payments in Lieu of Taxes	-	-	-	-	400,000	400,000
Unavailable for:						
Income Taxes	1,044,590	-	-	-	-	1,044,590
Delinquent Property Taxes	23,125	-	-	-	7,516	30,641
Intergovernmental	40,279	132,088	163,554	-	24,141	360,062
Other Sources	455,599	-	-	-	2,469	458,068
Total Deferred Inflows of Resources	<u>1,984,934</u>	<u>132,088</u>	<u>163,554</u>	<u>-</u>	<u>569,778</u>	<u>2,850,354</u>
FUND BALANCE						
Nonspendable for:						
Materials and Supplies Inventory	10,553	-	69,420	-	-	79,973
Prepaid Items	79,507	-	-	-	-	79,507
Long-term Receivable	-	-	-	-	885,000	885,000
Restricted for:						
Law Enforcement	-	-	-	-	263,402	263,402
Cemetery Services	-	-	-	-	142,810	142,810
Debt Service	-	-	-	-	161,264	161,264
Street Repair and Maintenance	-	-	73,780	-	961,672	1,035,452
Economic Development	-	-	-	-	889,790	889,790
Committed for:						
Capital Projects	-	2,008,269	-	-	-	2,008,269
Economic Development	-	-	-	-	88,604	88,604
Assigned for:						
Subsequent Appropriations	1,104,953	-	-	-	-	1,104,953
Unpaid Obligations	449,270	-	-	-	-	449,270
Recreation Services	242,561	-	-	-	-	242,561
Unassigned	10,782,025	-	-	(456,761)	(34,673)	10,290,591
Total Fund Balance	<u>12,668,869</u>	<u>2,008,269</u>	<u>143,200</u>	<u>(456,761)</u>	<u>3,357,869</u>	<u>17,721,446</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,123,090</u>	<u>\$ 2,658,500</u>	<u>\$ 379,988</u>	<u>\$ 2,304,527</u>	<u>\$ 4,034,681</u>	<u>\$ 24,500,786</u>

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, 2017

Total Governmental Fund Balances		\$ 17,721,446
<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.		26,664,265
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Municipal income taxes	1,044,590	
Property and other taxes	30,641	
Shared revenues and grants	360,062	
Charges for services and other sources	458,068	
Total		1,893,361
Deferred outflows of resources from loss on refunding is amortized over the life of the bonds and are not reported in the funds.		299,750
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.		1,866,552
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	(18,724)	
Compensated absences payable	(2,875,087)	
General obligations bonds payable	(5,060,000)	
Premium on bonds	(502,652)	
Capital lease obligation	(192,607)	
OPWC loans payable	(921,255)	
Total		(9,570,325)
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	5,343,994	
Net pension liability	(20,123,968)	
Deferred inflows - pension	(70,605)	
Total		(14,850,579)
Governmental Activities' Net Position		\$ 24,024,470

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Major Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Capital Improvement	Street Construction & Maintenance	Vance Darroch Capital		
REVENUES						
Taxes:						
Income	\$ 18,485,982	\$ -	\$ -	\$ -	\$ -	\$ 18,485,982
Property	424,569	-	-	-	136,130	560,699
Other	21,324	-	-	-	-	21,324
Payment in Lieu of Taxes	-	-	-	-	342,959	342,959
Shared Revenues	108,760	84,000	433,041	-	63,141	688,942
Intergovernmental Grants	57,243	77,801	-	-	41,699	176,743
Licenses and Permits	112,221	-	-	-	-	112,221
Charges for Services	600,597	-	-	-	5,050	605,647
Fines	253,394	9,448	-	-	844	263,686
Investment Earnings	65,020	-	1,233	-	20,298	86,551
Miscellaneous	277,757	194,878	23,182	-	5,310	501,127
Total Revenues	<u>20,406,867</u>	<u>366,127</u>	<u>457,456</u>	<u>-</u>	<u>615,431</u>	<u>21,845,881</u>
EXPENDITURES						
Current:						
General Government	3,480,185	-	-	-	14,438	3,494,623
Public Safety	7,573,912	-	-	-	961,204	8,535,116
Highways and Streets	272,011	-	1,978,148	-	53,527	2,303,686
Sanitation	275,275	-	-	-	-	275,275
Economic Development	201,070	-	-	-	307,679	508,749
Health and Welfare	152,504	-	-	-	-	152,504
Culture and Recreation	1,097,059	-	-	-	-	1,097,059
Debt service:						
Principal	-	120,291	-	-	195,000	315,291
Interest	-	8,663	-	31,350	210,924	250,937
Issuance costs	-	-	-	-	148,038	148,038
Capital Outlays:						
General Government	-	457,795	-	-	-	457,795
Public Safety	-	285,781	-	-	-	285,781
Highways and Streets	-	1,376,478	-	455,614	-	1,832,092
Culture and Recreation	-	273,485	-	-	-	273,485
Total Expenditures	<u>13,052,016</u>	<u>2,522,493</u>	<u>1,978,148</u>	<u>486,964</u>	<u>1,890,810</u>	<u>19,930,431</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>7,354,851</u>	<u>(2,156,366)</u>	<u>(1,520,692)</u>	<u>(486,964)</u>	<u>(1,275,379)</u>	<u>1,915,450</u>
OTHER FINANCING						
SOURCES (USES)						
Transfers In	-	2,110,000	1,490,000	-	1,225,000	4,825,000
Transfers Out	(4,825,000)	-	-	-	-	(4,825,000)
Sale of Capital Assets	31,563	-	-	-	-	31,563
Issuance of Loan	-	86,891	-	-	-	86,891
Issuance of Refunding Bonds	-	-	-	-	4,425,000	4,425,000
Premium on Debt Issued	-	-	-	30,203	505,731	535,934
Payment to Refunding Escrow Agent	-	-	-	-	(4,781,629)	(4,781,629)
Total Other Financing Sources (Uses)	<u>(4,793,437)</u>	<u>2,196,891</u>	<u>1,490,000</u>	<u>30,203</u>	<u>1,374,102</u>	<u>297,759</u>
Net Change in Fund Balance	2,561,414	40,525	(30,692)	(456,761)	98,723	2,213,209
Fund Balance - Beginning	10,107,455	1,967,744	173,892	-	3,259,146	15,508,237
Fund Balance - Ending	<u>\$ 12,668,869</u>	<u>\$ 2,008,269</u>	<u>\$ 143,200</u>	<u>\$ (456,761)</u>	<u>\$ 3,357,869</u>	<u>\$ 17,721,446</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, 2017

Net Change in Fund Balance - Total Governmental Funds \$ 2,213,209

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	1,015,407	
Depreciation	(1,755,818)	
Book value of disposed capital assets	<u>(36,627)</u>	
Total		(777,038)

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 proceeds	(4,425,000)	
OPWC loan proceeds	(86,891)	
Premiums on general obligation bonds	(505,731)	
Payment to refunding escrow agent	4,781,629	
General obligation bond payment	195,000	
Capital lease payment	59,992	
OPWC loan payment	60,299	
Amortization of deferred charge on refunding (amount does not include refunding transaction)	(8,816)	
Amortization of premium (amount does not include refunding transaction)	<u>18,239</u>	
Total		88,721

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. (46,068)

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. (229,821)

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	5,548	
Decrease in compensated absences payable	<u>91,619</u>	
Total		97,167

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,427,116

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (3,264,851)

Change in Net Position of Governmental Activities \$ (491,565)

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	<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	\$ 623,256	\$ 2,196,431
Inventories	-	113,932
Total Assets	<u>623,256</u>	<u>2,310,363</u>
Deferred Outflows of Resources		
Pension	-	165,665
Total Deferred Outflows of Resources	<u>-</u>	<u>165,665</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	-	9,676
Salaries and Benefits Payable	-	3,283
Compensated Absences Payable	-	5,208
Insurance Claims Payable	-	142,221
Total Current Liabilities	<u>-</u>	<u>160,388</u>
Long-Term Liabilities		
Compensated Absences Payable	-	85,914
Net Pension Liability	-	360,701
Total Long-Term Liabilities	<u>-</u>	<u>446,615</u>
Total Liabilities	<u>-</u>	<u>607,003</u>
Deferred Inflows of Resources		
Pension	-	2,473
Total Deferred Inflows of Resources	<u>-</u>	<u>2,473</u>
NET POSITION		
Unrestricted	623,256	1,866,552
Total Net Position	<u>\$ 623,256</u>	<u>\$ 1,866,552</u>

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Enterprise Fund</u>	
	<u>Moraine Loan</u>	<u>Internal</u>
	<u>Program</u>	<u>Service Funds</u>
Operating Revenues		
Charges for Services	\$ -	\$ 2,597,858
Miscellaneous	-	91,025
Total Operating Revenues	<u>-</u>	<u>2,688,883</u>
Operating Expenses		
Personal Services	-	346,808
Contractual Services	-	409,552
Supplies and Materials	-	212,354
Claims and Judgements	-	1,779,912
Total Operating Expenses	<u>-</u>	<u>2,748,626</u>
Operating Loss	<u>-</u>	<u>(59,743)</u>
Non-Operating Revenues		
Investment earnings	4,524	13,675
Total Non-Operating Revenues	<u>4,524</u>	<u>13,675</u>
Change in Net Position	4,524	(46,068)
Total Net Position - Beginning	618,732	1,912,620
Total Net Position - Ending	<u>\$ 623,256</u>	<u>\$ 1,866,552</u>

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Enterprise Fund	Internal
	Moraine Loan	Service Funds
	Program	
Cash Flows From Operating Activities		
Cash received for interfund services	\$ -	\$ 2,597,858
Miscellaneous receipts & reimbursements	-	91,025
Cash paid to employees for services	-	(297,213)
Cash paid to suppliers for goods or services	-	(627,946)
Cash paid for insurance claims	-	(1,785,520)
Net cash used by operating activities	-	(21,796)
Cash Flows From Non-Capital Financing Activities		
Repayment of loan principal	-	-
Net cash provided by non-capital financing activities	-	-
Cash Flows From Investing Activities		
Investment earnings	4,524	13,675
Net cash provided by investing activities	4,524	13,675
Net Change	4,524	(8,121)
Equity in Pooled Cash and Investments Beginning of Year	618,732	2,204,552
Equity in Pooled Cash and Investments End of Year	\$ 623,256	\$ 2,196,431
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities		
Operating loss	\$ -	\$ (59,743)
Adjustments to reconcile operating income		
to net cash used by operating activities:		
Increase in inventories	-	(594)
Increase in deferred outflows of resources	-	(45,169)
Decrease in accounts payable	-	(5,446)
Decrease in salaries and benefits payable	-	(11,525)
Decrease in insurance claims payable	-	(5,608)
Increase in compensated absences payable	-	2,407
Increase in net pension liabilities	-	106,509
Decrease in deferred inflows of resources	-	(2,627)
Net cash used by operating activities	\$ -	\$ (21,796)

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2017

	Agency Funds
ASSETS	
Equity in Pooled Cash and Investments	\$ 44,524
Cash in Segregated Accounts	7,961
Accounts Receivable	10,775
Total Assets	\$ 63,260
 LIABILITIES	
Deposits	\$ 55,299
Due to Other Governments	4,779
Escrow Bonds and Deposits	3,182
Total Liabilities	\$ 63,260

See accompanying notes to the basic financial statements.

CITY OF MORAINÉ, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017

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.

Vance Darroch Capital Fund – This fund accounts for the construction cost related to installation of infrastructure improvements within the Vance Darroch development area.

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, 2017

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, 2017

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 for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained further in Note 7.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 taxes and payments in lieu of property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which are levied to finance fiscal year 2018 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, shared 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 2017, 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 2017 amounted to \$91,075.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, 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 the acquisition value 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.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 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

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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.

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, 2017, 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.

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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 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 2017, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement improves financial reporting by enhancing consistency in the application of financial reporting requirements related to certain pension issues, including presentation of payroll-related measures in RSI, selection of assumptions, and classification of employer-paid member contributions. These changes are incorporated into the City's 2017 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.

