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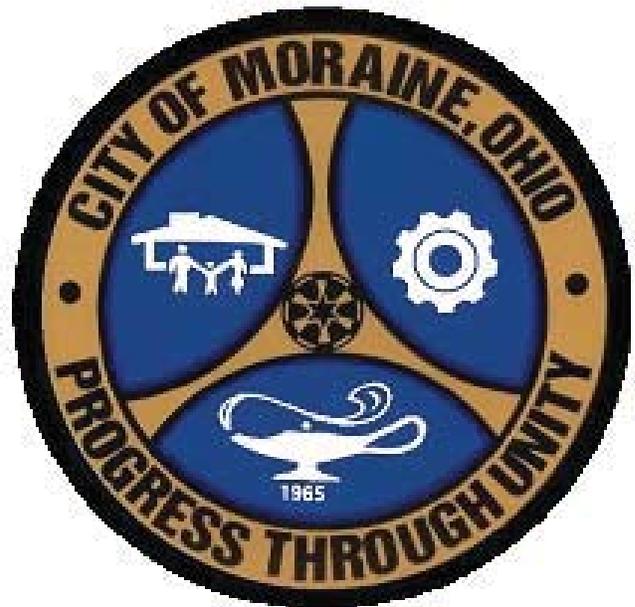
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COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED
DECEMBER 31, 2018

CITY OF MORaine, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

Issued by:
Finance Department

Don Buczek
Finance Director

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INTRODUCTORY SECTION

CITY OF MORAINE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

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City of Moraine

Finance Department



June 24, 2019

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, 2018, 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 auditors' 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, 2018 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

2018 welcomed an era of several new commercial structures for the City. Dryden Road has experienced an increase in commercial structures including office space by Wright Mulch and the large facilities being erected by the Ohio Department of Transportation – both on former Delphi industrial ground.

When considering the new MedVet's hospital in 2017, the R&J facility, and the recent demo and upgrades by Ernst Metal Technologies, the Dryden Road Corridor is being infused with new life. These efforts along with additional business investment will carry forward the positive trends for the foreseeable future.

Additional new structures include investment by Oakwood Landscaping and the Circle K store along Dorothy Lane and Springboro Pike. Reinvestment and relocation activity was also key in 2018, with Shook Construction renovating and locating their Corporate headquarters to the former RSM building, and Friends Office refurbishing the former Staples on Dorothy Lane.

The above activity encouraged several million dollars in new investment and secured over 100 new jobs. When considering the continued commitment by Fuyao, DMAX, and Fidelity Health just to name a few, the City experienced new and available job growth nearing 400.

Looking into 2019 and beyond, we have several very exciting and regionally impactful projects. Tyler Technologies will initiate an investment expected to exceed \$10 million, doubling their corporate square footage and adding 225 new jobs over the next couple of years. Kroger will also be aggressively developing a new Kroger Marketplace which will replace the current store along Springboro Pike. The new facility will more than double the current building, adding a significant number of employees and offering an array of additional services including new retail and a fueling center.

On the City beautification front, we completed another gateway sign and landscaping project with the new digital message display at the corner of Springboro Pike and Dixie. We are proud to share that with the support of our business community and fundraising initiatives, the project was completed through the Moraine Foundation.

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 2018, 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 2018 decreased by 0.15% over the previous year but continued to exceed \$18.8 million in annual receipts on a cash basis. Consistent income tax receipts resulted in the General Fund unencumbered cash balance exceeding \$12.2 million at the end of 2018, the highest it's been since 2008. In comparison to past years, the General Fund's unencumbered cash balance increased by 14% 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 12% increase over the previous year and a 57% 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 consists 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 2018, 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 2018 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, 2017. 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 32 consecutive years (fiscal years ended 1986-2017). 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 would also like to thank Richard Sexton for his leadership of the Finance Department during 2018 and congratulate him on his retirement in 2019.

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 blue ink that reads "Don B." with a stylized flourish at the end.

Don Buczek
Finance Director

CITY OF MORAINE, OHIO

CITY COUNCIL

Elaine Allison, Mayor

Jim McGuire, Council Member (At Large) (deceased 3-26-18)

Don Burchett, Council Member (At Large) (appointed 4-19-18)

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

(moved to special advisor to the City Manager 6-4-18/retired 7-1-18)

Bryan Chodkowski, City manager (appointed 6-4-18/resigned 3-14-19)

Michael Davis, Acting City Manager (appointed 3-18-19)

Robert Portune, Law Director (moved to Assistant Law Director 10-25-18)

Martina Dillon, Law Director (appointed 10-25-18)

Don Buczek, Finance Director (appointed 2-18-19)

Richard G. Sexton, Finance Director

(moved to special advisor to the Finance Director 2-18-19/retired 4-26-19)

Diane Werbrich, Clerk of Council

CITY OF MORAINE, OHIO

DEPARTMENT OF FINANCE STAFF

Richard G. Sexton, Finance Director
(moved to special advisor to the Finance Director 2-18-19/retired 4-26-19)

Don Buczek, Finance Director (appointed 2-18-19)

Lora L. Perry, Deputy Finance Director

Stephanie L. Violette, Income Tax Administrator

Sherry L. Bosse, Financial Assistant (retired 2-2-18)

Paula G. Cox, Financial Assistant

Penny C. Tincher, Financial Assistant

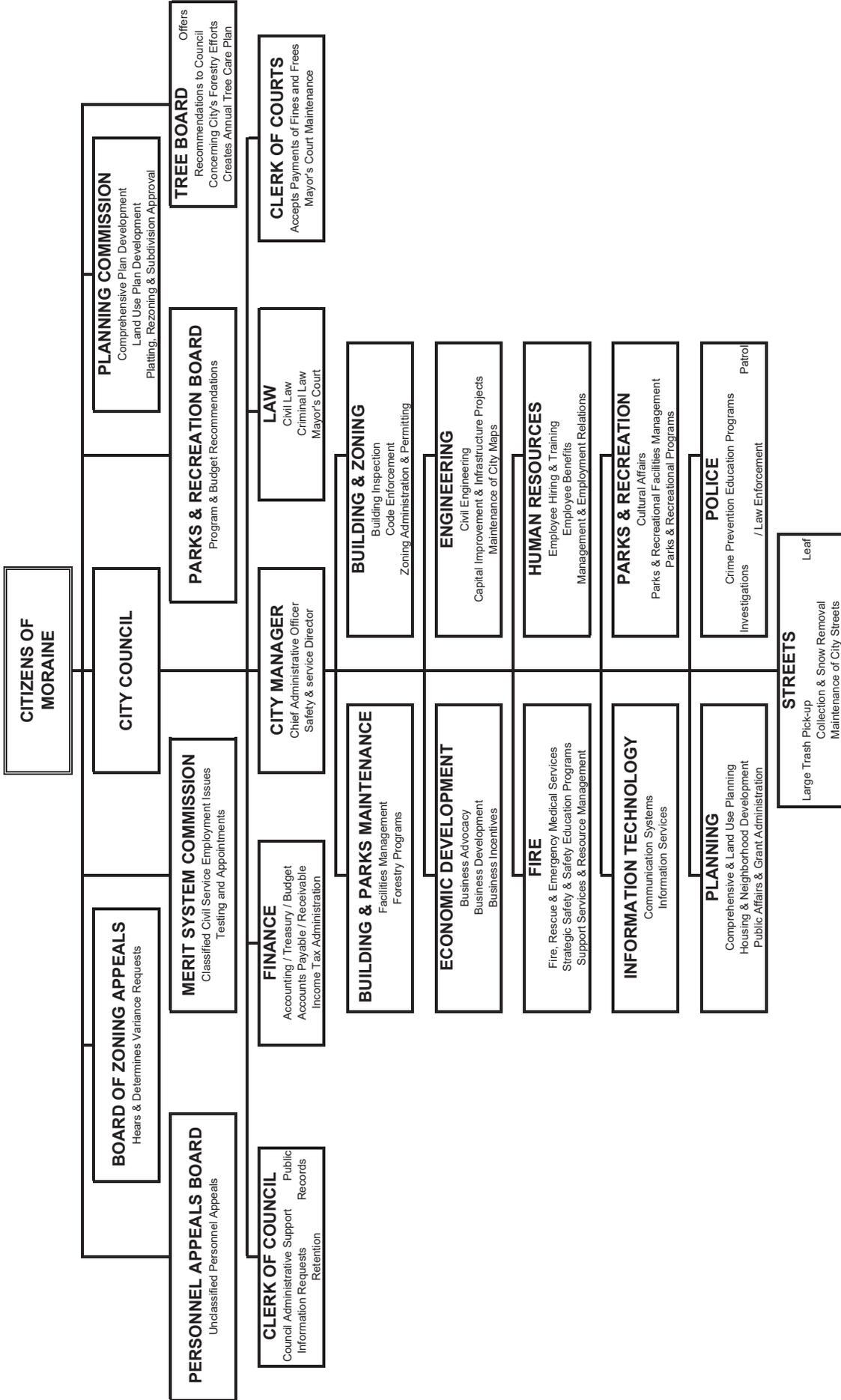
Richard Hisey, Financial Assistant

Sheri Thatcher, Finance Clerk

Marissa Adkins, Finance Clerk

Briana Thomas, Finance Clerk (resigned 7-6-18)

Organization of the City of Moraine





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, 2017

Christopher P. Morvill

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, 2018, 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, 2018, 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.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, during the year ended December 31, 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and the required pension and OPEB schedules, as listed in the table of contents, 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 24, 2019 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 24, 2019

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CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018. 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, 2018 are as follows:

- Total net position decreased by \$439,386 which represents a 3.8% decrease from the beginning of 2018. A decrease of \$443,459 was reported in governmental activities and an increase of \$4,073 was reported in business-type activities.
- Total assets of governmental activities at December 31, 2018 increased by \$2.3 million from those reported one year prior due primarily to the increase in capital assets (current year additions exceeding depreciation expense) due to roadway projects underway within the City. Total liabilities of the governmental activities decreased by \$1.3 million due to the decreases in the net pension liability being more than the increase in bond anticipation notes payable during the year.
- Overall, the net position of the City's business-type activities increased by \$4,073. The increase was less than the increase reported for 2017 as investment earnings decreased slightly for 2018 compared with the prior year due to the decrease in the fair value of the City's investments.
- The \$11.7 million unassigned ending fund balance reported in the General Fund represents 83.7% of the total expenditures, transfers excluded, reported in the General Fund for 2018 compared with 82.6% 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 2018?" 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 revenues and expenses are taken into account regardless of when cash is received or paid.

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited)

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, 2018
(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 \$11.2 million at December 31, 2018.

Table 1 provides a summary of the City's net position for 2018 compared to 2017.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	Restated		2018	2017	2018	Restated 2017
	2018	2017				
Current and Other Assets	\$ 27,162,997	26,811,149	627,329	623,256	27,790,326	27,434,405
Capital Assets	28,584,611	26,664,265	-	-	28,584,611	26,664,265
Total Assets	55,747,608	53,475,414	627,329	623,256	56,374,937	54,098,670
Deferred Outflows of Resources	4,759,494	5,871,695	-	-	4,759,494	5,871,695
Current and Other Liabilities	5,246,901	4,102,890	-	-	5,246,901	4,102,890
Long-Term Liabilities:						
Net Pension and OPEB Liabilities	31,670,054	33,508,270	-	-	31,670,054	33,508,270
Other Amounts	9,035,666	9,642,723	-	-	9,035,666	9,642,723
Total Liabilities	45,952,621	47,253,883	-	-	45,952,621	47,253,883
Deferred Inflows of Resources	3,934,785	1,030,071	-	-	3,934,785	1,030,071
Net Position:						
Net Investment in						
Capital Assets	23,477,119	23,229,306	-	-	23,477,119	23,229,306
Restricted	4,610,216	4,646,860	-	-	4,610,216	4,646,860
Unrestricted	(17,467,639)	(16,813,011)	627,329	623,256	(16,840,310)	(16,189,755)
Total Net Position	\$ 10,619,696	11,063,155	627,329	623,256	11,247,025	11,686,411

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27". For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability or net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB 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.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. 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 these liabilities. 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 Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, not accounted for as deferred inflows or deferred outflows.

CITY OF MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited)

As a result of implementing GASB 75, The City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation had the effect of restating net position of the City's governmental activities at December 31, 2017, from \$24,024,470 to \$11,063,155.

As displayed in Table 1, total governmental net position of the City decreased by \$443,459 from 2017 to 2018. The \$1.2 million increase in total assets and deferred outflows of resources was less than the \$1.6 million increase in total liabilities and deferred inflows of resources. The increase in assets and deferred outflows of resources was due primarily to the \$1.9 million increase in capital assets (depreciation expense exceeding current year additions) being larger than the \$1.1 million decrease in deferred outflows related to pension and OPEB plans. The City has a significant development project underway which has increased the construction in progress reported for the current year. The increase in total liabilities and deferred inflows of resources resulted from the issuance of and additional \$1.2 million in bond anticipation notes during the year as well as increases in the amount reported at December 31, 2018 for deferred inflows of resources related to pension and OPEB plans. The additional bond anticipation notes were issued to finance the previously mentioned development project.

The deficit in unrestricted net position reported at the end of 2018 was \$17.5 million, due recognition of the City's proportionate share of net pension and OPEB liabilities. If the components of the net pension and OPEB liabilities are excluded, the City's unrestricted net position would be a positive \$12.7 million. We feel this important to mention as the management of the City has no control over the management of the State-wide retirement systems or the benefits offered; both of which control the net pension and OPEB liabilities which significantly impacts the City's financial statements.

Table 2 shows the changes in the governmental and business-type net position for the year ended December 31, 2018 compared with the prior year.

Table 2
Changes in Net Position

	Governmental Activities		Business- Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for services	\$ 864,259	1,017,355	-	-	864,259	1,017,355
Operating grants and contributions	660,005	785,363	-	-	660,005	785,363
Capital grants and contributions	852,922	-	-	-	852,922	-
Total Program Revenues	2,377,186	1,802,718	-	-	2,377,186	1,802,718
General Revenues:						
Income taxes	18,523,503	18,308,167	-	-	18,523,503	18,308,167
Property and other taxes	656,533	557,585	-	-	656,533	557,585
Payment in lieu of taxes	361,767	344,578	-	-	361,767	344,578
Shared revenues	112,795	98,415	-	-	112,795	98,415
Investment earnings	145,493	86,551	4,073	4,524	149,566	91,075
Miscellaneous	497,912	448,249	-	-	497,912	448,249
Total General Revenues	20,298,003	19,843,545	4,073	4,524	20,302,076	19,848,069
Total Revenues	22,675,189	21,646,263	4,073	4,524	22,679,262	21,650,787

(continued)

CITY OF MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited)

Table 2
Changes in Net Position
(Continued)

	Governmental Activities		Business- Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Expenses:						
General government	4,695,726	4,443,362	-	-	4,695,726	4,443,362
Public Safety	10,536,238	9,586,317	-	-	10,536,238	9,586,317
Highways & Streets	5,233,382	5,018,019	-	-	5,233,382	5,018,019
Sanitation	305,834	548,760	-	-	305,834	548,760
Culture & Recreation	1,256,262	1,425,957	-	-	1,256,262	1,425,957
Economic Development	628,761	552,724	-	-	628,761	552,724
Health & Welfare	177,446	178,685	-	-	177,446	178,685
Interest and Fiscal Expense	284,999	384,004	-	-	284,999	384,004
Total Expenses	<u>23,118,648</u>	<u>22,137,828</u>	<u>-</u>	<u>-</u>	<u>23,118,648</u>	<u>22,137,828</u>
Change in net position	(443,459)	(491,565)	4,073	4,524	(439,386)	(487,041)
Net Position - Beginning, Restated	<u>11,063,155</u>	N/A	<u>623,256</u>	<u>618,732</u>	<u>11,686,411</u>	N/A
Net Position - Ending	<u>\$ 10,619,696</u>	<u>11,063,155</u>	<u>627,329</u>	<u>623,256</u>	<u>11,247,025</u>	<u>11,686,411</u>

The information necessary to restate the 2017 beginning balance and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$62,286 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contribution to the plans. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$1,114,144. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 68	\$ 23,118,648
OPEB expense under GASB 75	(1,114,144)
2018 contractually required OPEB contributions	<u>22,325</u>
Adjusted 2018 program expenses	22,026,829
Total 2017 program expenses under GASB 45	<u>22,137,828</u>
Decrease in program expenses not related to OPEB	<u>\$ (110,999)</u>

As noted above, the total expenses of the governmental activities reported for 2018 were \$110,999 (0.5 percent) less than those reported for 2017 when the impact of implementing GASB 75 was eliminated. Overall salary increases for employees of 2.0 percent account were reported for all functions that have personnel services recorded. In addition to the additional expense for OPEB noted above, the pension expense reported for the current year, as calculated under the provisions of GASB Statement No. 68, was \$785,315 less than that recorded in the prior year based on the information reported by the State-wide pension systems. Combined, the OPEB expense and the decrease in pension expense resulted in an additional \$328,829 of expenses being added to the City's financial statements for 2018.

CITY OF MORaine, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited)

As noted in table 2, the City's municipal income tax revenue, which represents 81.7 percent of the total revenue received for the year, increased slightly over the income tax revenue amount reported for 2017 due to continued economic improvement within the City. Property taxes and payments in lieu of taxes also increased due to the increased property valuation within the City. Capital grants also increased due to the grants received for improvements to State Route 741 as well as for the purchase of fire equipment. Charges for services decreased due to the continued erosion of the EMS charges for services paid by insurance companies and Medicaid. Operating grants decreased as well due to constrictions within the shared taxes with the State of Ohio, primarily the local government assistance program.

Governmental Activities

Table 3 shows the expenses of each functional area and the net cost of each functional area financed with general revenue for 2018 and 2017. Please recall that while 2018 expenses have OPEB expense included, 2017 expenses do not, as discussed above.

Table 3
Governmental Activities

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2018	2017	2018	2017	2018	2017
General Government	\$ 4,695,726	\$ 4,443,362	\$ 300,596	\$ 438,271	\$ 4,395,130	\$ 4,005,091
Public Safety	10,536,238	9,586,317	477,687	451,084	10,058,551	9,135,233
Highways and Streets	5,233,382	5,018,019	1,329,688	636,617	3,903,694	4,381,402
Sanitation	305,834	548,760	-	382	305,834	548,378
Culture and Recreation	1,256,262	1,425,957	225,791	234,665	1,030,471	1,191,292
Economic Development	628,761	552,724	43,424	41,699	585,337	511,025
All Others	462,445	562,689	-	-	462,445	562,689
	<u>\$ 23,118,648</u>	<u>\$ 22,137,828</u>	<u>\$ 2,377,186</u>	<u>\$ 1,802,718</u>	<u>\$ 20,741,462</u>	<u>\$ 20,335,110</u>

As indicated by Table 3, the City is spending the vast majority (88.5 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 \$10.5 million, only \$477,687 of program revenue is generated to cover department expenses. The remaining \$10.0 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 \$4.7 million of the total governmental expenses. Court costs and fees generated by licenses and permits financed \$300,596 of the general government functional expenses while the remaining \$4.4 million comes from general revenue sources. Increase in capital grants received from the State of Ohio and the federal government compared with the prior year accounts for the decrease in the net cost related to highways and streets maintenance reported for 2018.

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 \$22.7 million and expenditures of \$23.5 million. During 2018, the net change in fund balance of the governmental funds was a decrease of \$632,166 resulting in an ending total fund balance of \$17.1 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.

CITY OF MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited)

The City's General Fund realized an increase of approximately \$1.3 million in fund balance during 2018. The General Fund is the primary fund that finances government services to citizens. While the revenues of the General Fund for 2018 were consistent with those reported for the prior year, the 2018 expenditures reported were 7.2 percent more than those reported in 2017. Transfers to other funds also increased \$480,285 over those transferred in 2017. Combined, the increased expenditures and other financing uses, reduced the change in fund balance from \$2.6 million reported for 2017 to \$1.3 million reported for the current year. During the year employees were given a 2.0 percent pay increase and the cost of healthcare benefits for employees increased as well which account for the majority of the increase in expenditures.

At December 31, 2018 the ending unassigned fund balance of the General Fund was \$11.7 million; an 8.6 percent increase from the unassigned fund balance reported at December 31, 2017 and represents 83.7 percent of total General Fund expenditures, excluding transfers, reported for 2018.

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 decrease in fund balance of \$286,631 which was anticipated in the capital planning due to significant projects undertaken during 2018. Grant revenues increased for 2018 compared to 2017 and helped offset the 44.3 percent increase in capital outlay expenditures reported by the fund in 2018 compared with the prior year. The revenue and expenditures of the Street Construction and Maintenance Fund were consistent with the prior year, which resulted in a slight increase in fund balance for 2018 due to an increase 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 an additional \$1.2 million in bond anticipation notes during the year, bringing the total bond anticipation notes total to \$3.8 million, to finance these infrastructure 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 \$21.7 million and increased slightly during the year. Actual revenues for the year totaled \$20.3 million compared with final anticipated revenues being \$21.7 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 2018 were 0.2 percent higher than those received in 2017. Decreases in charges for services as well as licenses and permits offset the increases in other revenue categories.

The expenditures, excluding transfers, for the General Fund were estimated at \$15.6 million at the beginning of the year and increased only \$189,974 during the year. Actual budgetary expenditures for the year were nearly \$2.5 million less than final budgetary estimates due to management's continued efforts to control spending and lower than expected spending levels, especially the public safety and general government functions.

Actual ending budgetary fund balance at December 31, 2018 was \$12.2 million compared to the \$9.4 million anticipated in the final 2018 budget.

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited)

Capital Assets

At the end of fiscal year 2018, the City had a total of \$68.2 million invested in capital assets less accumulated depreciation of \$39.6 million resulting in a net investment in capital assets of \$28.6 million. Major capital asset additions for 2018, included recording the addition to construction in progress of \$2.8 million related to infrastructure projects, completion of recreational projects totaling \$470,927, \$170,893 for the purchase of five police cruisers, and \$167,081 for a medic unit. Depreciation expense for 2018 was \$1.7 million, resulting in the overall increase in the value of the City's capital assets reported at December 31, 2018.

Table 4 shows 2018 balances compared to those of 2017:

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

	Governmental Activities	
	2018	2017
Land	\$ 11,039,638	10,967,884
Construction in progress	2,845,029	499,051
Building and improvements	3,533,063	3,757,976
Equipment	2,619,475	2,224,181
Infrastructure	8,547,406	9,215,173
Total	\$ 28,584,611	26,664,265

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

Debt Administration

At December 31, 2018, the City had the following outstanding long-term obligations: \$4.9 million of general obligation bonds; \$921,803 associated with five Ohio Public Works Commission (OPWC) loans; and \$130,557 of capital lease obligations.

During the year, received \$62,407 in loans from the OPWC to complete the improvements to East River Road. Also during the year, the City issued \$3.8 million in one-year BANs which were used to refinance the BANs issued in 2017 as well as provide additional financing for the infrastructure improvements within the Vance Darroch development area. Total principal payments made during the year amounted to \$205,000 related to general obligation bonds, \$61,859 related to OPWC loans, and \$62,050 related to capital leases.

See Notes 11 through 14 of the notes to the basic financial statements for more detailed information on the debt and other long-term obligations of the City.

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 MORAINE, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 20,936,654	\$ 627,329	\$ 21,563,983
Cash in Segregated Accounts	104,301	-	104,301
Receivables:			
Income Tax	2,663,777	-	2,663,777
Property Tax	590,115	-	590,115
Payment in Lieu of Taxes	417,555	-	417,555
Accounts	491,240	-	491,240
Intergovernmental	608,277	-	608,277
Loans	1,085,000	-	1,085,000
Inventories	187,074	-	187,074
Prepays	79,004	-	79,004
Non Depreciable Assets	13,884,667	-	13,884,667
Depreciable Capital Assets, Net of Accumulated Depreciation	14,699,944	-	14,699,944
Total Assets	55,747,608	627,329	56,374,937
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	282,118	-	282,118
Pension and OPEB	4,477,376	-	4,477,376
Total Deferred Outflows of Resources	4,759,494	-	4,759,494
LIABILITIES			
Accounts Payable	624,962	-	624,962
Salaries and Benefits Payable	542,995	-	542,995
Matured Compensated Absences Payable	110,058	-	110,058
Accrued Interest Payable	74,287	-	74,287
Insurance Claims Payable	119,599	-	119,599
Bond Anticipation Notes Payable	3,775,000	-	3,775,000
Long-Term Liabilities:			
Due Within One Year	520,538	-	520,538
Due In More Than One Year:			
Other Long-Term Liabilities	8,515,128	-	8,515,128
Net OPEB Liability	14,544,563	-	14,544,563
Net Pension Liability	17,125,491	-	17,125,491
Total Liabilities	45,952,621	-	45,952,621
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	562,323	-	562,323
Payments in Lieu of Property Taxes	417,300	-	417,300
Pension and OPEB	2,955,162	-	2,955,162
Total Deferred Inflows of Resources	3,934,785	-	3,934,785
NET POSITION			
Net Investment in Capital Assets	23,477,119	-	23,477,119
Restricted for:			
Capital Projects	1,721,638	-	1,721,638
Streets and Highways	922,106	-	922,106
Judiciary Programs	171,143	-	171,143
Debt Service	144,656	-	144,656
Economic Development	1,207,387	-	1,207,387
Cemetery Operations	149,795	-	149,795
Law Enforcement Programs	293,491	-	293,491
Unrestricted	(17,467,639)	627,329	(16,840,310)
Total Net Position	\$ 10,619,696	\$ 627,329	\$ 11,247,025

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
General Government	\$ 4,695,726	\$ 300,596	\$ -	\$ -	\$ (4,395,130)	\$ -	\$ (4,395,130)
Public Safety	10,536,238	387,114	19,459	71,114	(10,058,551)	-	(10,058,551)
Highways and Streets	5,233,382	-	547,880	781,808	(3,903,694)	-	(3,903,694)
Sanitation	305,834	-	-	-	(305,834)	-	(305,834)
Culture and Recreation	1,256,262	176,549	49,242	-	(1,030,471)	-	(1,030,471)
Economic Development	628,761	-	43,424	-	(585,337)	-	(585,337)
Health and Welfare	177,446	-	-	-	(177,446)	-	(177,446)
Debt Service							
Interest and Fiscal Expense	284,999	-	-	-	(284,999)	-	(284,999)
Total Governmental Activities	23,118,648	864,259	660,005	852,922	(20,741,462)	-	(20,741,462)
Business Type Activities							
Loan Program	-	-	-	-	-	-	-
Total Business Type Activities	-	-	-	-	-	-	-
Total	\$23,118,648	\$ 864,259	\$ 660,005	\$ 852,922	(20,741,462)	-	(20,741,462)
General Revenues							
Income Tax					18,523,503	-	18,523,503
Property Tax Levied for							
General Purposes					472,982	-	472,982
Police Pensions					76,013	-	76,013
Fire Pensions					76,013	-	76,013
Other Taxes					31,525	-	31,525
Payments in Lieu of Taxes					361,767	-	361,767
Shared Revenues (unrestricted)					112,795	-	112,795
Miscellaneous Receipts					497,912	-	497,912
Investment Earnings					145,493	4,073	149,566
Total General Revenues					20,298,003	4,073	20,302,076
Change in Net Position					(443,459)	4,073	(439,386)
Net Position - Beginning, Restated					11,063,155	623,256	11,686,411
Net Position - Ending					\$ 10,619,696	\$ 627,329	\$ 11,247,025