CITY OF MORAIN, OHIO
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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 through the Ohio Pooled Collateral System (OPCS), a centralized collateral system monitored by the Ohio Treasurer of State. Financial institutions participating in OPCS must pledge eligible securities equal to at least 102 percent of the carrying value of all public deposits held by each institution. Financial institutions choosing not to participate in OPCS must pledge eligible securities equal to at least 105 percent of the carrying value of the public deposits held by each institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

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 or 102 percent for OPCS. 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 \$11,263,889 of which \$262,784 was covered by federal deposit insurance and the remaining \$11,001,105 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:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>Two to Three Years</u>	<u>Beyond Three Years</u>
Federal Agency Securities	AA+	\$ 4,056,643	\$ 3,022,710	\$ -	\$ 1,033,933
STAR Ohio	AAAm	328,016	328,016	-	-
Negotiable CD's	N/A	4,014,194	1,671,457	2,342,737	-
Mutual Funds	N/A	2,577,192	2,577,192	-	-
		<u>\$ 10,976,045</u>	<u>\$ 7,599,375</u>	<u>\$ 2,342,737</u>	<u>\$ 1,033,933</u>

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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.

STAR Ohio is managed to maintain a weighted average maturity to reset of 60 days or less and a weighted average maturity to final of 90 days or less, to enhance liquidity and to limit market price exposure to volatile interest rate movements in the market. STAR Ohio had an average maturity of 52.1 days as of December 31, 2017.

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:

<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, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Federal Home Loan Mortgage	\$ 4,056,643	36.96%
STAR Ohio	328,016	2.99%
Negotiable CD's	4,014,194	36.57%
Mutual Funds	<u>2,577,192</u>	<u>23.48%</u>
	\$ <u>10,976,045</u>	<u>100.00%</u>

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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, 2017:

<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	\$ 4,056,643	\$ -	\$ 4,056,643	\$ -
Negotiable CD's	4,014,194	-	4,014,194	-
	<u>\$ 8,070,837</u>	<u>\$ -</u>	<u>\$ 8,070,837</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.

NOTE 5 – RECEIVABLES:

Receivables at December 31, 2017 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 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes were levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of the appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

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The full tax rate for all City operations for the year ended December 31, 2017 was \$2.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property Tax Assessed Valuation	\$ 137,197,780
Public Utility Real Property Assessed Valuation	377,740
Public Utility Personal Property Assessed Valuation	<u>95,377,990</u>
Total	<u><u>\$ 232,953,510</u></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, 2017, 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 2017 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.

During 2017, 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

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, 2017 were as follows:

Loans Receivable, 12/31/2016	\$ 736,000
New Loans	220,000
Forgiven Loans	<u>(43,000)</u>
Loans Receivable, 12/31/2017	<u><u>\$ 913,000</u></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 fourth of these disbursements occurred during 2017. In addition, the City entered into an additional loan agreement during 2017 amounting to \$20,000. 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.

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NOTE 6 – CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Balance</u> <u>12/31/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/17</u>
<i>Governmental Activities</i>				
Non-depreciable capital assets:				
Land	\$ 10,967,884	\$ -	\$ -	\$ 10,967,884
Construction in Progress	-	499,051	-	499,051
Non-depreciable capital assets:	<u>10,967,884</u>	<u>499,051</u>	<u>-</u>	<u>11,466,935</u>
Depreciable capital assets:				
Buildings and improvements	12,741,704	-	(613,000)	12,128,704
Equipment	10,148,848	516,356	(404,122)	10,261,082
Infrastructure	30,883,159	-	-	30,883,159
Depreciable capital assets:	<u>53,773,711</u>	<u>516,356</u>	<u>(1,017,122)</u>	<u>53,272,945</u>
Less: accumulated depreciation				
Buildings and improvements	(8,755,196)	(228,532)	613,000	(8,370,728)
Equipment	(8,111,820)	(292,576)	367,495	(8,036,901)
Infrastructure	(20,433,276)	(1,234,710)	-	(21,667,986)
Accumulated depreciation	<u>(37,300,292)</u>	<u>(1,755,818) *</u>	<u>980,495</u>	<u>(38,075,615)</u>
Depreciable capital assets, net	<u>16,473,419</u>	<u>(1,239,462)</u>	<u>(36,627)</u>	<u>15,197,330</u>
Governmental activities capital assets, net	<u>\$ 27,441,303</u>	<u>\$ (740,411)</u>	<u>\$ (36,627)</u>	<u>\$ 26,664,265</u>

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

General Government	\$ 95,429
Public Safety	189,336
Highways and Streets	1,249,006
Culture and Recreation	215,539
Economic Development	6,508
Total depreciation expense - governmental activities	<u>\$ 1,755,818</u>

In 2010, the City decided to close the water park, Splash! Moraine due to budgetary constraints. During 2017, a significant portion of the former water park's facilities and equipment were disposed of by the City to repurpose the location to better fit the needs of the City's residents. No impairment loss is recognized on the remaining assets as the City is performing normal, routine maintenance to ensure those assets do not lose value, other than normal depreciation, over time until they are reutilized. The carrying value of these assets as of December 31, 2017 is \$71,924, 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 \$135,806 and accumulated depreciation of \$135,806.

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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.

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

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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):

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. For 2017, member contribution rates were 10% of salary and employer rates contribution rates were 14%, both of which were equal to the statutory maximum rates provided by the ORC. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 1.0% during calendar year 2017. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution for pension was \$516,923; \$64,249 is reported within accrued salaries and benefits.

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

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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:

	<u>Police</u>	<u>Firefighters</u>
2017 Statutory Maximum Contribution Rates:		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2017 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%

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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$936,606 for 2017; \$105,568 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, 2016, 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, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. 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	\$ 7,101,268	\$ 13,383,401	\$ 20,484,669
Proportion of the net pension liability			
Current measurement date	0.031272%	0.211297%	
Prior measurement date	<u>0.028964%</u>	<u>0.205708%</u>	
Change in proportionate share	<u>0.002308%</u>	<u>0.005589%</u>	
Pension expense	\$ 1,737,087	\$ 1,612,888	\$ 3,349,975

At December 31, 2017, 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	\$ 1,057,543	\$ 1,301,478	\$ 2,359,021
Differences between expected and actual experience	9,625	3,784	13,409
Change in assumptions	1,126,349	-	1,126,349
Change in City's proportionate share and difference in employer contributions	282,942	274,409	557,351
City contributions subsequent to the measurement date	<u>516,923</u>	<u>936,606</u>	<u>1,453,529</u>
Total	<u>\$ 2,993,382</u>	<u>\$ 2,516,277</u>	<u>\$ 5,509,659</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	<u>\$ (42,265)</u>	<u>\$ (30,813)</u>	<u>\$ (73,078)</u>

\$1,453,529 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	OPERS	OP&F	Total
Fiscal Year Ending December 31:			
2018	\$ 1,055,687	\$ 548,154	\$ 1,603,841
2019	1,025,514	548,154	1,573,668
2020	383,992	430,212	814,204
2021	(30,999)	(34,434)	(65,433)
2022	-	51,530	51,530
Thereafter	-	5,242	5,242
	\$ 2,434,194	\$ 1,548,858	\$ 3,983,052

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 actuarial valuation was determined using the following actuarial assumptions applied to the applicable periods included in the measurement:

<u>Assumptions</u>	<u>12/31/16 Valuation</u>	<u>12/31/15 Valuation</u>
Wage inflation	3.25%	3.75%
Future salary increases including inflation	3.25% to 10.75%	4.25% to 10.05%
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 retirees	3.00%, simple	3.00%, simple
Post-January 7, 2013 retirees	3.00% simple through 2018, then 2.15% simple	3.00% simple through 2018, then 2.80% simple
Investment rate of return	7.50%	8.00%
Actuarial cost method	Individual Entry Age	Individual Entry Age
Mortality tables	RP-2014	RP-2000

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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.

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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.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 annual money-weighted rate of return expressing investment performance, net of investments expense and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

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 2016 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%	2.75%
Domestic Equities	20.70%	6.34%
Real Estate	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other Investments	<u>18.00%</u>	<u>4.92%</u>
Total	<u>100.00%</u>	<u>5.66%</u>

Discount Rate The discount rate used to measure the total pension liability was 7.50 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 7.50 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 (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 10,848,916	\$ 7,101,268	\$ 3,978,436

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, 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, 2016, are presented below:

Valuation Date	1/1/2016 with actuarial liabilities rolled forward to 12/31/2016
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 for the five-year period ended December 31, 2011.

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, 2016 are summarized below:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash & Cash Equivalents	0.00%	0.00%
Domestic Equity	16.00%	5.21%
Non-US Equity	16.00%	5.40%
Core Fixed Income *	20.00%	2.37%
Global Inflation Protected *	20.00%	2.33%
High Yield	15.00%	4.48%
Real Estate	12.00%	5.65%
Private Markets	8.00%	7.99%
Timber	5.00%	6.87%
Master Limited Partnerships	8.00%	7.36%

Note: Assumptions are geometric.

* - levered 2x

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	\$ 17,825,104	\$ 13,383,401	\$ 9,618,996

Changes Between Measurement Date and Report Date In 2017, the OP&F Board of Trustees adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is the reduction in the discount rate from 8.25 percent to 8.00 percent. Although the exact amount of these changes is not known, the impact of to the City's net position liability is expected to be significant.

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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.

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 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. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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. OPERS issues a stand-alone 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 2017, 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 fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension and Combined Plans was 1.0% during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS 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 employer contribution as a percentage of covered payroll deposited to the RMAs for participants in the Member-Directed Plan for 2017 was 4%.

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Actual employer contributions for 2017, 2016, and 2015 which were used to fund post-employment benefits were \$40,250, \$81,881, and \$73,158, respectively.

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 statutory survivor benefit 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 2017, 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).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's actual contributions for 2017, 2016 and 2015 that were used to fund postemployment benefits were \$22,036, \$35,887 and \$21,060, respectively.

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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 \$962,867 at December 31, 2017.

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 \$2,046,925 at December 31, 2017.

NOTE 10 – RISK MANAGEMENT:

Casualty & Property Coverage

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, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Assets	\$ 44,452,326	\$ 42,182,281
Liabilities	<u>(13,004,011)</u>	<u>(13,396,700)</u>
Net Position - Unrestricted	<u>\$ 31,448,315</u>	<u>\$ 28,785,581</u>

The Pool's membership increased from 520 members in 2016 to 527 members in 2017.

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, 2017 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. As a result of this risk analysis, PEP has elected to increase its retention for casualty and property claims to \$500,000 and \$250,000, respectively, effective January 1, 2018.

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Unpaid claims of the Pool that will be billed in the future were approximately \$11.3 million and \$11.5 million at December 31, 2017 and 2016, respectively. Coverage has not changed and losses have not exceeded that coverage over the last three years.

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 significant stop loss reimbursement in the past three years.

Below is a claims history for the past three years:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Claims liability at January 1	\$ 147,829	\$ 85,338	\$ 60,713
Claims incurred	1,719,327	1,575,671	1,468,778
Claims paid	<u>(1,743,717)</u>	<u>(1,513,180)</u>	<u>(1,444,153)</u>
Claims liability at December 31	<u>\$ 123,439</u>	<u>\$ 147,829</u>	<u>\$ 85,338</u>

NOTE 11 - LONG-TERM OBLIGATIONS:

Long-term obligations activity for the year ended December 31, 2017, is as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>One Year</u>
<i>Governmental Activities:</i>					
General Obligation Bonds	\$ 5,250,000	\$ 4,425,000	\$ 4,615,000	\$ 5,060,000	\$ 205,000
Premium on Bonds	68,223	505,731	71,302	502,652	-
Ohio Public Works Commission	894,663	86,891	60,299	921,255	60,298
Capital Lease Obligation	252,599	-	59,992	192,607	62,050
Compensated Absences	3,055,421	84,828	174,040	2,966,209	169,531
Net Pension Liability:					
OPERS	5,016,862	2,084,406	-	7,101,268	-
OP&F	<u>13,233,339</u>	<u>150,062</u>	<u>-</u>	<u>13,383,401</u>	<u>-</u>
Total Net Pension Liability	<u>18,250,201</u>	<u>2,234,468</u>	<u>-</u>	<u>20,484,669</u>	<u>-</u>
Total Governmental Activities	<u>\$ 27,771,107</u>	<u>\$ 7,336,918</u>	<u>\$ 4,980,633</u>	<u>\$ 30,127,392</u>	<u>\$ 496,879</u>

During 2017, the City issued \$4,425,000 of general obligation various purpose infrastructure and improvement refunding bonds, series 2017. The proceeds were used to refund \$4,420,000 of the 2010 various infrastructure and improvement general obligation bonds. Interest rates on the series 2017 bonds range from 2.00% to 4.00% and the bonds mature on December 1, 2034. The total issuance net proceeds, including premium less issuance cost, totaling \$4,781,629 were placed into an irrevocable trust with an escrow agent to provide funds to call the refunded debt on December 1, 2019. As a result, the \$4,420,000 of 2010 various infrastructure and improvement general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The City refunded the 2010 bonds to reduce its total debt service payments over the next 17 years by \$465,472 and to obtain an economic gain of \$392,463.