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	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	\$ 12,682,882	\$ 1,611,375	\$ 141,411	\$ 1,729,191	\$ 2,656,107	\$ 18,820,966
Cash in Segregated Accounts	103,648	453	-	-	200	104,301
Receivables:						
Income Tax	2,663,777	-	-	-	-	2,663,777
Property Tax	446,223	-	-	-	143,892	590,115
Payment in Lieu of Tax	-	-	-	-	417,555	417,555
Accounts	475,740	-	-	-	-	475,740
Intergovernmental	44,532	340,789	194,566	-	28,390	608,277
Loans	-	-	-	-	1,085,000	1,085,000
Inventories	11,363	-	77,240	-	-	88,603
Prepays	79,004	-	-	-	-	79,004
Total Assets	<u>\$ 16,507,169</u>	<u>\$ 1,952,617</u>	<u>\$ 413,217</u>	<u>\$ 1,729,191</u>	<u>\$ 4,331,144</u>	<u>\$ 24,933,338</u>
LIABILITIES						
Accounts Payable	\$ 106,629	\$ 230,979	\$ 1,351	\$ 273,803	\$ 318	\$ 613,080
Salaries and Benefits Payable	350,114	-	78,040	-	111,343	539,497
Matured Compensated Absences Payable	110,058	-	-	-	-	110,058
Bond Anticipation Notes Payable	-	-	-	3,775,000	-	3,775,000
Accrued Interest Payable	-	-	-	56,625	-	56,625
Total Liabilities	<u>566,801</u>	<u>230,979</u>	<u>79,391</u>	<u>4,105,428</u>	<u>111,661</u>	<u>5,094,260</u>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	425,187	-	-	-	137,136	562,323
Payments in Lieu of Taxes	-	-	-	-	417,300	417,300
Unavailable for:						
Income Taxes	1,072,957	-	-	-	-	1,072,957
Delinquent Property Taxes	21,036	-	-	-	6,756	27,792
Intergovernmental	38,098	-	161,909	-	24,159	224,166
Other Sources	445,005	-	-	-	255	445,260
Total Deferred Inflows of Resources	<u>2,002,283</u>	<u>-</u>	<u>161,909</u>	<u>-</u>	<u>585,606</u>	<u>2,749,798</u>
FUND BALANCE						
Nonspendable for:						
Materials and Supplies Inventory	11,363	-	77,240	-	-	88,603
Prepaid Items	79,004	-	-	-	-	79,004
Long-term Receivable	-	-	-	-	57,000	57,000
Restricted for:						
Law Enforcement	-	-	-	-	293,491	293,491
Judiciary Programs	-	-	-	-	171,143	171,143
Cemetery Services	-	-	-	-	149,795	149,795
Debt Service	-	-	-	-	162,318	162,318
Street Repair and Maintenance	-	-	94,677	-	900,637	995,314
Economic Development	-	-	-	-	788,228	788,228
Committed for:						
Capital Projects	-	1,721,638	-	-	-	1,721,638
Economic Development	-	-	-	-	1,150,387	1,150,387
Assigned for:						
Subsequent Appropriations	1,469,310	-	-	-	-	1,469,310
Unpaid Obligations	425,611	-	-	-	-	425,611
Recreation Services	245,813	-	-	-	-	245,813
Unassigned	11,706,984	-	-	(2,376,237)	(39,122)	9,291,625
Total Fund Balance	<u>13,938,085</u>	<u>1,721,638</u>	<u>171,917</u>	<u>(2,376,237)</u>	<u>3,633,877</u>	<u>17,089,280</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,507,169</u>	<u>\$ 1,952,617</u>	<u>\$ 413,217</u>	<u>\$ 1,729,191</u>	<u>\$ 4,331,144</u>	<u>\$ 24,933,338</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, 2018

Total Governmental Fund Balances		\$ 17,089,280
<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.		28,584,611
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Municipal income taxes	1,072,957	
Property and other taxes	27,792	
Shared revenues and grants	224,166	
Charges for services and other sources	<u>445,260</u>	
Total		1,770,175
Deferred outflows of resources from loss on refunding is amortized over the life of the bonds and are not reported in the funds.		282,118
Internal service funds are used by management to charge the costs of providing insurance as well as central services to the individual funds. The assets, liabilities, and deferred outflows and inflows of resources of the internal service funds are included in governmental activities in the statement of net position.		1,599,036
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	(17,662)	
Compensated absences payable	(2,557,211)	
General obligations bonds payable	(4,855,000)	
Premium on bonds	(469,963)	
Capital lease obligation	(130,557)	
OPWC loans payable	<u>(921,803)</u>	
Total		(8,952,196)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred outflows - pension and OPEB	4,399,375	
Net OPEB liability	(14,386,516)	
Net pension liability	(16,896,367)	
Deferred inflows - pension and OPEB	<u>(2,869,820)</u>	
Total		<u>(29,753,328)</u>
Governmental Activities' Net Position		<u>\$ 10,619,696</u>

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, 2018

	Major Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Capital Improvement	Street Construction & Maintenance	Vance Darroch Capital		
REVENUES						
Taxes:						
Income	\$ 18,495,136	\$ -	\$ -	\$ -	\$ -	\$ 18,495,136
Property	475,071	-	-	-	152,786	627,857
Other	31,525	-	-	-	-	31,525
Payment in Lieu of Taxes	-	-	-	-	363,131	363,131
Shared Revenues	106,394	-	440,760	-	64,313	611,467
Intergovernmental Grants	48,672	1,035,010	-	-	43,424	1,127,106
Licenses and Permits	78,520	-	-	-	-	78,520
Charges for Services	520,667	-	-	-	6,750	527,417
Fines	201,375	6,549	-	-	37,404	245,328
Investment Earnings	126,718	-	1,033	-	17,742	145,493
Miscellaneous	342,312	-	35,326	34,615	10,688	422,941
Total Revenues	<u>20,426,390</u>	<u>1,041,559</u>	<u>477,119</u>	<u>34,615</u>	<u>696,238</u>	<u>22,675,921</u>
EXPENDITURES						
Current:						
General Government	4,185,762	-	-	-	1,762	4,187,524
Public Safety	7,801,314	-	-	-	995,730	8,797,044
Highways and Streets	273,797	-	2,083,402	-	126,449	2,483,648
Sanitation	305,834	-	-	-	-	305,834
Economic Development	233,584	-	-	-	323,286	556,870
Health and Welfare	158,033	-	-	-	-	158,033
Culture and Recreation	1,033,548	-	-	-	-	1,033,548
Debt service:						
Principal	-	123,909	-	-	205,000	328,909
Interest	-	6,605	-	106,225	188,288	301,118
Capital Outlays:						
General Government	-	496,542	-	-	-	496,542
Public Safety	-	630,401	-	-	-	630,401
Highways and Streets	-	1,874,238	-	1,847,866	-	3,722,104
Culture and Recreation	-	508,902	-	-	-	508,902
Total Expenditures	<u>13,991,872</u>	<u>3,640,597</u>	<u>2,083,402</u>	<u>1,954,091</u>	<u>1,840,515</u>	<u>23,510,477</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,434,518</u>	<u>(2,599,038)</u>	<u>(1,606,283)</u>	<u>(1,919,476)</u>	<u>(1,144,277)</u>	<u>(834,556)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	2,250,000	1,635,000	-	1,420,285	5,305,285
Transfers Out	(5,305,285)	-	-	-	-	(5,305,285)
Sale of Capital Assets	139,983	-	-	-	-	139,983
Issuance of Loan	-	62,407	-	-	-	62,407
Total Other Financing Sources (Uses)	<u>(5,165,302)</u>	<u>2,312,407</u>	<u>1,635,000</u>	<u>-</u>	<u>1,420,285</u>	<u>202,390</u>
Net Change in Fund Balance	1,269,216	(286,631)	28,717	(1,919,476)	276,008	(632,166)
Fund Balance - Beginning	12,668,869	2,008,269	143,200	(456,761)	3,357,869	17,721,446
Fund Balance - Ending	<u>\$ 13,938,085</u>	<u>\$ 1,721,638</u>	<u>\$ 171,917</u>	<u>\$ (2,376,237)</u>	<u>\$ 3,633,877</u>	<u>\$ 17,089,280</u>

See accompanying notes to the basic financial statements

CITY OF MORAIN, 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, 2018

Net Change in Fund Balance - Total Governmental Funds \$ (632,166)

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	3,629,267	
Depreciation	(1,691,392)	
Book value of disposed capital assets	<u>(17,529)</u>	
Total		1,920,346

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:

OPWC loan proceeds	(62,407)	
General obligation bond payment	205,000	
Capital lease payment	62,050	
OPWC loan payment	61,859	
Amortization of deferred charge on refunding (amount does not include refunding transaction)	(17,632)	
Amortization of premium (amount does not include refunding transaction)	<u>32,689</u>	
Total		281,559

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. (116,596)

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. (123,186)

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

Decrease in accrued interest payable	1,062	
Decrease in compensated absences payable	<u>317,876</u>	
Total		318,938

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

Pensions	1,486,470	
OPEB	<u>22,325</u>	
Total		1,508,795

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension and OPEB expense in the statement of activities.

Pensions	(2,501,271)	
OPEB	<u>(1,099,878)</u>	
Total		<u>(3,601,149)</u>

Change in Net Position of Governmental Activities \$ (443,459)

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	<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	\$ 627,329	\$ 2,115,688
Receivables:		
Accounts	-	15,500
Inventories	-	98,471
Total Assets	<u>627,329</u>	<u>2,229,659</u>
Deferred Outflows of Resources		
Pension and OPEB	-	78,001
Total Deferred Outflows of Resources	<u>-</u>	<u>78,001</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	-	11,882
Salaries and Benefits Payable	-	3,498
Compensated Absences Payable	-	6,960
Insurance Claims Payable	-	119,599
Total Current Liabilities	<u>-</u>	<u>141,939</u>
Long-Term Liabilities		
Compensated Absences Payable	-	94,172
Net Pension Liability	-	229,124
Net OPEB Liability	-	158,047
Total Long-Term Liabilities	<u>-</u>	<u>481,343</u>
Total Liabilities	<u>-</u>	<u>623,282</u>
Deferred Inflows of Resources		
Pension and OPEB	-	85,342
Total Deferred Inflows of Resources	<u>-</u>	<u>85,342</u>
NET POSITION		
Unrestricted	627,329	1,599,036
Total Net Position	<u>\$ 627,329</u>	<u>\$ 1,599,036</u>

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Enterprise Fund</u>	
	<u>Moraine Loan</u>	<u>Internal</u>
	<u>Program</u>	<u>Service Funds</u>
Operating Revenues		
Charges for Services	\$ -	\$ 2,632,341
Miscellaneous	-	41,059
Total Operating Revenues	<u>-</u>	<u>2,673,400</u>
Operating Expenses		
Personal Services	-	381,826
Contractual Services	-	412,611
Supplies and Materials	-	264,909
Claims and Judgements	-	1,745,961
Total Operating Expenses	<u>-</u>	<u>2,805,307</u>
Operating Loss	<u>-</u>	<u>(131,907)</u>
Non-Operating Revenues		
Investment earnings	4,073	15,311
Total Non-Operating Revenues	<u>4,073</u>	<u>15,311</u>
Change in Net Position	4,073	(116,596)
Total Net Position - Beginning, Restated	623,256	1,715,632
Total Net Position - Ending	<u>\$ 627,329</u>	<u>\$ 1,599,036</u>

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Fund Moraine Loan Program	Internal Service Funds
Cash Flows From Operating Activities		
Cash received for interfund services	\$ -	\$ 2,632,341
Miscellaneous receipts & reimbursements	-	25,559
Cash paid to employees for services	-	(325,518)
Cash paid to suppliers for goods or services	-	(659,853)
Cash paid for insurance claims	-	(1,768,583)
Net cash used by operating activities	-	(96,054)
Cash Flows From Investing Activities		
Investment earnings	4,073	15,311
Net cash provided by investing activities	4,073	15,311
Net Change	4,073	(80,743)
Equity in Pooled Cash and Investments Beginning of Year	623,256	2,196,431
Equity in Pooled Cash and Investments End of Year	\$ 627,329	\$ 2,115,688
 Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating loss	\$ -	\$ (131,907)
Adjustments to reconcile operating income to net cash used by operating activities:		
Increase in accounts receivable	-	(15,500)
Decrease in inventories	-	15,461
Decrease in deferred outflows of resources	-	89,721
Increase in accounts payable	-	2,206
Increase in salaries and benefits payable	-	215
Decrease in insurance claims payable	-	(22,622)
Increase in compensated absences payable	-	10,010
Decrease in net pension liabilities	-	(131,577)
Increase in net OPEB liabilities	-	5,070
Increase in deferred inflows of resources	-	82,869
Net cash used by operating activities	\$ -	\$ (96,054)

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Agency Funds
ASSETS	
Equity in Pooled Cash and Investments	\$ 43,170
Cash in Segregated Accounts	12,315
Total Assets	\$ 55,485
 LIABILITIES	
Deposits	\$ 43,170
Due to Other Governments	4,949
Escrow Bonds and Deposits	7,366
Total Liabilities	\$ 55,485

See accompanying notes to the basic financial statements.

CITY OF MORAINÉ, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018

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 MORAINÉ, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 MORAINE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 until then. For the City, deferred outflows of resources are reported on the government-wide statement for deferred charges on refunding and for pension and other post-employment benefit (OPEB) plans. 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 and OPEB plans are explained further in Notes 7 and 8.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of property taxes, pension and OPEB plans, 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, 2018, but which are levied to finance fiscal year 2019 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 and OPEB plans are reported on the full accrual statements of net position and are further explained in Notes 7 and 8.

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 2018, 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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 2018 amounted to \$149,566.

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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, 2018, 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:

Building and Improvements	20-40 years
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
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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 and OPEB

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

CITY OF MORAINE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2018, 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.