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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%. In 2017, the City advanced refunded \$4,420,000 of these bonds and the remaining portion will mature on December 1, 2020.

A portion of the debt service on the general obligation 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, 2017, the City has four 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 2015; \$266,579 for roadway improvements to Stroop Road during 2016; and \$86,891 for resurfacing of Northlawn Avenue during 2017. All four of these loans carried an interest rate of zero percent and have maturities of 20 years. At December 31, 2017 the outstanding balance on these four loans totaled \$921,255.

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 and the equipment was in the amount of \$310,601. Payments of \$68,656 will be made annually, ending on June 1, 2020.

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.

Debt Service Requirements

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

Year	Governmental Activities		
	General Obligation Bonds		OPWC Loans
	Principal	Interest	Principal
2018	\$ 205,000	\$ 188,288	\$ 60,298
2019	210,000	180,600	60,299
2020	220,000	172,200	60,297
2021	255,000	161,200	60,299
2022	255,000	156,100	60,298
2023-2027	1,430,000	645,000	301,492
2028-2032	1,710,000	359,800	233,989
2033-2036	775,000	46,600	84,284
Total	<u>\$ 5,060,000</u>	<u>\$ 1,909,788</u>	<u>\$ 921,256</u>

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

Calendar Year	Amount
2018	\$ 68,656
2019	68,656
2020	68,656
Total minimum lease payments	205,968
Less: amount representing interest	(13,361)
Present value of minimum lease payments	<u>\$ 192,607</u>

Defeased Bonds Outstanding

During 2017, the City advanced refunded \$4,420,000 of 2010 various infrastructure and improvement general obligation bonds by placing funds into an irrevocable trust with an escrow agent. As such, the refunded 2010 bonds are considered defeased and the liability has been removed from the statement of net position. At December 31, 2017 the total amount of the refunded bonds remained outstanding and will remain as such until the call date of December 1, 2019.

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.

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 2017 payment was \$75,732 and included \$47,000 in principal and \$28,732 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.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 – BOND ANTICIPATION NOTES PAYABLE:

During 2017, the City issued \$2,565,000 of bond anticipate notes to provide financing for infrastructure improvements within the Vance Darroch development area. The 2017 notes were offered at a stated coupon rate of 2.50% and a stated yield of 1.30%. Final purchase rate was a true interest cost of 1.508%. The 2017 notes will mature on June 28, 2018.

A summary of the City’s short-term bond anticipation note transactions for the year ended December 31, 2017 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
2017 Infrastructure Improvement				
BAN - 2.5%	\$ -	\$ 2,565,000	\$ -	\$ 2,565,000
Total Notes Payable	<u>\$ -</u>	<u>\$ 2,565,000</u>	<u>\$ -</u>	<u>\$ 2,565,000</u>

NOTE 15 – ACCOUNTABILITY:

At December 31, 2017, the Vance Darroch Capital Fund, as well as the Police Pension and Fire Pension Funds (non-major special revenue funds), reported deficit fund balances of \$456,761, \$15,867 and \$18,806, 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.

NOTE 16 – INTERFUND ACTIVITY:

Interfund transfers for the year ended December 31, 2017, consisted of the following:

<u>Transfer to Fund</u>	<u>Transfer from Fund</u>	<u>Amount</u>
Street Construction and Maintenance	General	\$ 1,490,000
Capital Improvement	General	2,110,000
Nonmajor - Economic Development	General	400,000
Nonmajor - Police Pension	General	395,000
Nonmajor - Fire Pension	General	430,000
		<u>\$ 4,825,000</u>

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

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 – COMMITMENTS:

Contractual Commitments

At December 31, 2017, the City had the following amounts due on contractual commitments outstanding: \$200,000 for dispatch and ARS software; \$110,000 for 911 upgrades; \$172,000 for purchase of new ambulance; \$494,740 for roadway resurfacing of Miami Shores; and \$1,443,644 for infrastructure construction at Pinnacle Ridge, section one.

Encumbrances

Outstanding encumbrances at year-end include:

Fund	Encumbrance Outstanding
General	\$ 486,922
Capital Improvement	2,339,292
Street Construction & Maintenance	14,727
Vance Darroch Capital	1,566,291
Other Governmental Funds	71,742
	\$ 4,478,974

NOTE 18 – 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, 2017 to December 31, 2017, 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.

**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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Income	\$ 18,860,000	\$ 18,860,000	\$ 18,527,974	\$ (332,026)
Property	413,759	413,759	424,569	10,810
Other	10,000	10,000	21,324	11,324
Shared Revenues	135,017	135,017	97,320	(37,697)
Intergovernmental	22,250	22,250	22,031	(219)
License and Permits	159,800	159,800	112,221	(47,579)
Charges for Services	392,900	392,900	411,563	18,663
Fines	255,300	255,300	259,379	4,079
Investment Earnings	90,000	90,000	115,359	25,359
Rents and Royalties	10,000	10,000	10,158	158
Miscellaneous	79,282	79,282	218,862	139,580
Total Revenues	<u>20,428,308</u>	<u>20,428,308</u>	<u>20,220,760</u>	<u>(207,548)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Council				
Personnel services	16,515	16,515	13,349	3,166
General operating expenses	53,408	88,408	56,526	31,882
Total Council	<u>69,923</u>	<u>104,923</u>	<u>69,875</u>	<u>35,048</u>
Clerk of Council				
Personnel services	71,948	71,778	69,190	2,588
General operating expenses	16,943	16,943	6,643	10,300
Total Clerk of Council	<u>88,891</u>	<u>88,721</u>	<u>75,833</u>	<u>12,888</u>
City Manager				
Personnel services	317,325	315,325	302,573	12,752
General operating expenses	63,739	63,739	23,629	40,110
Total City Manager	<u>381,064</u>	<u>379,064</u>	<u>326,202</u>	<u>52,862</u>
Clerk of Courts				
Personnel services	178,916	184,916	174,756	10,160
General operating expenses	44,650	38,650	29,364	9,286
Total Clerk of Courts	<u>223,566</u>	<u>223,566</u>	<u>204,120</u>	<u>19,446</u>
Law Director				
General operating expenses	219,416	219,416	150,979	68,437
Total Law Director	<u>219,416</u>	<u>219,416</u>	<u>150,979</u>	<u>68,437</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, 2017
(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Merit Service				
General operating expenses	13,000	18,000	9,499	8,501
Total Merit Service	<u>13,000</u>	<u>18,000</u>	<u>9,499</u>	<u>8,501</u>
Mayor				
Personnel services	6,450	6,450	4,857	1,593
General operating expenses	1,400	1,400	451	949
Total Mayor	<u>7,850</u>	<u>7,850</u>	<u>5,308</u>	<u>2,542</u>
Finance				
Personnel services	625,747	645,648	601,521	44,127
General operating expenses	92,001	92,001	61,914	30,087
Total Finance	<u>717,748</u>	<u>737,649</u>	<u>663,435</u>	<u>74,214</u>
Information Center				
Personnel services	152,302	151,072	99,413	51,659
Total Information Center	<u>152,302</u>	<u>151,072</u>	<u>99,413</u>	<u>51,659</u>
Public Buildings				
Personnel services	492,342	492,342	432,905	59,437
General operating expenses	705,967	670,967	506,918	164,049
Total Public Buildings	<u>1,198,309</u>	<u>1,163,309</u>	<u>939,823</u>	<u>223,486</u>
General Miscellaneous				
Personnel services	353,690	353,690	206,468	147,222
General operating expenses	592,749	566,724	498,841	67,883
Total General Miscellaneous	<u>946,439</u>	<u>920,414</u>	<u>705,309</u>	<u>215,105</u>
Information Technology				
Personnel services	212,487	212,487	205,860	6,627
General operating expenses	318,930	318,930	188,015	130,915
Total Information Technology	<u>531,417</u>	<u>531,417</u>	<u>393,875</u>	<u>137,542</u>
Human Resources				
General operating expenses	78,258	78,258	62,484	15,774
Total Human Resources	<u>78,258</u>	<u>78,258</u>	<u>62,484</u>	<u>15,774</u>
TOTAL GENERAL GOVERNMENT	<u>4,628,183</u>	<u>4,623,659</u>	<u>3,706,155</u>	<u>917,504</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, 2017
(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY				
Police				
Personnel services	3,792,200	3,792,200	3,758,509	33,691
General operating expenses	677,681	677,681	484,146	193,535
Total Police	<u>4,469,881</u>	<u>4,469,881</u>	<u>4,242,655</u>	<u>227,226</u>
Fire				
Personnel services	3,610,641	3,608,641	3,177,666	430,975
General operating expenses	357,552	382,077	264,668	117,409
Total Fire	<u>3,968,193</u>	<u>3,990,718</u>	<u>3,442,334</u>	<u>548,384</u>
Civil Defense				
General operating expenses	10,950	10,950	8,083	2,867
Total Civil Defense	<u>10,950</u>	<u>10,950</u>	<u>8,083</u>	<u>2,867</u>
TOTAL PUBLIC SAFETY	<u>8,449,024</u>	<u>8,471,549</u>	<u>7,693,072</u>	<u>778,477</u>
HIGHWAYS AND STREETS				
Engineering				
Personnel services	-	-	-	-
General operating expenses	181,500	181,500	102,680	78,820
Total Engineering	<u>181,500</u>	<u>181,500</u>	<u>102,680</u>	<u>78,820</u>
Street Lighting				
General operating expenses	288,925	288,925	257,365	31,560
Total Street Lighting	<u>288,925</u>	<u>288,925</u>	<u>257,365</u>	<u>31,560</u>
TOTAL HIGHWAYS AND STREETS	<u>470,425</u>	<u>470,425</u>	<u>360,045</u>	<u>110,380</u>
SANITATION				
Waste Collection				
General operating expenses	364,979	364,979	300,872	64,107
Total Waste Collection	<u>364,979</u>	<u>364,979</u>	<u>300,872</u>	<u>64,107</u>
TOTAL SANITATION	<u>364,979</u>	<u>364,979</u>	<u>300,872</u>	<u>64,107</u>
HEALTH AND WELFARE				
Health & Alcoholism				
General operating expenses	1,700	1,700	1,667	33
Total Health & Alcoholism	<u>1,700</u>	<u>1,700</u>	<u>1,667</u>	<u>33</u>
Board of Zoning Appeals				
General operating expenses	450	450	-	450
Total Board of Zoning Appeals	<u>450</u>	<u>450</u>	<u>-</u>	<u>450</u>

(continued)

CITY OF MORAINÉ, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2017
(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Building Inspection				
Personnel services	124,233	124,233	120,074	4,159
General operating expenses	109,857	109,857	46,425	63,432
Total Building Inspection	<u>234,090</u>	<u>234,090</u>	<u>166,499</u>	<u>67,591</u>
TOTAL HEALTH AND WELFARE	<u>236,240</u>	<u>236,240</u>	<u>168,166</u>	<u>68,074</u>
ECONOMIC DEVELOPMENT AND ASSISTANCE				
Planning				
Personnel services	196,498	195,898	192,089	3,809
General operating expenses	27,234	27,234	12,250	14,984
Total Planning	<u>223,732</u>	<u>223,132</u>	<u>204,339</u>	<u>18,793</u>
Planning Commission				
General operating expenses	4,000	4,000	3,021	979
Total Planning Commission	<u>4,000</u>	<u>4,000</u>	<u>3,021</u>	<u>979</u>
TOTAL ECONOMIC DEVELOPMENT AND ASSISTANCE	<u>227,732</u>	<u>227,132</u>	<u>207,360</u>	<u>19,772</u>
TOTAL EXPENDITURES	<u>14,376,583</u>	<u>14,393,984</u>	<u>12,435,670</u>	<u>1,958,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,051,725</u>	<u>6,034,324</u>	<u>7,785,090</u>	<u>1,750,766</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,189,000)	(6,625,000)	(5,675,000)	950,000
Proceeds from the sale of capital assets	35,000	35,000	31,563	(3,437)
Total Other Financing Sources (Uses)	<u>(5,154,000)</u>	<u>(6,590,000)</u>	<u>(5,643,437)</u>	<u>946,563</u>
Net Change in Fund Balance	897,725	(555,676)	2,141,653	2,697,329
Fund Balance - Beginning	8,102,547	8,102,547	8,102,547	-
Prior Year Encumbrances Appropriated	461,388	461,388	461,388	-
Fund Balance - Ending	<u>\$ 9,461,660</u>	<u>\$ 8,008,259</u>	<u>\$ 10,705,588</u>	<u>\$ 2,697,329</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 430,000	\$ 430,000	\$ 439,537	\$ 9,537
Investment Earnings	1,700	1,700	1,410	(290)
Miscellaneous	2,000	2,000	23,182	21,182
Total Revenues	<u>433,700</u>	<u>433,700</u>	<u>464,129</u>	<u>30,429</u>
EXPENDITURES				
HIGHWAY AND STREETS				
Streets Department				
Personnel Services	1,831,688	1,831,688	1,615,065	216,623
General Operating Expenses	387,254	387,254	345,315	41,939
Total Expenditures	<u>2,218,942</u>	<u>2,218,942</u>	<u>1,960,380</u>	<u>258,562</u>
Excess (deficiency) of revenues over (under)	<u>(1,785,242)</u>	<u>(1,785,242)</u>	<u>(1,496,251)</u>	<u>288,991</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,750,000	1,750,000	1,490,000	(260,000)
Total Other Financing Sources (Uses)	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,490,000</u>	<u>(260,000)</u>
Net Change in Fund Balance	(35,242)	(35,242)	(6,251)	28,991
Fund Balance - Beginning	101,241	101,241	101,241	-
Prior Year Encumbrances Appropriated	8,855	8,855	8,855	-
Fund Balance - Ending	<u>\$ 74,854</u>	<u>\$ 74,854</u>	<u>\$ 103,845</u>	<u>\$ 28,991</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 Four Years (1)

	2016	2015	2014	2013
<u>Ohio Public Employees Retirement System - Traditional Plan:</u>				
City's Proportion of the Net Pension Liability	0.031272%	0.028964%	0.026116%	0.026116%
City's Proportionate Share of the Net Pension Liability	\$ 7,101,268	\$ 5,016,862	\$ 3,151,149	\$ 3,078,736
City's Covered Payroll	\$ 4,038,675	\$ 3,610,042	\$ 3,201,850	\$ 2,932,369
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.83%	138.97%	98.42%	104.99%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%
<u>Ohio Police and Fire Pension Fund:</u>				
City's Proportion of the Net Pension Liability	0.211297%	0.205708%	0.205342%	0.205342%
City's Proportionate Share of the Net Pension Liability	\$ 13,383,401	\$ 13,233,339	\$ 10,637,551	\$ 10,000,780
City's Covered Payroll	\$ 4,721,005	\$ 4,538,940	\$ 4,220,732	\$ 4,471,557
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	283.49%	291.55%	252.03%	223.65%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	68.36%	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.

Notes to the Schedule:

Change in assumptions: in 2017, changes in assumptions for OPERS were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction in the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

CITY OF MORAIN, OHIO

Schedule of the City's Contributions
Last Five Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Ohio Public Employees Retirement System - Traditional Plan:</u>					
Contractually Required Contribution	\$ 516,923	\$ 484,641	\$ 433,205	\$ 384,222	\$ 381,208
Contributions in Relation to the Contractually Required Contributions	<u>(516,923)</u>	<u>(484,641)</u>	<u>(433,205)</u>	<u>(384,222)</u>	<u>(381,208)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
City Covered Payroll	\$ 3,976,331	\$ 4,038,675	\$ 3,610,042	\$ 3,201,850	\$ 2,932,369
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%
<u>Ohio Police and Fire Pension Fund:</u>					
Contractually Required Contribution	\$ 936,606	\$ 948,450	\$ 911,873	\$ 859,341	\$ 763,742
Contributions in Relation to the Contractually Required Contributions	<u>(936,606)</u>	<u>(948,450)</u>	<u>(911,873)</u>	<u>(859,341)</u>	<u>(763,742)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
City Covered Payroll	\$ 4,662,051	\$ 4,721,005	\$ 4,538,940	\$ 4,220,732	\$ 4,471,557
Contributions as a Percentage of Covered Payroll	20.09%	20.09%	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.

CITY OF MORaine, OHIO
Notes to Required Supplementary Information
For the Year Ended December 31, 2017

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	\$ 2,561,414	\$ (30,692)
Revenue Accruals	101,971	6,673
Expenditure Accruals	(32,018)	32,495
Encumbrances	(448,695)	(14,727)
Funds Budgeted Elsewhere	(41,019)	-
Budget Basis	\$ 2,141,653	\$ (6,251)

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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	\$ 2,386,800	\$ 161,264	\$ 2,548,064
Receivables:			
Property Tax	143,168	-	143,168
Payment in Lieu of Taxes	401,619	-	401,619
Accounts	850	-	850
Intergovernmental	27,980	-	27,980
Loans	913,000	-	913,000
Total Assets	\$ 3,873,417	\$ 161,264	\$ 4,034,681
LIABILITIES			
Accounts Payable	\$ 1,465	\$ -	\$ 1,465
Salaries and Benefits Payable	105,569	-	105,569
Total Liabilities	107,034	-	107,034
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes	135,652	-	135,652
Payment in Lieu of Taxes	400,000	-	400,000
Unavailable for:			
Delinquent Property Taxes	7,516	-	7,516
Intergovernmental	24,141	-	24,141
Other Sources	2,469	-	2,469
Total Deferred Inflows of Resources	569,778	-	569,778
FUND BALANCES			
Nonspendable:			
Long-term Receivables	885,000	-	885,000
Restricted for:			
Law Enforcement	263,402	-	263,402
Cemetery Services	142,810	-	142,810
Debt Service	-	161,264	161,264
Street Repair and Maintenance	961,672	-	961,672
Economic Development	889,790	-	889,790
Committed for:			
Economic Development	88,604	-	88,604
Unassigned	(34,673)	-	(34,673)
Total Fund Balances	3,196,605	161,264	3,357,869
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,873,417	\$ 161,264	\$ 4,034,681

CITY OF MORAIN, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	State Highway Improvement	Cemetery	Motor Vehicle License Tax
ASSETS			
Equity in Pooled Cash and Investments	\$ 860,772	\$ 142,810	\$ 98,526
Receivables:			
Property Tax	-	-	-
Payment in Lieu of Taxes	-	-	-
Accounts	-	850	-
Intergovernmental	15,634	-	9,830
Loans	-	-	-
Total Assets	<u>\$ 876,406</u>	<u>\$ 143,660</u>	<u>\$ 108,356</u>
LIABILITIES			
Accounts Payable	\$ 293	\$ -	\$ 1,172
Salaries and Benefits Payable	-	-	-
Total Liabilities	<u>293</u>	<u>-</u>	<u>1,172</u>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes	-	-	-
Payments in Lieu of Taxes	-	-	-
Unavailable for:			
Delinquent Property Taxes	-	-	-
Intergovernmental	13,262	-	8,363
Other Sources	-	850	-
Total Deferred Inflows of Resources	<u>13,262</u>	<u>850</u>	<u>8,363</u>
FUND BALANCE			
Nonspendable			
Long-term Receivable	-	-	-
Restricted for:			
Law Enforcement	-	-	-
Cemetery Services	-	142,810	-
Street Repair and Maintenance	862,851	-	98,821
Economic Development	-	-	-
Committed for:			
Economic Development	-	-	-
Unassigned	-	-	-
Total Fund Balance	<u>862,851</u>	<u>142,810</u>	<u>98,821</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 876,406</u>	<u>\$ 143,660</u>	<u>\$ 108,356</u>

Enforcement and Education	Economic Development	T.I.F.	Police Pension	Fire Pension	Federal Law Enforcement
\$ 58,995	\$ 60,604	\$ 889,790	\$ 34,578	\$ 36,318	\$ 49,083
-	-	-	71,584	71,584	-
-	-	401,619	-	-	-
-	-	-	-	-	-
-	-	-	1,258	1,258	-
-	913,000	-	-	-	-
<u>\$ 58,995</u>	<u>\$ 973,604</u>	<u>\$ 1,291,409</u>	<u>\$ 107,420</u>	<u>\$ 109,160</u>	<u>\$ 49,083</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	50,445	55,124	-
-	-	-	50,445	55,124	-
-	-	-	67,826	67,826	-
-	-	400,000	-	-	-
-	-	-	3,758	3,758	-
-	-	-	1,258	1,258	-
-	-	1,619	-	-	-
-	-	401,619	72,842	72,842	-
-	885,000	-	-	-	-
58,995	-	-	-	-	49,083
-	-	-	-	-	-
-	-	889,790	-	-	-
-	88,604	-	-	-	-
-	-	-	(15,867)	(18,806)	-
<u>58,995</u>	<u>973,604</u>	<u>889,790</u>	<u>(15,867)</u>	<u>(18,806)</u>	<u>49,083</u>
<u>\$ 58,995</u>	<u>\$ 973,604</u>	<u>\$ 1,291,409</u>	<u>\$ 107,420</u>	<u>\$ 109,160</u>	<u>\$ 49,083</u>

(continued)

CITY OF MORAINÉ, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017
(continued)

	State Law Enforcement	Drug Law Enforcement	Total Nonmajor Special Revenue Funds
ASSETS			
Equity in Pooled Cash and Investments	\$ 116,239	\$ 39,085	\$ 2,386,800
Receivables:			
Property Tax	-	-	143,168
Payment in Lieu of Taxes	-	-	401,619
Accounts	-	-	850
Intergovernmental	-	-	27,980
Loans	-	-	913,000
Total Assets	<u>\$ 116,239</u>	<u>\$ 39,085</u>	<u>\$ 3,873,417</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 1,465
Salaries and Benefits Payable	-	-	105,569
Total Liabilities	<u>-</u>	<u>-</u>	<u>107,034</u>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes	-	-	135,652
Payments in Lieu of Taxes	-	-	400,000
Unavailable for:			
Delinquent Property Taxes	-	-	7,516
Intergovernmental	-	-	24,141
Other Sources	-	-	2,469
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>569,778</u>
FUND BALANCE			
Nonspendable			
Long-term Receivable	-	-	885,000
Restricted for:			
Law Enforcement	116,239	39,085	263,402
Cemetery Services	-	-	142,810
Street Repair and Maintenance	-	-	961,672
Economic Development	-	-	889,790
Committed for:			
Economic Development	-	-	88,604
Unassigned	-	-	(34,673)
Total Fund Balance	<u>116,239</u>	<u>39,085</u>	<u>3,196,605</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 116,239</u>	<u>\$ 39,085</u>	<u>\$ 3,873,417</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, 2017