CITY OF MORAIN, OHIO
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Budgetary Process

All funds anticipating expenditures during the year, are legally required to be budgeted and appropriated, except agency funds. For 2018, the City did not budget the Mayors' Court Computer and the Clerk of Court Computer funds as no expenditures were anticipated for the year. 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:

For 2018, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and Statement No. 85, *Omnibus*.

GASB Statement No. 75 establishes standards for measuring and recognizing postemployment benefits liabilities, deferred outflows of resources, deferred inflows of resources and expenses. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017.

	Governmental Activities	Internal Service Funds
Net Position at December 31, 2017, previously reported	\$ 24,024,470	\$ 1,866,552
Adjustments (a):		
Net OPEB Liability at December 31, 2017	(13,023,601)	(152,977)
Deferred Outflows - Payments Subsequent to Measurement Date	62,286	2,057
Net Position at December 31, 2017, restated	\$ 11,063,155	\$ 1,715,632

(a) - no other information available for restatement of deferred inflows or outflows of resources.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). These Changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 \$10,799,057 of which \$351,922 was covered by federal deposit insurance and the remaining \$10,447,135 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+	\$ 3,892,620	\$ 1,772,141	\$ 1,259,831	\$ 860,648
STAR Ohio	AAAm	334,173	334,173	-	-
Negotiable CD's	N/A	4,785,993	2,382,877	2,403,116	-
Mutual Funds	N/A	2,128,131	2,128,131	-	-
		<u>\$ 11,140,917</u>	<u>\$ 6,617,322</u>	<u>\$ 3,662,947</u>	<u>\$ 860,648</u>

CITY OF MORAIN, OHIO
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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 48 days as of December 31, 2018.

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 percent 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, 2018:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Percent of Total</u>
Federal Agency Securities	\$ 3,892,620	34.94%
STAR Ohio	334,848	3.00%
Negotiable CD's	4,785,993	42.96%
Mutual Funds	<u>2,128,131</u>	<u>19.10%</u>
	<u>\$ 11,141,592</u>	<u>100.00%</u>

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2018:

<u>Investment Type</u>	<u>Total</u>	<u>Identical Assets (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
U.S. Governmental Agencies	\$ 3,892,620	\$ -	\$ 3,892,620	\$ -
Negotiable CD's	<u>4,785,993</u>	<u>-</u>	<u>4,785,993</u>	<u>-</u>
	<u>\$ 8,678,613</u>	<u>\$ -</u>	<u>\$ 8,678,613</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, 2018 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 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of the appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

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The full tax rate for all City operations for the year ended December 31, 2018 was \$2.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property Tax Assessed Valuation	\$ 143,386,440
Public Utility Real Property Assessed Valuation	361,680
Public Utility Personal Property Assessed Valuation	<u>103,500,000</u>
Total	<u>\$ 247,248,120</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, 2018, 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 2018 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 2018, 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, 2018 were as follows:

Loans Receivable, 12/31/2017	\$ 913,000
New Loans	200,000
Forgiven Loans	<u>(28,000)</u>
Loans Receivable, 12/31/2018	<u>\$ 1,085,000</u>

In 2014, the City entered into a business loan agreement with a company with an original loan amount of \$1 million, which will be disbursed in five installments of \$200,000 based on certain benchmarks. The fifth, and final, of the disbursements occurred during 2018. 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.

CITY OF MORAINE, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 6 – CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Balance</u> <u>12/31/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/18</u>
<i>Governmental Activities</i>				
Non-depreciable capital assets:				
Land	\$ 10,967,884	\$ 89,283	\$ (17,529)	\$ 11,039,638
Construction in Progress	499,051	2,816,905	(470,927)	2,845,029
Non-depreciable capital assets	<u>11,466,935</u>	<u>2,906,188</u>	<u>(488,456)</u>	<u>13,884,667</u>
Depreciable capital assets:				
Buildings and improvements	12,128,704	-	-	12,128,704
Equipment	10,261,082	723,079	(130,737)	10,853,424
Infrastructure	30,883,159	470,927	-	31,354,086
Depreciable capital assets	<u>53,272,945</u>	<u>1,194,006</u>	<u>(130,737)</u>	<u>54,336,214</u>
Less: accumulated depreciation:				
Buildings and improvements	(8,370,728)	(224,913)	-	(8,595,641)
Equipment	(8,036,901)	(327,785)	130,737	(8,233,949)
Infrastructure	(21,667,986)	(1,138,694)	-	(22,806,680)
Accumulated depreciation	<u>(38,075,615)</u>	<u>(1,691,392)*</u>	<u>130,737</u>	<u>(39,636,270)</u>
Depreciable capital assets, net	<u>15,197,330</u>	<u>(497,386)</u>	<u>-</u>	<u>14,699,944</u>
Governmental activities capital assets, net	<u>\$ 26,664,265</u>	<u>\$ 2,408,802</u>	<u>\$ (488,456)</u>	<u>\$ 28,584,611</u>

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

General Government	\$ 121,032
Public Safety	233,108
Highways and Streets	1,180,704
Culture and Recreation	155,454
Economic Development	1,094
Total depreciation expense - governmental activities	<u>\$ 1,691,392</u>

In 2010, the City decided to close the water park, Splash! Moraine due to budgetary constraints. During the prior year, 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, 2018 is \$43,154, 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.

CITY OF MORAIN, OHIO
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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 Statement No. 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 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 salary and benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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, the majority of employee members are in OPERS’ Traditional Plan; therefore, the following disclosures focus 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 (ORC). OPERS issues a stand-alone financial report that includes financial statements,

CITY OF MORAIN, OHIO
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required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 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 Pension 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	State and Local	State and Local
<p>Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p> <p>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</p>	<p>Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p> <p>Formula: 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30</p>	<p>Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit</p> <p>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</p>

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% 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%.

Funding Policy—The ORC provides statutory authority for member and employer contributions. For 2018, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$573,060 for 2018. Of this amount, \$63,494 is reported within salaries and benefits payable.

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

City full-time police and firefighters participate in the Ohio Police & 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

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beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code (ORC). 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 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, OH 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% for each of the first 20 years of service credit, 2.0% for each of the next five years of service credit and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% 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 adjustment (COLA). 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 3% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending 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 3% of their base pension or disability benefit.

Funding Policy—The ORC provides statutory authority for member and employer contributions as follows:

	<u>Police</u>		<u>Firefighters</u>	
2018 Statutory Maximum Contribution Rates				
Employer	19.50	%	24.00	%
Employee	12.25	%	12.25	%
2018 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	<u>12.25</u>	%	<u>12.25</u>	%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$944,982 for 2018. Of this amount, \$111,343 is reported within salaries and benefits payable.

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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, 2017, 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, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. 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	\$ 4,712,950	\$ 12,412,541	\$ 17,125,491
Proportion of the net pension liability			
Current measurement date	0.030042%	0.202243%	
Prior measurement date	0.031272%	0.211297%	
Change in proportionate share	<u>-0.001230%</u>	<u>-0.009054%</u>	
Pension expense	\$ 1,113,101	\$ 1,451,559	\$ 2,564,660

At December 31, 2018, 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>			
Differences between expected and actual experience	\$ 4,814	\$ 188,369	\$ 193,183
Change in assumptions	563,229	540,878	1,104,107
Change in City's proportionate share and difference in employer contributions	114,607	220,145	334,752
City contributions subsequent to the measurement date	<u>573,060</u>	<u>944,982</u>	<u>1,518,042</u>
Total	<u>\$ 1,255,710</u>	<u>\$ 1,894,374</u>	<u>\$ 3,150,084</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 92,877	\$ 22,454	\$ 115,331
Net difference between projected and actual earnings on pension plan investments	1,011,809	429,379	1,441,188
Change in City's proportionate share and difference in employer contributions	<u>128,266</u>	<u>434,514</u>	<u>562,780</u>
Total	<u>\$ 1,232,952</u>	<u>\$ 886,347</u>	<u>\$ 2,119,299</u>

\$1,518,042 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, 2019. 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:			
2019	\$ 463,079	\$ 283,671	\$ 746,750
2020	(152,067)	170,784	18,717
2021	(445,547)	(273,949)	(719,496)
2022	(415,767)	(191,758)	(607,525)
2023	-	60,929	60,929
Thereafter	-	13,368	13,368
	\$ (550,302)	\$ 63,045	\$ (487,257)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Wage inflation	3.25%
Future salary increases, Including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age
Mortality tables	RP-2014

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. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82% for 2017.

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 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other Investments	<u>18.00%</u>	<u>5.26%</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%. 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 benefit 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 represents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50%, 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%) and one-percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 8,369,031	\$ 4,712,950	\$ 1,664,914

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Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, 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 experiences and new estimates are made about the future. Based on the experience study completed as of December 31, 2016, changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the current and prior measurement dates are as follows:

Valuation date	January 1, 2017 with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016 with actuarial liabilities rolled forward to December 31, 2016
Actuarial assumption experience study date	5-year period ended December 31, 2016	5-year period ended December 31, 2011
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	8.00%	8.25%
Cost-of-living adjustments	3% simple; 2.2% simple for increases based on the lesser of the increase in CPI and 3%	3% simple; 2.6% simple for increases based on the lesser of increase in CPI and 3%
Salary increases	3.75% to 10.50%	4.25% to 11.00%
Payroll growth	Inflation rate of 2.75% plus productivity increase rate of 0.5%	Inflation rate of 3.25% plus productivity increase rate of 0.5%

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%. Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted and projected with the Conduent Modified 2016 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2016.

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 average of expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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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, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.0%	0.0%
Domestic equity	16.0%	5.21%
Non-U.S. equity	16.0%	5.40%
Core fixed income*	20.0%	2.37%
Global inflation protected securities*	20.0%	2.33%
High yield	15.0%	4.48%
Real estate	12.0%	5.65%
Private markets	8.0%	7.99%
Real assets	5.0%	6.87%
Master limited partnerships	8.0%	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 1.20 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 8.0%. 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 earnings were calculated using the longer-term assumed investment rate of return of 8.0%. 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 8.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (7.0%) or one-percentage point higher (9.0%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 17,207,036	\$ 12,412,541	\$ 8,502,191

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NOTE 8 – POSTEMPLOYMENT BENEFITS:

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description—Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment 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 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.

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In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty 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 No. 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy—The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions 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% 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 into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.

For the year ended December 31, 2018, OPERS did not allocate any employer contributions to postemployment health care.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B premiums to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement 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 OPEB as described in GASB Statement No. 75.

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The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB. 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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to 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 the payroll of active pension plan members, currently 19.5% and 24.0% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, the portion of the 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 Section 115 and 401(h).

The OP&F Board of Trustees is also 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 contractually required contribution to OP&F was \$22,325 for 2018. Of this amount, \$2,630 is reported within salaries and benefits payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017 and was determined by rolling forward the total OPEB liability as of January 1, 2017 to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the respective retirement systems relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net OPEB liability	\$ 3,085,782	\$ 11,458,781	\$ 14,544,563
Proportion of the net OPEB liability			
Current measurement date	0.028416%	0.202243%	
Prior measurement date	<u>0.029640%</u>	<u>0.211298%</u>	
Change in proportionate share	<u>-0.001224%</u>	<u>-0.009055%</u>	
OPEB expense	<u>\$ 258,956</u>	<u>\$ 855,188</u>	\$ 1,114,144

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 2,403	\$ -	\$ 2,403
Change in assumptions	184,429	1,118,135	1,302,564
City contributions subsequent to the measurement date	<u>-</u>	<u>22,325</u>	<u>22,325</u>
Total	<u>\$ 186,832</u>	<u>\$ 1,140,460</u>	<u>\$ 1,327,292</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 57,791	\$ 57,791
Net difference between projected and actual earnings on OPEB plan investments	229,872	75,428	305,300
Change in City's proportionate share and difference in employer contributions	<u>83,646</u>	<u>389,126</u>	<u>472,772</u>
Total	<u>\$ 313,518</u>	<u>\$ 522,345</u>	<u>\$ 835,863</u>

\$22,325 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Fiscal Year Ending December 31:			
2019	\$ 1,047	\$ 79,274	\$ 80,321
2020	1,047	79,274	80,321
2021	(61,249)	79,274	18,025
2022	(67,531)	79,274	11,743
2023	-	98,131	98,131
Thereafter	<u>-</u>	<u>180,563</u>	<u>180,563</u>
	<u>\$ (126,686)</u>	<u>\$ 595,790</u>	<u>\$ 469,104</u>

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Actuarial Assumptions—OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	3.25%
Projected salary increases	3.25% to 10.75%, including wage inflation
Single discount rate:	
Current measurement date	3.85%
Prior measurement date	4.23%
Investment rate of return	6.50%
Municipal bond rate	3.31%
Health care cost trend rate	7.5% initial, 3.25% ultimate in 2028
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above tables.

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2% for 2017.

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The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the OPERS Board-approved asset allocation policy for 2017 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	1.88%
Domestic Equities	21.00%	6.37%
REITs	6.00%	5.91%
International Equities	22.00%	7.88%
Other Investments	<u>17.00%</u>	<u>5.39%</u>
Total	<u>100.00%</u>	<u>4.98%</u>

Discount Rate. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85%, as well as what the City's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0% point lower (2.85%) or 1.0% point higher (4.85%) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$ 4,099,694	\$ 3,085,782	\$ 2,265,673

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate. Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

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Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 2,952,507	\$ 3,085,782	\$ 3,223,604

Actuarial Assumptions—OP&F

OP&F's total OPEB liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017 and rolled forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value 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.