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Taxes:			
Property	\$ 136,130	\$ -	\$ 136,130
Payment in Lieu of Taxes	342,959	-	342,959
Shared Revenues	63,141	-	63,141
Intergovernmental Grants	41,699	-	41,699
Charges for Services	5,050	-	5,050
Fines	844	-	844
Investment Earnings	19,128	1,170	20,298
Miscellaneous	5,310	-	5,310
Total Revenues	<u>614,261</u>	<u>1,170</u>	<u>615,431</u>
EXPENDITURES			
Current:			
General government	14,438	-	14,438
Public Safety	961,204	-	961,204
Highways and streets	53,527	-	53,527
Economic Development	307,679	-	307,679
Debt service			
Principal	195,000	-	195,000
Interest	210,924	-	210,924
Issuance Costs	148,038	-	148,038
Total Expenditures	<u>1,890,810</u>	<u>-</u>	<u>1,890,810</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,276,549)</u>	<u>1,170</u>	<u>(1,275,379)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,225,000	-	1,225,000
Proceeds from Refunding Bonds	4,425,000	-	4,425,000
Premium on Refunding Bonds	505,731	-	505,731
Payment to Refunding Escrow Agent	(4,781,629)	-	(4,781,629)
Total Other Financing Sources (Uses)	<u>1,374,102</u>	<u>-</u>	<u>1,374,102</u>
Net Change in Fund Balance	97,553	1,170	98,723
Fund Balance - Beginning	3,099,052	160,094	3,259,146
Fund Balance - Ending	<u>\$ 3,196,605</u>	<u>\$ 161,264</u>	<u>\$ 3,357,869</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, 2017

	<u>State Highway Improvement</u>	<u>Cemetery</u>	<u>Motor Vehicle License Tax</u>
REVENUES			
Taxes:			
Property	\$ -	\$ -	\$ -
Payment in Lieu of Taxes	-	-	-
Shared Revenues	35,112	-	22,947
Intergovernmental Grants	-	-	-
Charges for Services	-	5,050	-
Fines	-	-	-
Investment Earnings	6,295	1,083	750
Miscellaneous	-	250	-
Total Revenues	<u>41,407</u>	<u>6,383</u>	<u>23,697</u>
EXPENDITURES			
Current:			
General Government	-	11,478	-
Public Safety	-	-	-
Highways and Streets	30,322	-	23,205
Economic Development	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Issuance Costs	-	-	-
Total Expenditures	<u>30,322</u>	<u>11,478</u>	<u>23,205</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>11,085</u>	<u>(5,095)</u>	<u>492</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Proceeds from Refunding Bonds	-	-	-
Premium on Refunding Bonds	-	-	-
Payment to Refunding Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	11,085	(5,095)	492
Fund Balance - Beginning	851,766	147,905	98,329
Fund Balance - Ending	<u>\$ 862,851</u>	<u>\$ 142,810</u>	<u>\$ 98,821</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>
\$ -	\$ -	\$ -	\$ 68,065	\$ 68,065	\$ -
-	-	342,959	-	-	-
-	-	-	2,541	2,541	-
-	-	41,699	-	-	-
-	-	-	-	-	-
604	-	-	-	-	-
422	-	8,776	148	204	356
-	-	-	-	-	-
<u>1,026</u>	<u>-</u>	<u>393,434</u>	<u>70,754</u>	<u>70,810</u>	<u>356</u>
-	-	2,960	-	-	-
-	-	-	463,393	497,811	-
-	-	-	-	-	-
-	196,218	111,461	-	-	-
-	-	195,000	-	-	-
-	-	210,924	-	-	-
-	-	148,038	-	-	-
-	<u>196,218</u>	<u>668,383</u>	<u>463,393</u>	<u>497,811</u>	<u>-</u>
<u>1,026</u>	<u>(196,218)</u>	<u>(274,949)</u>	<u>(392,639)</u>	<u>(427,001)</u>	<u>356</u>
-	400,000	-	395,000	430,000	-
-	-	4,425,000	-	-	-
-	-	505,731	-	-	-
-	-	(4,781,629)	-	-	-
-	<u>400,000</u>	<u>149,102</u>	<u>395,000</u>	<u>430,000</u>	<u>-</u>
1,026	203,782	(125,847)	2,361	2,999	356
57,969	769,822	1,015,637	(18,228)	(21,805)	48,727
<u>\$ 58,995</u>	<u>\$ 973,604</u>	<u>\$ 889,790</u>	<u>\$ (15,867)</u>	<u>\$ (18,806)</u>	<u>\$ 49,083</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, 2017

(Continued)

	<u>State Law Enforcement</u>	<u>Drug Law Enforcement</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES			
Taxes:			
Property	\$ -	\$ -	\$ 136,130
Payment in Lieu of Taxes	-	-	342,959
Shared Revenues	-	-	63,141
Intergovernmental Grants	-	-	41,699
Charges for Services	-	-	5,050
Fines	240	-	844
Investment Earnings	810	284	19,128
Miscellaneous	5,060	-	5,310
Total Revenues	<u>6,110</u>	<u>284</u>	<u>614,261</u>
EXPENDITURES			
Current:			
General government	-	-	14,438
Public Safety	-	-	961,204
Highways and streets	-	-	53,527
Economic development	-	-	307,679
Debt service			
Principal	-	-	195,000
Interest	-	-	210,924
Issuance Costs	-	-	148,038
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,890,810</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>6,110</u>	<u>284</u>	<u>(1,276,549)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,225,000
Proceeds from Refunding Bonds	-	-	4,425,000
Premium on Refunding Bonds	-	-	505,731
Payment to Refunding Escrow Agent	-	-	(4,781,629)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,374,102</u>
Net Change in Fund Balance	6,110	284	97,553
Fund Balance - Beginning	110,129	38,801	3,099,052
Fund Balance - Ending	<u>\$ 116,239</u>	<u>\$ 39,085</u>	<u>\$ 3,196,605</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 33,000	\$ 33,000	\$ 35,638	\$ 2,638
Investment Earnings	7,500	7,500	7,262	(238)
Total Revenues	<u>40,500</u>	<u>40,500</u>	<u>42,900</u>	<u>2,400</u>
EXPENDITURES				
HIGHWAY AND STREETS				
Street Department				
General Operating Expenses	148,615	148,615	63,963	84,652
Total Expenditures	<u>148,615</u>	<u>148,615</u>	<u>63,963</u>	<u>84,652</u>
Net Change in Fund Balance	(108,115)	(108,115)	(21,063)	87,052
Fund Balance - Beginning	843,413	843,413	843,413	-
Prior Year Encumbrances Appropriated	19,414	19,414	19,414	-
Fund Balance - Ending	<u>\$ 754,712</u>	<u>\$ 754,712</u>	<u>\$ 841,764</u>	<u>\$ 87,052</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 5,000	\$ 5,000	\$ 5,050	\$ 50
Investment Earnings	1,300	1,300	1,212	(88)
Miscellaneous	1,000	1,000	250	(750)
Total Revenues	<u>7,300</u>	<u>7,300</u>	<u>6,512</u>	<u>(788)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Building and Park Maintenance				
General Operating Expenses	25,750	25,750	12,928	12,822
Total Expenditures	<u>25,750</u>	<u>25,750</u>	<u>12,928</u>	<u>12,822</u>
Net Change in Fund Balance	(18,450)	(18,450)	(6,416)	12,034
Fund Balance - Beginning	147,648	147,648	147,648	-
Prior Year Encumbrances Appropriated	1,100	1,100	1,100	-
Fund Balance - Ending	<u>\$ 130,298</u>	<u>\$ 130,298</u>	<u>\$ 142,332</u>	<u>\$ 12,034</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 23,500	\$ 23,500	\$ 23,164	\$ (336)
Investment Earnings	1,000	1,000	846	(154)
Total Revenues	<u>24,500</u>	<u>24,500</u>	<u>24,010</u>	<u>(490)</u>
EXPENDITURES				
HIGHWAY AND STREETS				
Street Department				
General Operating Expenses	57,894	57,894	34,448	23,446
Total Expenditures	<u>57,894</u>	<u>57,894</u>	<u>34,448</u>	<u>23,446</u>
Net Change in Fund Balance	(33,394)	(33,394)	(10,438)	22,956
Fund Balance - Beginning	92,121	92,121	92,121	-
Prior Year Encumbrances Appropriated	9,093	9,093	9,093	
Fund Balance - Ending	<u>\$ 67,820</u>	<u>\$ 67,820</u>	<u>\$ 90,776</u>	<u>\$ 22,956</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines	\$ 600	\$ 600	\$ 604	\$ 4
Investment Earnings	500	500	493	(7)
Total Revenues	<u>1,100</u>	<u>1,100</u>	<u>1,097</u>	<u>(3)</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>4,500</u>	<u>-</u>
Net Change in Fund Balance	(3,400)	(3,400)	(3,403)	(3)
Fund Balance - Beginning	58,301	58,301	58,301	-
Fund Balance - Ending	<u>\$ 54,901</u>	<u>\$ 54,901</u>	<u>\$ 54,898</u>	<u>\$ (3)</u>

CITY OF MORAINE, OHIO
ECONOMIC DEVELOPMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 90,000	\$ 90,000	\$ -	\$ (90,000)
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>(90,000)</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Economic Development				
General operating expenses	464,000	464,000	373,217	90,783
Total Expenditures	<u>464,000</u>	<u>464,000</u>	<u>373,217</u>	<u>90,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(374,000)</u>	<u>(374,000)</u>	<u>(373,217)</u>	<u>783</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	400,000	400,000	400,000	-
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net Change in Fund Balance	26,000	26,000	26,783	783
Fund Balance - Beginning	33,823	33,823	33,823	-
Fund Balance - Ending	<u>\$ 59,823</u>	<u>\$ 59,823</u>	<u>\$ 60,606</u>	<u>\$ 783</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Payments in lieu of taxes	\$ 355,727	\$ 355,727	\$ 342,959	\$ (12,768)
Intergovernmental Grants	44,000	44,000	41,699	(2,301)
Investment Earnings	10,000	10,000	9,040	(960)
Miscellaneous	-	-	-	-
Total Revenues	<u>409,727</u>	<u>409,727</u>	<u>393,698</u>	<u>(16,029)</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Engineer				
General operating expenses	120,611	120,611	118,571	2,040
DEBT SERVICE				
Principal Retirement	195,000	195,000	195,000	-
Interest	264,271	264,271	239,273	24,998
Issuance costs	-	149,000	148,038	962
Total Expenditures	<u>579,882</u>	<u>728,882</u>	<u>700,882</u>	<u>28,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(170,155)</u>	<u>(319,155)</u>	<u>(307,184)</u>	<u>11,971</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	150,000	150,000	-	(150,000)
Proceeds from the sale of bonds	-	4,930,635	4,930,731	96
Payment to refunding escrow agent	-	(4,781,635)	(4,781,629)	6
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>299,000</u>	<u>149,102</u>	<u>(149,898)</u>
Net Change in Fund Balance	(20,155)	(20,155)	(158,082)	(137,927)
Fund Balance - Beginning	996,439	996,439	996,439	-
Encumbrances	24,997	24,997	24,997	-
Fund Balance - Ending	<u>\$ 1,001,281</u>	<u>\$ 1,001,281</u>	<u>\$ 863,354</u>	<u>\$ (137,927)</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 66,492	\$ 66,492	\$ 68,065	\$ 1,573
Intergovernmental	2,600	2,600	2,541	(59)
Investment Earnings	275	275	196	(79)
Total Revenues	<u>69,367</u>	<u>69,367</u>	<u>70,802</u>	<u>1,435</u>
EXPENDITURES				
PUBLIC SAFETY				
Police				
Personnel	456,960	492,960	462,874	30,086
General operating expense	1,500	1,500	1,035	465
Total Expenditures	<u>458,460</u>	<u>494,460</u>	<u>463,909</u>	<u>30,551</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(389,093)</u>	<u>(425,093)</u>	<u>(393,107)</u>	<u>31,986</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	384,000	424,000	395,000	(29,000)
Total Other Financing Sources (Uses)	<u>384,000</u>	<u>424,000</u>	<u>395,000</u>	<u>(29,000)</u>
Net Change in Fund Balance	(5,093)	(1,093)	1,893	2,986
Fund Balance - Beginning	32,920	32,920	32,920	-
Fund Balance - Ending	<u>\$ 27,827</u>	<u>\$ 31,827</u>	<u>\$ 34,813</u>	<u>\$ 2,986</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 66,492	\$ 66,492	\$ 68,065	\$ 1,573
Intergovernmental	2,600	2,600	2,541	(59)
Investment Earnings	250	250	241	(9)
Total Revenues	<u>69,342</u>	<u>69,342</u>	<u>70,847</u>	<u>1,505</u>
EXPENDITURES				
PUBLIC SAFETY				
Fire				
Personnel	574,455	574,455	500,165	74,290
General operating expense	1,500	1,500	1,035	465
Total Expenditures	<u>575,955</u>	<u>575,955</u>	<u>501,200</u>	<u>74,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(506,613)</u>	<u>(506,613)</u>	<u>(430,353)</u>	<u>76,260</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	515,000	515,000	430,000	(85,000)
Total Other Financing Sources (Uses)	<u>515,000</u>	<u>515,000</u>	<u>430,000</u>	<u>(85,000)</u>
Net Change in Fund Balance	8,387	8,387	(353)	(8,740)
Fund Balance - Beginning	36,919	36,919	36,919	-
Fund Balance - Ending	<u>\$ 45,306</u>	<u>\$ 45,306</u>	<u>\$ 36,566</u>	<u>\$ (8,740)</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 400	\$ 400	\$ 412	\$ 12
Fines	5,000	5,000	-	(5,000)
Total Revenues	<u>5,400</u>	<u>5,400</u>	<u>412</u>	<u>(4,988)</u>
EXPENDITURES				
PUBLIC SAFETY				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	5,400	5,400	412	(4,988)
Fund Balance - Beginning	49,004	49,004	49,004	-
Fund Balance - Ending	<u>\$ 54,404</u>	<u>\$ 54,404</u>	<u>\$ 49,416</u>	<u>\$ (4,988)</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 5,060	\$ 5,060	\$ 5,060	\$ -
Investment Earnings	1,000	1,000	973	(27)
Total Revenues	<u>6,060</u>	<u>6,060</u>	<u>6,033</u>	<u>(27)</u>
EXPENDITURES				
PUBLIC SAFETY				
Police				
General operating expense	17,500	17,500	-	17,500
Total Expenditures	<u>17,500</u>	<u>17,500</u>	<u>-</u>	<u>17,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,440)</u>	<u>(11,440)</u>	<u>6,033</u>	<u>17,473</u>
OTHER FINANCING SOURCES (USES)				
Sale of Forfeited Property	10,000	10,000	240	(9,760)
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>240</u>	<u>(9,760)</u>
Net Change in Fund Balance	(1,440)	(1,440)	6,273	7,713
Fund Balance - Beginning	110,758	110,758	110,758	-
Fund Balance - Ending	<u>\$ 109,318</u>	<u>\$ 109,318</u>	<u>\$ 117,031</u>	<u>\$ 7,713</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 350	\$ 350	\$ 329	\$ (21)
Total Revenues	<u>350</u>	<u>350</u>	<u>329</u>	<u>(21)</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	(6,650)	(6,650)	329	6,979
Fund Balance - Beginning	39,023	39,023	39,023	-
Fund Balance - Ending	<u>\$ 32,373</u>	<u>\$ 32,373</u>	<u>\$ 39,352</u>	<u>\$ 6,979</u>