Projections of benefit for financial 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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key Methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

Actuarial valuation date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.75% to 10.50%
Payroll growth	Inflation rate of 2.75%, plus productivity increase rate of 0.5%
Single discount rate:	
Current measurement date	3.24%
Prior measurement date	3.79%
Cost of living adjustments	3.0% simple; 2.2% simple for increase based on the lesser of the increases in CPI and 3.0%

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Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. 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 average 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 real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalent	0.0%	0.0%
Domestic equity	16.0%	5.21%
Non-U.S. equity	16.0%	5.40%
Core fixed income*	20.0%	2.37%
Global inflation protected securities*	20.0%	2.33%
High yield	15.0%	4.48%
Real estate	12.0%	5.65%
Private markets	8.0%	7.99%
Real assets	5.0%	6.87%
Master limited partnerships	8.0%	7.36%
Total	<u>120.00%</u>	

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 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate. Total OPEB liability was calculated using the discount rate of 3.24%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would

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be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.0%. Based on those assumptions, OP&F's fiduciary net position was projected to be able to make all future benefit payment of current plan members through 2025. Therefore, a municipal bond rate of 3.16% at December 31, 2017 was blended with the long-term rate of 8.0%, which resulted in a blended discount rate of 3.24%. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 3.24%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.24%) and 1% point higher (4.24%) than the current discount rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$ 14,323,614	\$ 11,458,781	\$ 9,254,417

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate. Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.74%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current health care cost trend current rates as outlined in the table above, a 1% decrease in the trend rates and a 1% increase in the trend rates.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 8,901,387	\$ 11,458,781	\$ 14,905,282

Changes Subsequent to the Measurement Date. In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's net OPEB liability is not known.

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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 \$953,921 at December 31, 2018.

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 \$1,814,484 at December 31, 2018.

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, 2018 and 2017 follows:

	<u>2018</u>	<u>2017</u>
Assets	\$ 49,921,998	\$ 44,452,326
Liabilities	<u>(14,676,199)</u>	<u>(13,004,011)</u>
Net Position - Unrestricted	<u>\$ 35,245,799</u>	<u>\$ 31,448,315</u>

The Pool's membership increased from 527 members in 2017 to 538 members in 2018.

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, 2018 the Pool retained \$500,000 for casualty claims and \$250,000 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.

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Unpaid claims of the Pool that will be billed in the future were approximately \$11.8 million and \$11.3 million at December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2016</u>
Claims liability at January 1	\$ 123,439	\$ 147,829	\$ 85,338
Claims incurred	1,684,530	1,719,327	1,575,671
Claims paid	<u>(1,695,460)</u>	<u>(1,743,717)</u>	<u>(1,513,180)</u>
Claims liability at December 31	<u>\$ 112,509</u>	<u>\$ 123,439</u>	<u>\$ 147,829</u>

NOTE 11 - LONG-TERM OBLIGATIONS:

Long-term obligations activity for the year ended December 31, 2018, is as follows:

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
<i>Governmental Activities:</i>					
General Obligation Bonds	\$ 5,060,000	\$ -	\$ 205,000	\$ 4,855,000	\$ 210,000
Premium on Bonds	502,652	-	32,689	469,963	-
Ohio Public Works Commission	921,255	62,407	61,859	921,803	63,418
Capital Lease Obligation	192,607	-	62,050	130,557	64,178
Compensated Absences	2,966,209	187,788	495,650	2,658,347	182,942
Net Pension Liability:					
OPERS	7,101,268	-	2,388,318	4,712,950	-
OP&F	13,383,401	-	970,860	12,412,541	-
Total Net Pension Liability	<u>20,484,669</u>	<u>-</u>	<u>3,359,178</u>	<u>17,125,491</u>	<u>-</u>
Net OPEB Liability:					
OPERS	2,993,762	92,020	-	3,085,782	-
OP&F	10,029,839	1,428,942	-	11,458,781	-
Total Net OPEB Liability	<u>13,023,601</u>	<u>1,520,962</u>	<u>-</u>	<u>14,544,563</u>	<u>-</u>
Total Governmental Activities	<u>\$ 43,150,993</u>	<u>\$ 1,771,157</u>	<u>\$ 4,216,426</u>	<u>\$ 40,705,724</u>	<u>\$ 520,538</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

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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.

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, 2018, the City has five 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; \$86,891 for resurfacing of Northlawn Avenue during 2017; and \$62,407 for improvements to East River Road in 2018. All five of these loans carried an interest rate of zero percent and have maturities of 20 years. At December 31, 2018 the outstanding balance on these loans totaled \$921,803.

In a 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 payable and the employer contributions to pension and OPEB plans) 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
2019	\$ 210,000	\$ 180,600	\$ 63,418
2020	220,000	172,200	63,417
2021	255,000	161,200	63,419
2022	255,000	156,100	63,418
2023	265,000	151,000	63,420
2024-2028	1,485,000	587,800	317,092
2029-2033	1,775,000	297,000	227,089
2034-2038	390,000	15,600	60,530
Total	<u>\$ 4,855,000</u>	<u>\$ 1,721,500</u>	<u>\$ 921,803</u>

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

Calendar Year	Amount
2019	\$ 68,656
2020	68,656
Total minimum lease payments	137,312
Less: amount representing interest	(6,755)
Present value of minimum lease payments	<u>\$ 130,557</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, 2018 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 2018 payment was \$76,664 and included \$50,000 in principal and \$26,664 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.

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NOTE 14 – BOND ANTICIPATION NOTES PAYABLE:

During 2018, the City issued \$3,775,000 of bond anticipate notes to provide financing for infrastructure improvements within the Vance Darroch development area, as well as provide resources to retire the 2017 BAN when due. The 2018 notes were offered at a stated coupon rate of 3.00 percent. The 2018 notes will mature on June 26, 2019.

A summary of the City’s short-term bond anticipation note transactions for the year ended December 31, 2018 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	\$ -
2018 Infrastructure Improvement				
BAN - 3.0%	-	3,775,000	-	3,775,000
Total Notes Payable	<u>\$ 2,565,000</u>	<u>\$ 3,775,000</u>	<u>\$ 2,565,000</u>	<u>\$ 3,775,000</u>

NOTE 15 – ACCOUNTABILITY:

At December 31, 2018, 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 \$2,376,237, \$15,919 and \$23,203, 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, 2018, consisted of the following:

<u>Transfer to Fund</u>	<u>Transfer from Fund</u>	<u>Amount</u>
Street Construction and Maintenance	General	\$ 1,635,000
Capital Improvement	General	2,250,000
Nonmajor - Mayors Court Computer	General	102,171
Nonmajor - Clerk of Court Computer	General	68,114
Nonmajor - Economic Development	General	435,000
Nonmajor - Police Pension	General	375,000
Nonmajor - Fire Pension	General	440,000
		<u>\$ 5,305,285</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, 2018

NOTE 17 – COMMITMENTS:

Contractual Commitments

At December 31, 2018, the City had approximately \$1,369,705 due on contractual commitments outstanding related to the infrastructure construction at Pinnacle Ridge, section one.

Encumbrances

Outstanding encumbrances at year-end include:

<u>Fund</u>	<u>Encumbrance Outstanding</u>
General	\$ 472,374
Capital Improvement	1,126,561
Street Construction & Maintenance	11,487
Vance Darroch Capital	756,127
Other Governmental Funds	35,834
	<u>\$ 2,402,383</u>

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, 2018 to December 31, 2018, 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.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Income	\$ 20,248,855	\$ 20,248,855	\$ 18,573,653	\$ (1,675,202)
Property	437,460	437,460	475,073	37,613
Other	15,000	15,000	28,724	13,724
Shared Revenues	84,254	84,254	89,975	5,721
Intergovernmental	23,500	23,500	38,536	15,036
License and Permits	67,000	67,000	80,795	13,795
Charges for Services	397,100	397,100	357,794	(39,306)
Fines	273,500	273,500	201,180	(72,320)
Investment Earnings	90,000	90,000	145,686	55,686
Rents and Royalties	10,000	10,000	14,676	4,676
Miscellaneous	72,497	74,382	280,720	206,338
Total Revenues	<u>21,719,166</u>	<u>21,721,051</u>	<u>20,286,812</u>	<u>(1,434,239)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Council				
Personnel services	15,522	15,522	13,977	1,545
General operating expenses	92,358	92,358	36,737	55,621
Total Council	<u>107,880</u>	<u>107,880</u>	<u>50,714</u>	<u>57,166</u>
Clerk of Council				
Personnel services	76,057	83,452	80,943	2,509
General operating expenses	12,962	12,962	5,928	7,034
Total Clerk of Council	<u>89,019</u>	<u>96,414</u>	<u>86,871</u>	<u>9,543</u>
City Manager				
Personnel services	330,188	360,162	309,298	50,864
General operating expenses	53,100	63,100	46,501	16,599
Total City Manager	<u>383,288</u>	<u>423,262</u>	<u>355,799</u>	<u>67,463</u>
Clerk of Courts				
Personnel services	208,804	208,804	167,091	41,713
General operating expenses	43,748	43,748	30,069	13,679
Total Clerk of Courts	<u>252,552</u>	<u>252,552</u>	<u>197,160</u>	<u>55,392</u>
Law Director				
General operating expenses	208,846	208,846	186,680	22,166
Total Law Director	<u>208,846</u>	<u>208,846</u>	<u>186,680</u>	<u>22,166</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, 2018
(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Merit Service				
General operating expenses	15,000	15,000	3,959	11,041
Total Merit Service	<u>15,000</u>	<u>15,000</u>	<u>3,959</u>	<u>11,041</u>
Mayor				
Personnel services	6,451	6,451	4,960	1,491
General operating expenses	1,400	1,400	760	640
Total Mayor	<u>7,851</u>	<u>7,851</u>	<u>5,720</u>	<u>2,131</u>
Finance				
Personnel services	676,926	676,926	612,664	64,262
General operating expenses	90,786	90,786	70,935	19,851
Total Finance	<u>767,712</u>	<u>767,712</u>	<u>683,599</u>	<u>84,113</u>
Information Center				
Personnel services	136,821	136,821	114,642	22,179
Total Information Center	<u>136,821</u>	<u>136,821</u>	<u>114,642</u>	<u>22,179</u>
Public Buildings				
Personnel services	642,514	642,514	470,462	172,052
General operating expenses	817,411	817,411	613,046	204,365
Total Public Buildings	<u>1,459,925</u>	<u>1,459,925</u>	<u>1,083,508</u>	<u>376,417</u>
General Miscellaneous				
Personnel services	474,879	516,519	498,761	17,758
General operating expenses	641,663	721,663	570,596	151,067
Total General Miscellaneous	<u>1,116,542</u>	<u>1,238,182</u>	<u>1,069,357</u>	<u>168,825</u>
Information Technology				
Personnel services	230,601	230,601	217,452	13,149
General operating expenses	311,996	311,996	198,171	113,825
Total Information Technology	<u>542,597</u>	<u>542,597</u>	<u>415,623</u>	<u>126,974</u>
Human Resources				
General operating expenses	92,976	92,976	67,765	25,211
Total Human Resources	<u>92,976</u>	<u>92,976</u>	<u>67,765</u>	<u>25,211</u>
TOTAL GENERAL GOVERNMENT	<u>5,181,009</u>	<u>5,350,018</u>	<u>4,321,397</u>	<u>1,028,621</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, 2018
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
PUBLIC SAFETY				
Police				
Personnel services	4,216,718	4,216,718	3,763,281	453,437
General operating expenses	694,149	694,149	546,223	147,926
Total Police	<u>4,910,867</u>	<u>4,910,867</u>	<u>4,309,504</u>	<u>601,363</u>
Fire				
Personnel services	3,801,870	3,801,870	3,254,107	547,763
General operating expenses	391,846	391,846	277,754	114,092
Total Fire	<u>4,193,716</u>	<u>4,193,716</u>	<u>3,531,861</u>	<u>661,855</u>
Civil Defense				
General operating expenses	11,250	11,250	8,663	2,587
Total Civil Defense	<u>11,250</u>	<u>11,250</u>	<u>8,663</u>	<u>2,587</u>
TOTAL PUBLIC SAFETY	<u>9,115,833</u>	<u>9,115,833</u>	<u>7,850,028</u>	<u>1,265,805</u>
HIGHWAYS AND STREETS				
Engineering				
General operating expenses	209,654	209,654	97,822	111,832
Total Engineering	<u>209,654</u>	<u>209,654</u>	<u>97,822</u>	<u>111,832</u>
Street Lighting				
General operating expenses	306,534	306,534	274,618	31,916
Total Street Lighting	<u>306,534</u>	<u>306,534</u>	<u>274,618</u>	<u>31,916</u>
TOTAL HIGHWAYS AND STREETS	<u>516,188</u>	<u>516,188</u>	<u>372,440</u>	<u>143,748</u>
SANITATION				
Waste Collection				
General operating expenses	336,790	336,790	333,229	3,561
Total Waste Collection	<u>336,790</u>	<u>336,790</u>	<u>333,229</u>	<u>3,561</u>
TOTAL SANITATION	<u>336,790</u>	<u>336,790</u>	<u>333,229</u>	<u>3,561</u>
HEALTH AND WELFARE				
Health & Alcoholism				
General operating expenses	2,000	2,000	957	1,043
Total Health & Alcoholism	<u>2,000</u>	<u>2,000</u>	<u>957</u>	<u>1,043</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 MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2018
(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Building Inspection				
Personnel services	132,242	132,242	120,306	11,936
General operating expenses	90,382	90,382	48,811	41,571
Total Building Inspection	<u>222,624</u>	<u>222,624</u>	<u>169,117</u>	<u>53,507</u>
TOTAL HEALTH AND WELFARE	<u>225,074</u>	<u>225,074</u>	<u>170,074</u>	<u>55,000</u>
ECONOMIC DEVELOPMENT AND ASSISTANCE				
Planning				
Personnel services	208,243	229,208	211,429	17,779
General operating expenses	30,447	30,447	14,457	15,990
Total Planning	<u>238,690</u>	<u>259,655</u>	<u>225,886</u>	<u>33,769</u>
Planning Commission				
General operating expenses	4,120	4,120	3,166	954
Total Planning Commission	<u>4,120</u>	<u>4,120</u>	<u>3,166</u>	<u>954</u>
TOTAL ECONOMIC DEVELOPMENT AND ASSISTANCE	<u>242,810</u>	<u>263,775</u>	<u>229,052</u>	<u>34,723</u>
TOTAL EXPENDITURES	<u>15,617,704</u>	<u>15,807,678</u>	<u>13,276,220</u>	<u>2,531,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,101,462</u>	<u>5,913,373</u>	<u>7,010,592</u>	<u>1,097,219</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,600,000)	(8,600,000)	(6,095,285)	2,504,715
Proceeds from the sale of capital assets	962,500	962,500	139,983	(822,517)
Total Other Financing Sources (Uses)	<u>(7,637,500)</u>	<u>(7,637,500)</u>	<u>(5,955,302)</u>	<u>1,682,198</u>
Net Change in Fund Balance	(1,536,038)	(1,724,127)	1,055,290	2,779,417
Fund Balance - Beginning	10,705,588	10,705,588	10,705,588	-
Prior Year Encumbrances Appropriated	448,695	448,695	448,695	-
Fund Balance - Ending	<u>\$ 9,618,245</u>	<u>\$ 9,430,156</u>	<u>\$ 12,209,573</u>	<u>\$ 2,779,417</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 440,000	\$ 440,000	\$ 437,347	\$ (2,653)
Investment Earnings	1,500	1,500	1,502	2
Miscellaneous	2,000	2,000	35,326	33,326
Total Revenues	<u>443,500</u>	<u>443,500</u>	<u>474,175</u>	<u>30,675</u>
EXPENDITURES				
HIGHWAY AND STREETS				
Streets Department				
Personnel Services	1,935,271	1,900,271	1,712,282	187,989
General Operating Expenses	393,127	428,127	384,270	43,857
Total Expenditures	<u>2,328,398</u>	<u>2,328,398</u>	<u>2,096,552</u>	<u>231,846</u>
Excess (deficiency) of revenues over (under)	<u>(1,884,898)</u>	<u>(1,884,898)</u>	<u>(1,622,377)</u>	<u>262,521</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,900,000	1,900,000	1,635,000	(265,000)
Total Other Financing Sources (Uses)	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,635,000</u>	<u>(265,000)</u>
Net Change in Fund Balance	15,102	15,102	12,623	(2,479)
Fund Balance - Beginning	103,845	103,845	103,845	-
Prior Year Encumbrances Appropriated	14,727	14,727	14,727	-
Fund Balance - Ending	<u>\$ 133,674</u>	<u>\$ 133,674</u>	<u>\$ 131,195</u>	<u>\$ (2,479)</u>