CITY OF MORAIN, 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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 199,500	\$ 199,500	\$ 177,764	\$ (21,736)
Investment Earnings	2,000	2,000	1,714	(286)
Grants	5,000	50,000	44,938	(5,062)
Miscellaneous	2,000	2,000	11,590	9,590
Total Revenues	<u>208,500</u>	<u>253,500</u>	<u>236,006</u>	<u>(17,494)</u>
EXPENDITURES				
CULTURE AND RECREATION				
Civic Center				
Personnel services	303,439	312,299	297,934	14,365
General operating expenses	59,840	59,840	44,990	14,850
Total Civic Center	<u>363,279</u>	<u>372,139</u>	<u>342,924</u>	<u>29,215</u>
Recreational Center				
Personnel services	601,665	592,805	558,346	34,459
General operating expenses	204,318	204,318	152,112	52,206
Total Recreational Center	<u>805,983</u>	<u>797,123</u>	<u>710,458</u>	<u>86,665</u>
Parks & Recreation Programs				
General operating expenses	76,940	76,940	40,466	36,474
Total Parks & Recreation Programs	<u>76,940</u>	<u>76,940</u>	<u>40,466</u>	<u>36,474</u>
Total Expenditures	<u>1,246,202</u>	<u>1,246,202</u>	<u>1,093,848</u>	<u>152,354</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,037,702)</u>	<u>(992,702)</u>	<u>(857,842)</u>	<u>134,860</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	970,000	970,000	850,000	(120,000)
Total Other Financing Sources (Uses)	<u>970,000</u>	<u>970,000</u>	<u>850,000</u>	<u>(120,000)</u>
Net Change in Fund Balance	(67,702)	(22,702)	(7,842)	14,860
Fund Balance - Beginning	121,279	121,279	121,279	-
Prior Year Encumbrances Appropriated	21,659	21,659	21,659	-
Fund Balance - Ending	<u>\$ 75,236</u>	<u>\$ 120,236</u>	<u>\$ 135,096</u>	<u>\$ 14,860</u>

CITY OF MORaine, OHIO
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 1,500	\$ 1,500	\$ 1,355	\$ (145)
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,355</u>	<u>(145)</u>
EXPENDITURES				
Debt Service	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,500	1,500	1,355	(145)
Fund Balance - Beginning	161,008	161,008	161,008	-
Fund Balance - Ending	<u>\$ 162,508</u>	<u>\$ 162,508</u>	<u>\$ 162,363</u>	<u>\$ (145)</u>

CITY OF MORAIN, OHIO
CAPITAL IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ -	\$ -	\$ 84,000	\$ 84,000
Grants	3,346,126	3,346,126	675,758	(2,670,368)
Fines	10,000	10,000	9,518	(482)
Miscellaneous	450,000	450,000	194,878	(255,122)
Total Revenues	<u>3,806,126</u>	<u>3,806,126</u>	<u>964,154</u>	<u>(2,841,972)</u>
EXPENDITURES				
CAPITAL OUTLAY				
General Government	1,375,146	1,436,646	474,192	962,454
Public Safety	773,078	871,078	850,570	20,508
Highways and Streets	2,376,889	2,127,389	1,801,380	326,009
Health and Welfare	-	90,000	90,000	-
Culture-Recreation	1,075,774	1,075,774	950,994	124,780
Economic Development	14,000	14,000	-	14,000
DEBT SERVICE				
Principal	219,755	219,755	175,954	43,801
Interest	28,732	28,732	28,732	-
Total Expenditures	<u>5,863,374</u>	<u>5,863,374</u>	<u>4,371,822</u>	<u>1,491,552</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,057,248)</u>	<u>(2,057,248)</u>	<u>(3,407,668)</u>	<u>(1,350,420)</u>
OTHER FINANCING SOURCES				
Transfers in	1,000,000	1,000,000	2,110,000	1,110,000
Total Other Financing Sources	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,110,000</u>	<u>1,110,000</u>
Net Change in Fund Balance	(1,057,248)	(1,057,248)	(1,297,668)	(240,420)
Fund Balance - Beginning	280,057	280,057	280,057	-
Prior Year Encumbrances Appropriated	1,204,119	1,204,119	1,204,119	-
Fund Balance - Ending	<u>\$ 426,928</u>	<u>\$ 426,928</u>	<u>\$ 186,508</u>	<u>\$ (240,420)</u>

CITY OF MORAIN, OHIO
VANCE DARROCH CAPITAL PROJECT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
CAPITAL OUTLAY				
Highways and Streets	2,750,000	2,750,000	1,856,967	893,033
Total Expenditures	2,750,000	2,750,000	1,856,967	893,033
Excess (deficiency) of revenues over (under) expenditures	(2,750,000)	(2,750,000)	(1,856,967)	893,033
OTHER FINANCING SOURCES				
Proceeds from the sale of notes	2,750,000	2,750,000	2,595,203	(154,797)
Total Other Financing Sources	2,750,000	2,750,000	2,595,203	(154,797)
Net Change in Fund Balance	-	-	738,236	738,236
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 738,236	\$ 738,236

CITY OF MORAIN, OHIO
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2017

	<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	\$ 315,783	\$ 1,495,376	\$ 385,272	\$ 2,196,431
Inventories	113,932	-	-	113,932
Total Current Assets	<u>429,715</u>	<u>1,495,376</u>	<u>385,272</u>	<u>2,310,363</u>
Total Assets	<u>429,715</u>	<u>1,495,376</u>	<u>385,272</u>	<u>2,310,363</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pensions	165,665	-	-	165,665
Total Deferred Outflows of Resources	<u>165,665</u>	<u>-</u>	<u>-</u>	<u>165,665</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	229	9,447	-	9,676
Salaries and Benefits Payable	3,283	-	-	3,283
Compensated Absences Payable	5,208	-	-	5,208
Insurance Claims Payable	-	18,782	123,439	142,221
Total Current Liabilities	<u>8,720</u>	<u>28,229</u>	<u>123,439</u>	<u>160,388</u>
LONG-TERM LIABILITIES				
Compensated Absences Payable	85,914	-	-	85,914
Net Pension Liability	360,701	-	-	360,701
Total Long-Term Liabilities	<u>446,615</u>	<u>-</u>	<u>-</u>	<u>446,615</u>
Total Liabilities	<u>455,335</u>	<u>28,229</u>	<u>123,439</u>	<u>607,003</u>
DEFERRED INFLOWS OF RESOURCES:				
Pensions	2,473	-	-	2,473
Total Deferred Inflows of Resources	<u>2,473</u>	<u>-</u>	<u>-</u>	<u>2,473</u>
NET POSITION				
Unrestricted	137,572	1,467,147	261,833	1,866,552
Total Net Position	<u>\$ 137,572</u>	<u>\$ 1,467,147</u>	<u>\$ 261,833</u>	<u>\$ 1,866,552</u>

CITY OF MORAIN, OHIO

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2017

	City Garage	Insurance Reserve	Health Insurance	Total Internal Service Funds
Operating Revenues				
Charges for Services	\$ 539,220	\$ -	\$ 2,058,638	\$ 2,597,858
Miscellaneous	4,071	86,954	-	91,025
Total Operating Revenues	<u>543,291</u>	<u>86,954</u>	<u>2,058,638</u>	<u>2,688,883</u>
Operating Expenses				
Personal Services	346,808	-	-	346,808
Contractual Services	24,059	61,937	323,556	409,552
Supplies and Materials	212,354	-	-	212,354
Claims and Judgements	-	60,585	1,719,327	1,779,912
Total Operating Expenses	<u>583,221</u>	<u>122,522</u>	<u>2,042,883</u>	<u>2,748,626</u>
Operating Income (Loss)	<u>(39,930)</u>	<u>(35,568)</u>	<u>15,755</u>	<u>(59,743)</u>
Non-operating Revenues				
Investment Earnings	-	10,868	2,807	13,675
Total Non-operating Revenues	<u>-</u>	<u>10,868</u>	<u>2,807</u>	<u>13,675</u>
Change in Net Position	<u>(39,930)</u>	<u>(24,700)</u>	<u>18,562</u>	<u>(46,068)</u>
Total Net Position - Beginning	<u>177,502</u>	<u>1,491,847</u>	<u>243,271</u>	<u>1,912,620</u>
Total Net Position - Ending	<u>\$ 137,572</u>	<u>\$ 1,467,147</u>	<u>\$ 261,833</u>	<u>\$ 1,866,552</u>