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST FIVE YEARS (1) (2)

	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.026116%	\$ 3,078,736	\$ 2,932,369	104.99%	86.36%
2015	0.026116%	3,151,149	3,201,850	98.42%	86.45%
2016	0.028964%	5,016,862	3,610,042	138.97%	81.08%
2017	0.031272%	7,101,268	4,038,675	175.83%	77.25%
2018	0.030042%	4,712,950	3,976,331	118.53%	84.66%

- (1) Information prior to 2014 is not available. The City will continue to presented for years available until a full ten-year trend is compiled.
- (2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

NOTES TO SCHEDULE:

Changes in Assumptions:

In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year peirod ended December 31, 2015. Significant changes included a reduction of 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
OHIO POLICE AND FIRE PENSION FUND

LAST FIVE YEARS (1) (2)

	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.205342%	\$ 10,000,780	\$ 4,471,557	223.65%	73.00%
2015	0.205342%	10,637,551	4,220,732	252.03%	71.71%
2016	0.205708%	13,233,339	4,538,940	291.55%	66.77%
2017	0.211297%	13,383,401	4,721,005	283.49%	68.36%
2018	0.202243%	12,412,541	4,662,051	266.25%	70.91%

- (1) Information prior to 2014 is not available. The City will continue to presented for years available until a full ten-year trend is compiled.
- (2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

NOTES TO SCHEDULE:

Changes in Assumptions:

In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year peiord ended December 31, 2016. Significant changes included a reduction of the discount rate from 8.25% to 8.0%, 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
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST SIX YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 381,208	\$ (381,208)	\$ -	\$ 2,932,369	13.00%
2014	384,222	(384,222)	-	3,201,850	12.00%
2015	433,205	(433,205)	-	3,610,042	12.00%
2016	484,641	(484,641)	-	4,038,675	12.00%
2017	516,923	(516,923)	-	3,976,331	13.00%
2018	573,060	(573,060)	-	4,093,286	14.00%

(1) Information prior to 2013 is not available. The City will continue to presented for years available until a full ten-year trend is compiled.

CITY OF MORAIN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND
LAST SIX YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 763,742	\$ (763,742)	\$ -	\$ 4,471,557	17.08%
2014	859,341	(859,341)	-	4,220,732	20.36%
2015	911,873	(911,873)	-	4,538,940	20.09%
2016	948,450	(948,450)	-	4,721,005	20.09%
2017	936,606	(936,606)	-	4,662,051	20.09%
2018	944,982	(944,982)	-	4,464,941	21.16%

(1) Information prior to 2013 is not available. The City will continue to be presented for years available until a full ten-year trend is compiled.

CITY OF MORaine, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TWO YEARS (1) (2)

	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.0296402%	\$ 2,993,762	\$ 4,038,675	74.13%	54.05%
2018	0.0284161%	3,085,782	3,976,331	77.60%	54.14%

- (1) Information prior to 2017 is not available. The City will continue to present for years available until a full ten-year trend is compiled.
- (2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

CITY OF MORAINE, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
OHIO POLICE AND FIRE PENSION PLAN

LAST TWO YEARS (1) (2)

	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.2112980%	\$ 10,029,839	\$ 4,721,005	212.45%	15.96%
2018	0.2022426%	11,458,781	4,662,051	245.79%	14.13%

- (1) Information prior to 2017 is not available. The City will continue to presented for years available until a full ten-year trend is compiled.
- (2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

CITY OF MORAIN, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S OPEB CONTRIBUTIONS
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST FOUR YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 73,158	\$ (73,158)	\$ -	\$ 3,610,042	2.00%
2016	81,881	(81,881)	-	4,038,675	2.00%
2017	40,250	(40,250)	-	3,976,331	1.00%
2018	-	-	-	4,093,286	0.00%

(1) Information prior to 2015 is not available. The City will continue to be presented for years available until a full ten-year trend is compiled.

CITY OF MORAIN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND
LAST FOUR YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 21,060	\$ (21,060)	-	\$ 4,538,940	0.46%
2016	35,887	(35,887)	-	4,721,005	0.76%
2017	22,036	(22,036)	-	4,662,051	0.47%
2018	22,325	(22,325)	-	4,464,941	0.50%

(1) Information prior to 2015 is not available. The City will continue to presented for years available until a full ten-year trend is compiled.

CITY OF MORAINE, OHIO
Notes to Required Supplementary Information
For the Year Ended December 31, 2018

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 General Fund and major special revenue funds.

	Net Change in Fund Balance	
	General	Street Construction and Maintenance
GAAP Basis	\$ 1,269,216	\$ 28,717
Revenue Accruals	107,222	(2,944)
Expenditure Accruals	107,715	(1,663)
Encumbrances	(425,611)	(11,487)
Funds Budgeted Elsewhere	(3,252)	-
Budget Basis	\$ 1,055,290	\$ 12,623

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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	\$ 2,493,789	\$ 162,318	\$ 2,656,107
Cash in Segregated Accounts	200	-	200
Receivables:			
Property Tax	143,892	-	143,892
Payment in Lieu of Taxes	417,555	-	417,555
Intergovernmental	28,390	-	28,390
Loans	1,085,000	-	1,085,000
Total Assets	\$ 4,168,826	\$ 162,318	\$ 4,331,144
LIABILITIES			
Accounts Payable	\$ 318	\$ -	\$ 318
Salaries and Benefits Payable	111,343	-	111,343
Total Liabilities	111,661	-	111,661
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes	137,136	-	137,136
Payment in Lieu of Taxes	417,300	-	417,300
Unavailable for:			
Delinquent Property Taxes	6,756	-	6,756
Intergovernmental	24,159	-	24,159
Other Sources	255	-	255
Total Deferred Inflows of Resources	585,606	-	585,606
FUND BALANCES			
Nonspendable:			
Long-term Receivables	57,000	-	57,000
Restricted for:			
Law Enforcement	293,491	-	293,491
Judiciary Programs	171,143	-	171,143
Cemetery Services	149,795	-	149,795
Debt Service	-	162,318	162,318
Street Repair and Maintenance	900,637	-	900,637
Economic Development	788,228	-	788,228
Committed for:			
Economic Development	1,150,387	-	1,150,387
Unassigned	(39,122)	-	(39,122)
Total Fund Balances	3,471,559	162,318	3,633,877
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,168,826	\$ 162,318	\$ 4,331,144

CITY OF MORAIN, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	State Highway Improvement	Cemetery	Motor Vehicle License Tax	Enforcement and Education	Mayor's Court Computer
ASSETS					
Equity in Pooled Cash and Investments	\$ 810,825	\$ 149,795	\$ 85,899	\$ 60,267	\$ 102,566
Cash in Segregated Accounts	-	-	-	-	80
Receivables:					
Property Tax	-	-	-	-	-
Payment in Lieu of Taxes	-	-	-	-	-
Intergovernmental	15,776	-	9,924	-	-
Loans	-	-	-	-	-
Total Assets	<u>\$ 826,601</u>	<u>\$ 149,795</u>	<u>\$ 95,823</u>	<u>\$ 60,267</u>	<u>\$ 102,646</u>
LIABILITIES					
Accounts Payable	\$ 80	\$ -	\$ 238	\$ -	\$ -
Salaries and Benefits Payable	-	-	-	-	-
Total Liabilities	<u>80</u>	<u>-</u>	<u>238</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-
Unavailable for:					
Delinquent Property Taxes	-	-	-	-	-
Intergovernmental	13,128	-	8,341	-	-
Other Sources	-	-	-	-	-
Total Deferred Inflows of Resources	<u>13,128</u>	<u>-</u>	<u>8,341</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Nonspendable					
Long-term Receivable	-	-	-	-	-
Restricted for:					
Law Enforcement	-	-	-	60,267	-
Judiciary Programs	-	-	-	-	102,646
Cemetery Services	-	149,795	-	-	-
Street Repair and Maintenance	813,393	-	87,244	-	-
Economic Development	-	-	-	-	-
Committed for:					
Economic Development	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	<u>813,393</u>	<u>149,795</u>	<u>87,244</u>	<u>60,267</u>	<u>102,646</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 826,601</u>	<u>\$ 149,795</u>	<u>\$ 95,823</u>	<u>\$ 60,267</u>	<u>\$ 102,646</u>

(continued)

CITY OF MORAIN, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018
(continued)

	Clerk of Court Computer	Economic Development	T.I.F.	Police Pension	Fire Pension
ASSETS					
Equity in Pooled Cash and Investments	\$ 68,377	\$ 122,387	\$ 788,228	\$ 35,698	\$ 36,523
Cash in Segregated Accounts	120	-	-	-	-
Receivables:					
Property Tax	-	-	-	71,946	71,946
Payment in Lieu of Taxes	-	-	417,555	-	-
Intergovernmental	-	-	-	1,345	1,345
Loans	-	1,085,000	-	-	-
Total Assets	<u>\$ 68,497</u>	<u>\$ 1,207,387</u>	<u>\$ 1,205,783</u>	<u>\$ 108,989</u>	<u>\$ 109,814</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Benefits Payable	-	-	-	51,617	59,726
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,617</u>	<u>59,726</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	-	-	-	68,568	68,568
Payments in Lieu of Taxes	-	-	417,300	-	-
Unavailable for:					
Delinquent Property Taxes	-	-	-	3,378	3,378
Intergovernmental	-	-	-	1,345	1,345
Other Sources	-	-	255	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>417,555</u>	<u>73,291</u>	<u>73,291</u>
FUND BALANCE					
Nonspendable					
Long-term Receivable	-	57,000	-	-	-
Restricted for:					
Law Enforcement	-	-	-	-	-
Judiciary Programs	68,497	-	-	-	-
Cemetery Services	-	-	-	-	-
Street Repair and Maintenance	-	-	-	-	-
Economic Development	-	-	788,228	-	-
Committed for:					
Economic Development	-	1,150,387	-	-	-
Unassigned	-	-	-	(15,919)	(23,203)
Total Fund Balance	<u>68,497</u>	<u>1,207,387</u>	<u>788,228</u>	<u>(15,919)</u>	<u>(23,203)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 68,497</u>	<u>\$ 1,207,387</u>	<u>\$ 1,205,783</u>	<u>\$ 108,989</u>	<u>\$ 109,814</u>

(continued)

CITY OF MORAINÉ, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018
(continued)