CITY OF MORAIN, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2017

	<u>City Garage</u>	<u>Insurance Reserve</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Cash Flows From Operating Activities				
Cash received for interfund services	\$ 539,220	\$ -	\$ 2,058,638	\$ 2,597,858
Miscellaneous receipts & reimbursements	4,071	86,954	-	91,025
Cash paid to employees for services	(297,213)	-	-	(297,213)
Cash paid to suppliers for goods or services	(251,900)	(52,490)	(323,556)	(627,946)
Cash paid for insurance claims	-	(41,803)	(1,743,717)	(1,785,520)
Net cash used by operating activities	<u>(5,822)</u>	<u>(7,339)</u>	<u>(8,635)</u>	<u>(21,796)</u>
Cash Flows From Investing Activities				
Investment earnings	-	10,868	2,807	13,675
Net cash provided by investing activities	<u>-</u>	<u>10,868</u>	<u>2,807</u>	<u>13,675</u>
Net Change	(5,822)	3,529	(5,828)	(8,121)
Equity in Pooled Cash and Investments Beginning of Year	321,605	1,491,847	391,100	2,204,552
Equity in Pooled Cash and Investments End of Year	<u>\$ 315,783</u>	<u>\$ 1,495,376</u>	<u>\$ 385,272</u>	<u>\$ 2,196,431</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities				
Operating income (loss)	\$ (39,930)	\$ (35,568)	\$ 15,755	\$ (59,743)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Increase in inventories	(594)	-	-	(594)
Increase in deferred outflows of resources	(45,169)	-	-	(45,169)
Increase (decrease) in accounts payable	(14,893)	9,447	-	(5,446)
Decrease in salaries and benefits payable	(11,525)	-	-	(11,525)
Increase (decrease) in insurance claims payable	-	18,782	(24,390)	(5,608)
Increase in compensated absences payable	2,407	-	-	2,407
Increase in net pension liabilities	106,509	-	-	106,509
Decrease in deferred inflows of resources	(2,627)	-	-	(2,627)
Net cash used by operating activities	<u>\$ (5,822)</u>	<u>\$ (7,339)</u>	<u>\$ (8,635)</u>	<u>\$ (21,796)</u>

CITY OF MORAIN, OHIO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
Miscellaneous Agency Fund				
Assets				
Equity in Pooled Cash and Investments	\$ 47,496	\$ 11,562	\$ (14,534)	\$ 44,524
Accounts Receivable	12,727	10,775	(12,727)	10,775
Total Assets	<u>60,223</u>	<u>22,337</u>	<u>(27,261)</u>	<u>55,299</u>
Liabilities				
Accounts Payable	580	-	(580)	-
Deposits	59,643	22,337	(26,681)	55,299
Total Liabilities	<u>60,223</u>	<u>22,337</u>	<u>(27,261)</u>	<u>55,299</u>
Mayor's Court				
Assets				
Cash in Segregated Accounts	15,153	504,983	(512,175)	7,961
Total Assets	<u>15,153</u>	<u>504,983</u>	<u>(512,175)</u>	<u>7,961</u>
Liabilities				
Due to Other Governments	5,087	66,267	(66,575)	4,779
Escrow Bonds	10,066	438,716	(445,600)	3,182
Total Liabilities	<u>15,153</u>	<u>504,983</u>	<u>(512,175)</u>	<u>7,961</u>
Totals - All Agency Funds				
Assets				
Equity in Pooled Cash and Investments	47,496	11,562	(14,534)	44,524
Cash in Segregated Accounts	15,153	504,983	(512,175)	7,961
Accounts Receivable	12,727	10,775	(12,727)	10,775
Total Assets	<u>75,376</u>	<u>527,320</u>	<u>(539,436)</u>	<u>63,260</u>
Liabilities				
Accounts Payable	580	-	(580)	-
Deposits	59,643	22,337	(26,681)	55,299
Due to Other Governments	5,087	66,267	(66,575)	4,779
Escrow Bonds	10,066	438,716	(445,600)	3,182
Total Liabilities	<u>\$ 75,376</u>	<u>\$ 527,320</u>	<u>\$ (539,436)</u>	<u>\$ 63,260</u>

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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 91 to 95.

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 96 to 101.

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 102 to 104.

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 105 and 106.

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 107 to 109.

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>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>	<u>2017</u>
Governmental activities										
Net Investment in Capital Assets	\$ 27,966	\$ 30,033	\$ 29,438	\$ 29,263	\$ 27,607	\$ 26,822	\$ 25,033	\$ 24,836	\$ 24,221	\$ 23,229
Restricted for:										
Debt service	138	147	0	0	131	136	137	133	136	143
Special revenue	1,765	1,999	2,382	1,947	1,498	1,580	1,581	1,927	2,146	2,365
Capital projects	3,048	2,848	3,464	4,475	4,924	4,240	3,913	2,753	2,109	2,140
Unrestricted	15,422	13,129	8,942	5,018	1,840	2,866	(8,219)	(6,073)	(4,096)	(3,852)
Total government activities net position	<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>	<u>24,025</u>
Business-type activities										
Unrestricted	529	563	581	594	598	605	609	614	619	623
Total business-type activities net position	<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>	<u>623</u>
Primary government										
Net Investment in Capital Assets	27,966	30,033	29,438	29,263	27,607	26,822	25,033	24,836	24,221	23,229
Restricted	4,951	4,994	5,846	6,422	6,553	5,956	5,631	4,813	4,391	4,648
Unrestricted	15,951	13,692	9,523	5,612	2,438	3,471	(7,610)	(5,459)	(3,477)	(3,229)
Total primary government net position	<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>	<u>\$ 24,648</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>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>	<u>2017</u>
Expenses										
Governmental activities:										
General government	\$ 5,230	\$ 4,523	\$ 4,079	\$ 3,277	\$ 3,663	\$ 3,356	\$ 3,634	\$ 3,735	\$ 4,248	\$ 4,443
Public safety	9,689	9,456	8,731	8,852	8,147	8,426	8,014	8,901	9,601	9,586
Highways and streets	2,790	879	3,658	3,638	3,415	3,233	3,612	4,644	5,599	5,018
Sanitation	347	419	346	284	308	326	303	288	287	549
Culture and recreation	2,935	2,312	1,249	1,113	1,109	1,093	991	1,387	1,171	1,426
Economic development	677	935	326	1,005	479	252	730	343	1,534	553
Health and welfare	95	93	83	86	213	36	116	161	152	179
Interest and fiscal charges	321	221	265	302	294	250	248	251	250	384
Total governmental activities expenses	<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>	<u>22,138</u>
Total primary government expenses	<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>	<u>22,138</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	248	452	410	650	477	444	408	421	498	438
Public safety	39	31	372	612	429	354	295	488	529	392
Highways and streets	1	194	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	6	3	14	-	-	1
Culture and recreation	794	723	-	-	207	215	195	259	188	187
Health and welfare	58	56	-	-	-	-	-	-	-	-
Operating grants and contributions	286	200	351	72	451	600	764	823	1,399	785
Capital grants and contributions	337	784	1,044	1,950	382	757	128	1,810	1,374	-
Total governmental activities program revenues	<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>	<u>1,803</u>
Business-type activities:										
Loan program charges for services	1	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<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>	<u>1,803</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>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>	<u>2017</u>
Net (Expense)/Revenue										
Governmental activities	(20,321)	(16,398)	(16,560)	(15,273)	(15,676)	(14,599)	(15,844)	(15,909)	(18,854)	(20,335)
Business-type activities	I	-	-	-	-	-	-	-	-	-
Total primary government net expense	(20,292)	(16,365)	(16,542)	(15,281)	(15,673)	(14,599)	(15,844)	(15,909)	(18,854)	(20,335)
General Revenues										
Governmental activities:										
Taxes	15,333	11,817	9,853	9,542	10,046	12,786	13,137	15,768	18,314	18,308
Income tax										
Property taxes, levied for										
General purposes	567	345	388	421	350	380	415	404	419	406
Police pensions	65	64	90	89	70	61	66	65	66	65
Fire pensions	65	64	90	89	70	61	66	65	67	65
Other taxes	66	11	18	50	24	18	20	16	23	21
Payments in lieu of taxes	-	-	41	43	33	95	185	247	292	345
Shared revenues	1,078	713	719	657	223	279	261	178	130	98
Intergovernmental	-	260	444	92	-	-	-	-	-	-
Miscellaneous	105	1,967	577	530	126	429	259	216	384	448
Investment earnings	1,255	961	410	237	31	133	73	81	99	87
Gain on the sale of capital assets	(2)	13	-	-	-	-	-	-	-	-
Total governmental activities general revenues	18,532	16,215	12,630	11,750	10,973	14,242	14,482	17,040	19,794	19,843
Business-type activities:										
Investment earnings	28	33	18	14	3	8	4	5	5	5
Total business-type activities general revenues	28	33	18	14	3	8	4	5	5	5
Total primary government general revenues	18,560	16,248	12,648	11,764	10,976	14,250	14,486	17,045	19,799	19,848
Change in Net Position										
Governmental activities	(1,789)	(183)	(3,930)	(3,523)	(4,703)	(357)	(1,362)	1,131	940	(492)
Business-type activities	29	33	18	14	3	8	4	5	5	5
Total primary government	\$ (1,760)	\$ (150)	\$ (3,912)	\$ (3,517)	\$ (4,700)	\$ (349)	\$ (1,358)	\$ 1,136	\$ 945	\$ (487)

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>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>	<u>2017</u>
General Fund										
Reserved	\$ 1,321	\$ 1,230	\$ 1,120	\$ 88	\$ 88	\$ 935	\$ 933	\$ 92	\$ 91	\$ 90
Unreserved	13,045	11,551	7,608							
Nonspendable				694	1,720	866	541	1,029	663	1,797
Assigned				5,283	978	1,132	3,762	6,093	9,353	10,782
Unassigned										
Total general fund	14,366	12,781	8,728	6,065	2,786	2,933	5,236	7,214	10,107	12,669
All Other Governmental Funds										
Reserved	2,418	6,465	2,725							
Unreserved, reported in:										
Special revenue funds	(3,268)	(4,022)	2,016							
Capital projects fund	1,435	2,642	1,128							
Debt service fund	138	147	150							
Nonspendable				1,928	1,156	44	245	534	791	954
Restricted				2,020	2,397	3,379	2,871	2,962	2,606	2,493
Committed				4,249	5,019	4,089	3,762	2,841	2,044	2,097
Unassigned				(210)	(506)	(241)	(603)	(9)	(40)	(492)
Total all other governmental funds	\$ 723	\$ 5,232	\$ 6,019	\$ 7,987	\$ 8,066	\$ 7,271	\$ 6,275	\$ 6,328	\$ 5,401	\$ 5,052

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>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>	<u>2017</u>
REVENUES										
Income Taxes	\$ 15,382	\$ 11,657	\$ 9,760	\$ 9,699	\$ 10,029	\$ 12,141	\$ 13,452	\$ 15,721	\$ 18,104	\$ 18,486
Property Taxes	697	474	526	596	479	514	544	529	540	561
Other Taxes	66	11	2	50	24	18	19	16	23	21
Payment in lieu of taxes	-	-	41	43	33	95	185	247	292	343
Shared Revenues	1,270	852	708	656	725	724	715	825	630	689
License and Permits	41	232	15	11	106	129	148	113	198	112
Charges for Services	866	948	575	782	535	627	516	646	621	606
Fines	214	257	75	343	266	227	275	326	232	264
Investment Earnings	1,255	960	410	237	31	133	72	81	99	86
Contributions and Donations	22	9	23	-	-	-	-	-	-	-
Rents and Royalties	19	18	20	12	-	-	-	-	-	-
Intergovernmental	451	1,107	1,565	2,219	492	751	592	1,601	2,087	177
Miscellaneous	105	1,966	509	500	198	340	306	271	474	501
Total Revenues	20,388	18,491	14,229	15,148	12,918	15,699	16,824	20,376	23,300	21,846
EXPENDITURES										
Current:										
General government	4,893	4,290	3,868	3,154	3,314	2,978	3,343	3,536	3,562	3,495
Public Safety	9,092	8,860	8,311	8,433	7,784	8,144	7,519	8,397	8,398	8,535
Highways & Streets	2,559	2,371	2,319	2,637	2,251	2,121	2,558	3,198	2,310	2,304
Sanitation	347	419	346	284	308	326	303	288	287	275
Economic Development	639	944	299	990	473	302	684	327	1,151	509
Health and Welfare	85	86	76	79	206	28	112	162	144	153
Culture and Recreation	2,567	2,108	1,000	886	870	906	760	1,176	1,097	1,097
Capital Improvements	4,315	1,890	1,712	1,688	381	1,542	66	1,292	3,858	2,849
Debt Service:										
Principal	5,068	161	5,475	205	232	269	110	269	318	315
Interest & Fiscal Charges	301	227	248	307	300	255	252	250	256	399
Total Expenditures	29,866	21,356	23,654	18,663	16,119	16,871	15,707	18,895	21,381	19,931
Excess (deficiency) of revenues over expenditures	(9,478)	(2,865)	(9,425)	(3,515)	(3,201)	(1,172)	1,117	1,481	1,919	1,915
OTHER FINANCIAL SOURCES (USES)										
General long-term debt issued	-	5,300	5,805	-	-	216	187	267	-	4,961
Loans issued	-	-	-	-	-	-	-	-	-	87
Payments to Refunding Escrow Agent	-	-	-	-	-	-	-	-	-	(4,782)
Transfers In	5,125	3,150	2,805	2,100	2,000	2,235	1,860	3,135	4,310	4,825
Transfers Out	(5,125)	(3,150)	(2,805)	(2,200)	(2,000)	(2,235)	(1,860)	(3,175)	(4,310)	(4,825)
Inception of capital leases	693	450	94	-	-	-	-	310	-	-
Proceeds from the sale of assets	220	41	260	18	-	308	2	14	47	32
Total Other Financing Sources (Uses)	913	5,791	6,159	(82)	-	524	189	551	47	298
Net Change in Fund Balance	\$ (8,565)	\$ 2,926	\$ (3,266)	\$ (3,597)	\$ (3,201)	\$ (648)	\$ 1,306	\$ 2,032	\$ 1,966	\$ 2,213
Debt service as a percentage of noncapital expenditures	21.14%	2.28%	25.09%	3.02%	3.35%	3.34%	2.34%	2.95%	2.85%	3.93%

(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
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
2017	18,308,167	902,163	98,415	19,308,745

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 Years
(modified accrual basis of accounting)

TABLE 6

<u>Year</u>	<u>Amount</u>
2008	\$ 15,382,323 ⁽²⁾
2009	11,657,120 ⁽²⁾
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
2017	18,485,982

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. 2015 is first full year of collection using new rate.

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

<u>2008</u>			<u>2017</u>	
<u>Rank</u>	<u>Name</u>	<u>2017 Rank</u>	<u>Rank</u>	<u>Name</u>
1	General Motors Corporation	-	1	Fuyao Glass America
2	Dmax	2	2	Dmax
3	L M Berry	-	3	WinSupply
4	Dayton Power and Light	4	4	Dayton Power and Light
5	WinSupply	3	5	Fidelity Healthcare
6	GMC Sub Benefit	-	6	Heidelberg Distributing
7	Berry Network	-	7	Compunet Clinical Laboratories
8	Compunet Clinical Laboratories	7	8	BWI North America
9	City of Moraine	10	9	Tyler Technologies
10	Lastar/Ortronics	12	10	City of Moraine

Source: City of Moraine, Department of Finance

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 MORAIN, OHIO
Assessed Value and Estimated Actual Value of Property
Last Ten Years

<u>Year</u>	<u>Agricultural</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Taxable Assessed</u>	<u>Total Direct Tax</u>	<u>Estimated Actual Taxable</u>	<u>Taxable Assessed Value as a Percentage of</u>
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
2017	1,915,580	43,492,750	56,009,460	35,779,990	137,197,780	2.50	391,993,657	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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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>									
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 Conservancy Tax	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Human Services Levy A	7.21	7.21	7.21	7.21	7.21	7.21	8.21	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>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>	<u>16.94</u>
OTHER UNITS:										
Montgomery County Community College	2.50	3.20	3.20	3.20	3.20	3.20	3.20	3.20	4.20	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	1.75	1.75	1.75	1.75	3.31	3.31	3.31	3.31	3.31
SCHOOL DISTRICT:										
Kettering / Moraine Community	71.30	73.10	78.00	78.00	78.00	78.00	82.99	82.99	82.99	85.39
West Carrollton Community	72.05	72.05	72.05	72.05	72.05	72.05	72.05	72.05	72.05	77.55
Jefferson Local School	61.90	66.90	66.90	66.90	66.90	66.90	61.40	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 MORaine, OHIO
Principal Property Tax Payers
Current Year and Nine Years Ago

TABLE 9

		<u>Calendar Year 2017</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	\$ 73,495,990	1	31.55%
AES Ohio Generation LLC	Utility	12,828,620	2	5.51%
Vectren Energy	Utility	11,468,650	3	4.92%
General Motors Company	Manufacturing	3,639,090	3	1.56%
Dovetree Apartments	Real Estate	3,371,130	3	1.45%
Moraine Village Limited	Real Estate/Development	2,780,830	6	1.19%
WMSSMDOM LLC	Publisher & Marketing	2,658,590	7	1.14%
VonMil Realty LLC	Real Estate	2,493,480	8	1.07%
Premier Highland Park LLC	Apartments	2,438,770	9	1.05%
Kettering Woodbine LLC	Retail Sales	1,759,080	10	0.76%
	Subtotal	<u>116,934,230</u>		<u>50.20%</u>
	All Others	<u>116,019,280</u>		<u>49.80%</u>
	Total	<u><u>\$ 232,953,510</u></u>		<u><u>100.00%</u></u>

		<u>Calendar Year 2008</u>		
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable</u> <u>Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u> <u>Taxable</u> <u>Assessed</u> <u>Valuation</u>
Dayton Power & Light Company	Gas and Electric Utility	\$47,222,130	1	21.22%
General Motors Corporation	Automotive Manufacturer	14,496,510	2	6.51%
Vectren Energy	Utility	5,409,790	3	2.43%
Walmart	Retail Sales	5,409,790	4	2.43%
L.M. Berry Company	Printing	2,681,110	5	1.20%
Dmax	Automotive Parts Manufacturer	2,580,570	6	1.16%
Barbara Benz Trust	Real Estate	2,142,390	7	0.96%
Gray Propoerties LTD	Steel	1,966,530	8	0.88%
Matiff Dayton Hospital	Health Care	1,824,930	9	0.82%
Dayton-Point West Real Estate	Real Estate Holding Company	1,504,120	10	0.68%
	Subtotal	<u>85,237,870</u>		<u>38.30%</u>
	All Others	<u>137,335,670</u>		<u>61.70%</u>
	Total	<u><u>\$ 222,573,540</u></u>		<u><u>100.00%</u></u>

Source: Montgomery County Auditor's Office

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

TAX YEAR	YEAR	TOTAL LEVIED	TOTAL COLLECTED	PERCENTAGE COLLECTED	DELINQUENT COLLECTIONS	TOTAL COLLECTIONS	TOTAL COLLECTIONS AS LEVIED	OUTSTANDING TAXES	OUTSTANDING DELINQUENT TAXES AS PERCENTAGE LEVIED
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%	47,511	8%
2016/2017	2017	574,992	558,261	97%	22,813	581,074	101%	23,067	4%

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)
	\$							
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
2017	921,255		5,562,652	192,607	6,676,514	106,462,435	6.27%	1,058.59

(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, 2017

Jurisdiction	Net Outstanding Debt	Percentage Applicable to City (1)	Amount Applicable to City of Moraine, Ohio
<i>DIRECT DEBT</i>			
CITY OF MORaine	\$ 6,676,514	100.00%	\$ 6,676,514
<i>OVERLAPPING</i>			
MONTGOMERY COUNTY	30,723,402	2.59%	795,736
DAYTON METRO LIBRARY	158,770,000	3.36%	5,334,672
WEST CARROLLTON CITY SCHOOL DISTRICT	1,260,000	57.90%	729,540
KETTERING CITY SCHOOL DISTRICT	76,847,703	18.19%	13,978,597
<i>TOTAL OVERLAPPING DEBT</i>	<u>267,601,105</u>		<u>20,838,545</u>
TOTAL	<u>\$ 274,277,619</u>		<u>\$ 27,515,059</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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$23,370	\$21,885	\$16,270	\$15,266	\$14,341	\$14,341	\$13,582	\$14,467	\$13,582	\$14,223
Legal Debt Margin	<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>	<u>9,306</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%	34.57%

Legal Debt Margin Calculation for Calendar Year 2016

Total Assessed Value (tax year 2016)	135,456
Debt limit (10.5% of total assessed value)	14,223
Debt applicable to limit:	
General Obligation Bonds	5,060
Less: Amount restricted for repayment of general obligation debt	(143)
Total net debt applicable to limit	<u>4,917</u>
Legal debt margin	<u>\$9,306</u>

CITY OF MORAINÉ, 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
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%
2017	6,307	106,462	16,880	37.0	4.4%

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 Calendar Years

<u>Function/Program</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>	<u>2017</u>
General government										
Clerk of Council	1	1	1	1	1	1	1	1	1	1
City Manager	8	8	7	7	6	6	6	6	6	7
Clerk of Courts	2	2	0	2	2	2	2	2	2	2
Law	0	0	0	0	0	0	0	0	0	0
Finance	8	7	6	6	6	6	6	6	6	7
Public Buildings	22	21	0	12 (1)	5	6	6	6	6	6
Public Safety										
Police	48	45	44	49	38	37	32	34	34	35
Fire	51	46	45	36	32	33	25	27	24	30
Other										
Highways and Streets	19	18	0	26 (1)	15	16	18	18	16	15
Community Development	6	6	0	5	3	3	3	3	3	3
Recreation and Culture	54	42	39	22	19	18	18	20	21	21
Garage	4	4	0	4	3	3	3	3	3	3
Total	223	200	142	170	130	131	120	126	122	130

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, 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 Calendar Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Warrants served	1,347	N/A	1,128	1,266	905	822	899	1,041	872	977
Felony arrests	120	N/A	92	131	177	157	252	293	273	261
Arrests made	1,198	N/A	1,702	778	1,753	1,535	1,771	1,800	1,700	1,839
Traffic citations issued	2,398	N/A	1,568	3,205	2,653	1,944	2,537	2,523	2,799	3,329
Miles Patrolled	294,281	N/A	237,841	272,940	260,804	253,927	224,694	233,288	207,661	216,938
Fire										
Fire calls	133	100	112	92	566	637	80	722	801	797
EMS calls	1,755	1,357	1,567	1,619	1,689	1,565	1,705	2,069	2,152	2,188
Fire Inspections	909	976	961	1,043	1,012	1,032	920	749	799	663
Child Safety Seat Inspections	48	60	31	20	25	25	26	16	52	71
Highways and Streets										
Gallons of street paint used	1,456	1,750	1,040	865	1,353	1,045	1,050	1,115	1,040	1,540
Tons of snow melting salt used	1,000	1,200	1,200	953	338	332	854	657	578	322
Community Development										
Building Inspections	245	328	177	481	787	965	797	737	686	561
Residential Building Permits Issued	74	65	75	103	196	208	129	118	106	129
Commercial Building Permits Issued	96	108	95	105	174	199	190	206	308	192
Culture and Recreation										
Payne Recreation Center Attendance	89,590	82,467	138,939	175,000	136,512	141,620	175,386	185,276	192,765	195,151
Splash! Moraine Attendance	62,703	56,092	- (1)	-	-	-	-	-	-	-
Civic Center Attendance (estimated)	43,686	40,992	31,061	55,000	77,935	106,260	112,868	108,215	110,013	107,144
Youth and Day Camps Attendance	1,098	885	752	824	342	203	210	340	481	766

(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 Calendar Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	28	28	28	24	22	21	21	19	18	18
Fire:										
Stations	3	3	3	2	2	2	2	2	2	2
Emergency Response Vehicles	10	10	10	12 (1)	12 (1)	12	12	13	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	1,226	1,226	1,356	1,356	1,356	1,356	1,356	1,357	1,316
Culture and Recreation										
Parks	13	13	13	13	13	13	12 (2)	12 (2)	12 (2)	12 (2)
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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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

City Council
City of Moraine, Ohio
4200 Dryden Road
Moraine, Ohio 45439

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 25, 2018



Dave Yost • Auditor of State

CITY OF MORAINE

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 23, 2018