	Federal Law Enforcement	State Law Enforcement	Drug Law Enforcement	Total Nonmajor Special Revenue Funds
ASSETS				
Equity in Pooled Cash and Investments	\$ 49,403	\$ 144,479	\$ 39,342	\$ 2,493,789
Cash in Segregated Accounts	-	-	-	200
Receivables:				
Property Tax	-	-	-	143,892
Payment in Lieu of Taxes	-	-	-	417,555
Intergovernmental	-	-	-	28,390
Loans	-	-	-	1,085,000
Total Assets	<u>\$ 49,403</u>	<u>\$ 144,479</u>	<u>\$ 39,342</u>	<u>\$ 4,168,826</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 318
Salaries and Benefits Payable	-	-	-	111,343
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,661</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	-	-	137,136
Payments in Lieu of Taxes	-	-	-	417,300
Unavailable for:				
Delinquent Property Taxes	-	-	-	6,756
Intergovernmental	-	-	-	24,159
Other Sources	-	-	-	255
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>585,606</u>
FUND BALANCE				
Nonspendable				
Long-term Receivable	-	-	-	57,000
Restricted for:				
Law Enforcement	49,403	144,479	39,342	293,491
Judiciary Programs	-	-	-	171,143
Cemetery Services	-	-	-	149,795
Street Repair and Maintenance	-	-	-	900,637
Economic Development	-	-	-	788,228
Committed for:				
Economic Development	-	-	-	1,150,387
Unassigned	-	-	-	(39,122)
Total Fund Balance	<u>49,403</u>	<u>144,479</u>	<u>39,342</u>	<u>3,471,559</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 49,403</u>	<u>\$ 144,479</u>	<u>\$ 39,342</u>	<u>\$ 4,168,826</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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes:			
Property	\$ 152,786	\$ -	\$ 152,786
Payment in Lieu of Taxes	363,131	-	363,131
Shared Revenues	64,313	-	64,313
Intergovernmental Grants	43,424	-	43,424
Charges for Services	6,750	-	6,750
Fines	37,404	-	37,404
Investment Earnings	16,688	1,054	17,742
Miscellaneous	10,688	-	10,688
Total Revenues	695,184	1,054	696,238
EXPENDITURES			
Current:			
General government	1,762	-	1,762
Public Safety	995,730	-	995,730
Highways and streets	126,449	-	126,449
Economic Development	323,286	-	323,286
Debt service			
Principal	205,000	-	205,000
Interest	188,288	-	188,288
Total Expenditures	1,840,515	-	1,840,515
Excess (deficiency) of revenues over (under) expenditures	(1,145,331)	1,054	(1,144,277)
OTHER FINANCING SOURCES			
Transfers in	1,420,285	-	1,420,285
Total Other Financing Sources	1,420,285	-	1,420,285
Net Change in Fund Balance	274,954	1,054	276,008
Fund Balance - Beginning	3,196,605	161,264	3,357,869
Fund Balance - Ending	\$ 3,471,559	\$ 162,318	\$ 3,633,877

CITY OF MORAIN, OHIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018

	State Highway Improvement	Cemetery	Motor Vehicle License Tax	Enforcement and Education	Mayors' Court Computer
REVENUES					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Payment in Lieu of Taxes	-	-	-	-	-
Shared Revenues	35,737	-	23,184	-	-
Intergovernmental Grants	-	-	-	-	-
Charges for Services	-	6,750	-	-	-
Fines	-	-	-	892	475
Investment Earnings	5,809	909	684	380	-
Miscellaneous	-	1,088	-	-	-
Total Revenues	<u>41,546</u>	<u>8,747</u>	<u>23,868</u>	<u>1,272</u>	<u>475</u>
EXPENDITURES					
Current:					
General Government	-	1,762	-	-	-
Public Safety	-	-	-	-	-
Highways and Streets	91,004	-	35,445	-	-
Economic Development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>91,004</u>	<u>1,762</u>	<u>35,445</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(49,458)</u>	<u>6,985</u>	<u>(11,577)</u>	<u>1,272</u>	<u>475</u>
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	102,171
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,171</u>
Net Change in Fund Balance	(49,458)	6,985	(11,577)	1,272	102,646
Fund Balance - Beginning	862,851	142,810	98,821	58,995	0
Fund Balance - Ending	<u>\$ 813,393</u>	<u>\$ 149,795</u>	<u>\$ 87,244</u>	<u>\$ 60,267</u>	<u>\$ 102,646</u>

(continued)

CITY OF MORAINE, OHIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018
(Continued)

	Clerk of Court Computer	Economic Development	T.I.F.	Police Pension	Fire Pension
REVENUES					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ 76,393	\$ 76,393
Payment in Lieu of Taxes	-	-	363,131	-	-
Shared Revenues	-	-	-	2,696	2,696
Intergovernmental Grants	-	-	43,424	-	-
Charges for Services	-	-	-	-	-
Fines	383	-	-	-	-
Investment Earnings	-	-	7,240	201	205
Miscellaneous	-	-	-	-	-
Total Revenues	<u>383</u>	<u>-</u>	<u>413,795</u>	<u>79,290</u>	<u>79,294</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	454,342	523,691
Highways and Streets	-	-	-	-	-
Economic Development	-	201,217	122,069	-	-
Debt service					
Principal	-	-	205,000	-	-
Interest	-	-	188,288	-	-
Total Expenditures	<u>-</u>	<u>201,217</u>	<u>515,357</u>	<u>454,342</u>	<u>523,691</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>383</u>	<u>(201,217)</u>	<u>(101,562)</u>	<u>(375,052)</u>	<u>(444,397)</u>
OTHER FINANCING SOURCES					
Transfers in	68,114	435,000	-	375,000	440,000
Total Other Financing Sources	<u>68,114</u>	<u>435,000</u>	<u>-</u>	<u>375,000</u>	<u>440,000</u>
Net Change in Fund Balance	68,497	233,783	(101,562)	(52)	(4,397)
Fund Balance - Beginning	0	973,604	889,790	(15,867)	(18,806)
Fund Balance - Ending	<u>\$ 68,497</u>	<u>\$ 1,207,387</u>	<u>\$ 788,228</u>	<u>\$ (15,919)</u>	<u>\$ (23,203)</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, 2018
(Continued)

	<u>Federal Law Enforcement</u>	<u>State Law Enforcement</u>	<u>Drug Law Enforcement</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 152,786
Payment in Lieu of Taxes	-	-	-	363,131
Shared Revenues	-	-	-	64,313
Intergovernmental Grants	-	-	-	43,424
Charges for Services	-	-	-	6,750
Fines	-	35,654	-	37,404
Investment Earnings	320	683	257	16,688
Miscellaneous	-	9,600	-	10,688
Total Revenues	<u>320</u>	<u>45,937</u>	<u>257</u>	<u>695,184</u>
EXPENDITURES				
Current:				
General government	-	-	-	1,762
Public Safety	-	17,697	-	995,730
Highways and streets	-	-	-	126,449
Economic development	-	-	-	323,286
Debt service				
Principal	-	-	-	205,000
Interest	-	-	-	188,288
Total Expenditures	<u>-</u>	<u>17,697</u>	<u>-</u>	<u>1,840,515</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>320</u>	<u>28,240</u>	<u>257</u>	<u>(1,145,331)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	1,420,285
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,420,285</u>
Net Change in Fund Balance	320	28,240	257	274,954
Fund Balance - Beginning	49,083	116,239	39,085	3,196,605
Fund Balance - Ending	<u>\$ 49,403</u>	<u>\$ 144,479</u>	<u>\$ 39,342</u>	<u>\$ 3,471,559</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 33,000	\$ 33,000	\$ 35,461	\$ 2,461
Investment Earnings	7,500	7,500	7,231	(269)
Total Revenues	<u>40,500</u>	<u>40,500</u>	<u>42,692</u>	<u>2,192</u>
EXPENDITURES				
HIGHWAY AND STREETS				
Street Department				
General Operating Expenses	154,072	154,072	114,586	39,486
Total Expenditures	<u>154,072</u>	<u>154,072</u>	<u>114,586</u>	<u>39,486</u>
Net Change in Fund Balance	(113,572)	(113,572)	(71,894)	41,678
Fund Balance - Beginning	841,764	841,764	841,764	-
Prior Year Encumbrances Appropriated	24,872	24,872	24,872	-
Fund Balance - Ending	<u>\$ 753,064</u>	<u>\$ 753,064</u>	<u>\$ 794,742</u>	<u>\$ 41,678</u>

CITY OF MORAINÉ, OHIO
CEMETERÝ FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 5,500	\$ 5,500	\$ 6,750	\$ 1,250
Investment Earnings	1,300	1,300	1,282	(18)
Miscellaneous	500	500	1,088	588
Total Revenues	<u>7,300</u>	<u>7,300</u>	<u>9,120</u>	<u>1,820</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Building and Park Maintenance				
General Operating Expenses	15,100	15,100	3,012	12,088
Total Expenditures	<u>15,100</u>	<u>15,100</u>	<u>3,012</u>	<u>12,088</u>
Net Change in Fund Balance	(7,800)	(7,800)	6,108	13,908
Fund Balance - Beginning	142,332	142,332	142,332	-
Prior Year Encumbrances Appropriated	1,450	1,450	1,450	-
Fund Balance - Ending	<u>\$ 135,982</u>	<u>\$ 135,982</u>	<u>\$ 149,890</u>	<u>\$ 13,908</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 23,500	\$ 23,500	\$ 23,068	\$ (432)
Investment Earnings	1,000	1,000	785	(215)
Total Revenues	<u>24,500</u>	<u>24,500</u>	<u>23,853</u>	<u>(647)</u>
EXPENDITURES				
HIGHWAY AND STREETS				
Street Department				
General Operating Expenses	57,220	57,220	47,595	9,625
Total Expenditures	<u>57,220</u>	<u>57,220</u>	<u>47,595</u>	<u>9,625</u>
Net Change in Fund Balance	(32,720)	(32,720)	(23,742)	8,978
Fund Balance - Beginning	90,776	90,776	90,776	-
Prior Year Encumbrances Appropriated	8,420	8,420	8,420	
Fund Balance - Ending	<u>\$ 66,476</u>	<u>\$ 66,476</u>	<u>\$ 75,454</u>	<u>\$ 8,978</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines	\$ 600	\$ 600	\$ 892	\$ 292
Investment Earnings	500	500	520	20
Total Revenues	<u>1,100</u>	<u>1,100</u>	<u>1,412</u>	<u>312</u>
EXPENDITURES				
PUBLIC SAFETY				
Police				
General Operating Expenses	9,000	9,000	-	9,000
Total Expenditures	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Net Change in Fund Balance	(7,900)	(7,900)	1,412	9,312
Fund Balance - Beginning	54,898	54,898	54,898	-
Encumbrances	4,500	4,500	4,500	
Fund Balance - Ending	<u>\$ 51,498</u>	<u>\$ 51,498</u>	<u>\$ 60,810</u>	<u>\$ 9,312</u>

CITY OF MORAIN, OHIO
ECONOMIC DEVELOPMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2018

	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	484,000	484,000	373,217	110,783
Total Expenditures	<u>484,000</u>	<u>484,000</u>	<u>373,217</u>	<u>110,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(394,000)</u>	<u>(394,000)</u>	<u>(373,217)</u>	<u>20,783</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	550,000	550,000	435,000	(115,000)
Total Other Financing Sources (Uses)	<u>550,000</u>	<u>550,000</u>	<u>435,000</u>	<u>(115,000)</u>
Net Change in Fund Balance	156,000	156,000	61,783	(94,217)
Fund Balance - Beginning	60,606	60,606	60,606	-
Fund Balance - Ending	<u>\$ 216,606</u>	<u>\$ 216,606</u>	<u>\$ 122,389</u>	<u>\$ (94,217)</u>

CITY OF MORAINÉ, 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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Payments in lieu of taxes	\$ 345,000	\$ 345,000	\$ 363,131	\$ 18,131
Intergovernmental Grants	41,500	41,500	43,424	1,924
Investment Earnings	10,000	10,000	8,261	(1,739)
Total Revenues	<u>396,500</u>	<u>396,500</u>	<u>414,816</u>	<u>18,316</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Engineer				
General operating expenses	137,692	137,692	122,069	15,623
DEBT SERVICE				
Principal Retirement	205,000	205,000	205,000	-
Interest	216,637	216,637	188,288	28,349
Total Expenditures	<u>559,329</u>	<u>559,329</u>	<u>515,357</u>	<u>43,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(162,829)</u>	<u>(162,829)</u>	<u>(100,541)</u>	<u>62,288</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	150,000	150,000	-	(150,000)
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Net Change in Fund Balance	(12,829)	(12,829)	(100,541)	(87,712)
Fund Balance - Beginning	863,354	863,354	863,354	-
Encumbrances	32,499	32,499	32,499	-
Fund Balance - Ending	<u>\$ 883,024</u>	<u>\$ 883,024</u>	<u>\$ 795,312</u>	<u>\$ (87,712)</u>

CITY OF MORAINE, OHIO
POLICE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 70,566	\$ 70,566	\$ 76,393	\$ 5,827
Intergovernmental	2,600	2,600	2,696	96
Investment Earnings	275	275	287	12
Total Revenues	<u>73,441</u>	<u>73,441</u>	<u>79,376</u>	<u>5,935</u>
EXPENDITURES				
PUBLIC SAFETY				
Police				
Personnel	507,385	507,185	451,480	55,705
General operating expense	1,500	1,700	1,690	10
Total Expenditures	<u>508,885</u>	<u>508,885</u>	<u>453,170</u>	<u>55,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(435,444)</u>	<u>(435,444)</u>	<u>(373,794)</u>	<u>61,650</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	450,000	450,000	375,000	(75,000)
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>450,000</u>	<u>375,000</u>	<u>(75,000)</u>
Net Change in Fund Balance	14,556	14,556	1,206	(13,350)
Fund Balance - Beginning	34,813	34,813	34,813	-
Fund Balance - Ending	<u>\$ 49,369</u>	<u>\$ 49,369</u>	<u>\$ 36,019</u>	<u>\$ (13,350)</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 70,566	\$ 70,566	\$ 76,393	\$ 5,827
Intergovernmental	2,600	2,600	2,696	96
Investment Earnings	250	250	286	36
Total Revenues	<u>73,416</u>	<u>73,416</u>	<u>79,375</u>	<u>5,959</u>
EXPENDITURES				
PUBLIC SAFETY				
Fire				
Personnel	567,000	566,800	517,399	49,401
General operating expense	1,500	1,700	1,690	10
Total Expenditures	<u>568,500</u>	<u>568,500</u>	<u>519,089</u>	<u>49,411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(495,084)</u>	<u>(495,084)</u>	<u>(439,714)</u>	<u>55,370</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	550,000	550,000	440,000	(110,000)
Total Other Financing Sources (Uses)	<u>550,000</u>	<u>550,000</u>	<u>440,000</u>	<u>(110,000)</u>
Net Change in Fund Balance	54,916	54,916	286	(54,630)
Fund Balance - Beginning	36,566	36,566	36,566	-
Fund Balance - Ending	<u>\$ 91,482</u>	<u>\$ 91,482</u>	<u>\$ 36,852</u>	<u>\$ (54,630)</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 400	\$ 400	\$ 430	\$ 30
Fines	5,000	5,000	-	(5,000)
Total Revenues	<u>5,400</u>	<u>5,400</u>	<u>430</u>	<u>(4,970)</u>
EXPENDITURES				
PUBLIC SAFETY				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	5,400	5,400	430	(4,970)
Fund Balance - Beginning	49,416	49,416	49,416	-
Fund Balance - Ending	<u>\$ 54,816</u>	<u>\$ 54,816</u>	<u>\$ 49,846</u>	<u>\$ (4,970)</u>

CITY OF MORAIN, 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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 2,000	\$ 2,000	\$ 9,600	\$ 7,600
Investment Earnings	1,000	1,000	1,189	189
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>10,789</u>	<u>7,789</u>
EXPENDITURES				
PUBLIC SAFETY				
Police				
General operating expense	42,480	42,480	17,697	24,783
Total Expenditures	<u>42,480</u>	<u>42,480</u>	<u>17,697</u>	<u>24,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,480)</u>	<u>(39,480)</u>	<u>(6,908)</u>	<u>32,572</u>
OTHER FINANCING SOURCES (USES)				
Sale of Forfeited Property	-	-	35,653	35,653
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>35,653</u>	<u>35,653</u>
Net Change in Fund Balance	(39,480)	(39,480)	28,745	68,225
Fund Balance - Beginning	117,031	117,031	117,031	-
Fund Balance - Ending	<u>\$ 77,551</u>	<u>\$ 77,551</u>	<u>\$ 145,776</u>	<u>\$ 68,225</u>

CITY OF MORAINE, 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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 350	\$ 350	\$ 343	\$ (7)
Total Revenues	<u>350</u>	<u>350</u>	<u>343</u>	<u>(7)</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)	343	6,993
Fund Balance - Beginning	39,352	39,352	39,352	-
Fund Balance - Ending	<u>\$ 32,702</u>	<u>\$ 32,702</u>	<u>\$ 39,695</u>	<u>\$ 6,993</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for Services	\$ 208,200	\$ 208,200	\$ 173,707	\$ (34,493)
Investment Earnings	2,000	2,000	1,806	(194)
Grants	50,000	50,000	26,459	(23,541)
Miscellaneous	2,000	2,000	19,428	17,428
Total Revenues	<u>262,200</u>	<u>262,200</u>	<u>221,400</u>	<u>(40,800)</u>
EXPENDITURES				
CULTURE AND RECREATION				
Civic Center				
Personnel services	342,186	342,186	261,152	81,034
General operating expenses	64,320	64,320	46,480	17,840
Total Civic Center	<u>406,506</u>	<u>406,506</u>	<u>307,632</u>	<u>98,874</u>
Recreational Center				
Personnel services	635,990	635,990	536,698	99,292
General operating expenses	214,350	214,350	171,025	43,325
Total Recreational Center	<u>850,340</u>	<u>850,340</u>	<u>707,723</u>	<u>142,617</u>
Parks & Recreation Programs				
General operating expenses	80,440	80,440	34,893	45,547
Total Parks & Recreation Programs	<u>80,440</u>	<u>80,440</u>	<u>34,893</u>	<u>45,547</u>
Total Expenditures	<u>1,337,286</u>	<u>1,337,286</u>	<u>1,050,248</u>	<u>287,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,075,086)</u>	<u>(1,075,086)</u>	<u>(828,848)</u>	<u>246,238</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,025,000	1,025,000	790,000	(235,000)
Total Other Financing Sources (Uses)	<u>1,025,000</u>	<u>1,025,000</u>	<u>790,000</u>	<u>(235,000)</u>
Net Change in Fund Balance	(50,086)	(50,086)	(38,848)	11,238
Fund Balance - Beginning	135,096	135,096	135,096	-
Prior Year Encumbrances Appropriated	37,652	37,652	37,652	-
Fund Balance - Ending	<u>\$ 122,662</u>	<u>\$ 122,662</u>	<u>\$ 133,900</u>	<u>\$ 11,238</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 1,500	\$ 1,500	\$ 1,414	\$ (86)
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,414</u>	<u>(86)</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,500	1,500	1,414	(86)
Fund Balance - Beginning	162,363	162,363	162,363	-
Fund Balance - Ending	<u>\$ 163,863</u>	<u>\$ 163,863</u>	<u>\$ 163,777</u>	<u>\$ (86)</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ -	\$ -	\$ 50,000	\$ 50,000
Grants	602,500	602,500	706,628	104,128
Fines	10,000	10,000	6,707	(3,293)
Miscellaneous	450,000	450,000	-	(450,000)
Total Revenues	<u>1,062,500</u>	<u>1,062,500</u>	<u>763,335</u>	<u>(299,165)</u>
EXPENDITURES				
CAPITAL OUTLAY				
General Government	693,749	693,749	472,993	220,756
Public Safety	907,211	907,211	873,679	33,532
Highways and Streets	3,308,108	3,808,108	2,972,101	836,007
Health and Welfare	120,000	120,000	18,781	101,219
Culture-Recreation	773,324	1,358,324	509,590	848,734
Economic Development	12,500	12,500	-	12,500
DEBT SERVICE				
Principal	179,606	179,606	173,909	5,697
Interest	33,269	33,269	33,269	-
Total Expenditures	<u>6,027,767</u>	<u>7,112,767</u>	<u>5,054,322</u>	<u>2,058,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,965,267)</u>	<u>(6,050,267)</u>	<u>(4,290,987)</u>	<u>1,759,280</u>
OTHER FINANCING SOURCES				
Transfers in	4,000,000	4,000,000	2,250,000	(1,750,000)
Total Other Financing Sources	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,250,000</u>	<u>(1,750,000)</u>
Net Change in Fund Balance	(965,267)	(2,050,267)	(2,040,987)	9,280
Fund Balance - Beginning	186,508	186,508	186,508	-
Prior Year Encumbrances Appropriated	2,339,292	2,339,292	2,339,292	-
Fund Balance - Ending	<u>\$ 1,560,533</u>	<u>\$ 475,533</u>	<u>\$ 484,813</u>	<u>\$ 9,280</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
CAPITAL OUTLAY				
Highways and Streets	3,358,791	3,358,791	2,495,128	863,663
DEBT SERVICE				
Principal	2,565,000	2,565,000	2,565,000	-
Interest	62,700	62,700	62,700	-
Cost of Issuance	25,000	25,000	18,250	6,750
Total Expenditures	6,011,491	6,011,491	5,141,078	870,413
Excess (deficiency) of revenues over (under) expenditures	(6,011,491)	(6,011,491)	(5,141,078)	870,413
OTHER FINANCING SOURCES				
Proceeds from the sale of note:	3,775,000	3,775,000	3,809,615	34,615
Total Other Financing Sources	3,775,000	3,775,000	3,809,615	34,615
Net Change in Fund Balance	(2,236,491)	(2,236,491)	(1,331,463)	905,028
Fund Balance - Beginning	738,236	738,236	738,236	-
Prior Year Encumbrances Appropriated	1,566,291	1,566,291	1,566,291	-
Fund Balance - Ending	\$ 68,036	\$ 68,036	\$ 973,064	\$ 905,028

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CITY OF MORAINE, OHIO
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2018

	<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	\$ 336,312	\$ 1,411,636	\$ 367,740	\$ 2,115,688
Receivables:				
Accounts	-	15,500	-	15,500
Inventories	98,471	-	-	98,471
Total Current Assets	<u>434,783</u>	<u>1,427,136</u>	<u>367,740</u>	<u>2,229,659</u>
Total Assets	<u>434,783</u>	<u>1,427,136</u>	<u>367,740</u>	<u>2,229,659</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pensions and OPEB	78,001	-	-	78,001
Total Deferred Outflows of Resources	<u>78,001</u>	<u>-</u>	<u>-</u>	<u>78,001</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	80	11,425	377	11,882
Salaries and Benefits Payable	3,498	-	-	3,498
Compensated Absences Payable	6,960	-	-	6,960
Insurance Claims Payable	-	7,090	112,509	119,599
Total Current Liabilities	<u>10,538</u>	<u>18,515</u>	<u>112,886</u>	<u>141,939</u>
LONG-TERM LIABILITIES				
Compensated Absences Payable	94,172	-	-	94,172
Net Pension Liability	229,124	-	-	229,124
Net OPEB Liability	158,047	-	-	158,047
Total Long-Term Liabilities	<u>481,343</u>	<u>-</u>	<u>-</u>	<u>481,343</u>
Total Liabilities	<u>491,881</u>	<u>18,515</u>	<u>112,886</u>	<u>623,282</u>
DEFERRED INFLOWS OF RESOURCES:				
Pensions and OPEB	85,342	-	-	85,342
Total Deferred Inflows of Resources	<u>85,342</u>	<u>-</u>	<u>-</u>	<u>85,342</u>
NET POSITION				
Unrestricted	(64,439)	1,408,621	254,854	1,599,036
Total Net Position	<u>\$ (64,439)</u>	<u>\$ 1,408,621</u>	<u>\$ 254,854</u>	<u>\$ 1,599,036</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, 2018

	City Garage	Insurance Reserve	Health Insurance	Total Internal Service Funds
Operating Revenues				
Charges for Services	\$ 609,640	\$ -	\$ 2,022,701	\$ 2,632,341
Miscellaneous	6,389	34,670	-	41,059
Total Operating Revenues	<u>616,029</u>	<u>34,670</u>	<u>2,022,701</u>	<u>2,673,400</u>
Operating Expenses				
Personal Services	381,826	-	-	381,826
Contractual Services	20,385	41,880	350,346	412,611
Supplies and Materials	264,909	-	-	264,909
Claims and Judgements	-	61,431	1,684,530	1,745,961
Total Operating Expenses	<u>667,120</u>	<u>103,311</u>	<u>2,034,876</u>	<u>2,805,307</u>
Operating Income (Loss)	<u>(51,091)</u>	<u>(68,641)</u>	<u>(12,175)</u>	<u>(131,907)</u>
Non-operating Revenues				
Investment Earnings	-	10,115	5,196	15,311
Total Non-operating Revenues	<u>-</u>	<u>10,115</u>	<u>5,196</u>	<u>15,311</u>
Change in Net Position	<u>(51,091)</u>	<u>(58,526)</u>	<u>(6,979)</u>	<u>(116,596)</u>
Total Net Position - Beginning, Restated	<u>(13,348)</u>	<u>1,467,147</u>	<u>261,833</u>	<u>1,715,632</u>
Total Net Position - Ending	<u>\$ (64,439)</u>	<u>\$ 1,408,621</u>	<u>\$ 254,854</u>	<u>\$ 1,599,036</u>

CITY OF MORAIN, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	City Garage	Insurance Reserve	Health Insurance	Total Internal Service Funds
Cash Flows From Operating Activities				
Cash received for interfund services	\$ 609,640	\$ -	\$ 2,022,701	\$ 2,632,341
Miscellaneous receipts & reimbursements	6,389	19,170	-	25,559
Cash paid to employees for services	(325,518)	-	-	(325,518)
Cash paid to suppliers for goods or services	(269,982)	(39,902)	(349,969)	(659,853)
Cash paid for insurance claims	-	(73,123)	(1,695,460)	(1,768,583)
Net cash provided (used) by operating activities	<u>20,529</u>	<u>(93,855)</u>	<u>(22,728)</u>	<u>(96,054)</u>
Cash Flows From Investing Activities				
Investment earnings	-	10,115	5,196	15,311
Net cash provided by investing activities	<u>-</u>	<u>10,115</u>	<u>5,196</u>	<u>15,311</u>
Net Change	20,529	(83,740)	(17,532)	(80,743)
Equity in Pooled Cash and Investments Beginning of Year	315,783	1,495,376	385,272	2,196,431
Equity in Pooled Cash and Investments End of Year	<u>\$ 336,312</u>	<u>\$ 1,411,636</u>	<u>\$ 367,740</u>	<u>\$ 2,115,688</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities				
Operating loss	\$ (51,091)	\$ (68,641)	\$ (12,175)	\$ (131,907)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Increase in accounts receivables	-	(15,500)	-	(15,500)
Decrease in inventories	15,461	-	-	15,461
Decrease in deferred outflows of resources	89,721	-	-	89,721
Increase (decrease) in accounts payable	(149)	1,978	377	2,206
Increase in salaries and benefits payable	215	-	-	215
Decrease in insurance claims payable	-	(11,692)	(10,930)	(22,622)
Increase in compensated absences payable	10,010	-	-	10,010
Decrease in net pension liabilities	(131,577)	-	-	(131,577)
Increase in net OPEB liabilities	5,070	-	-	5,070
Increase in deferred inflows of resources	82,869	-	-	82,869
Net cash used by operating activities	<u>\$ 20,529</u>	<u>\$ (93,855)</u>	<u>\$ (22,728)</u>	<u>\$ (96,054)</u>

CITY OF MORAINÉ, OHIO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
Miscellaneous Agency Fund				
Assets				
Equity in Pooled Cash and Investments	\$ 44,524	\$ 9,310	\$ (10,664)	\$ 43,170
Accounts Receivable	10,775	-	(10,775)	-
Total Assets	55,299	9,310	(21,439)	43,170
Liabilities				
Accounts Payable	-	-	-	-
Deposits	55,299	9,310	(21,439)	43,170
Total Liabilities	55,299	9,310	(21,439)	43,170
Mayor's Court				
Assets				
Cash in Segregated Accounts	7,961	98,989	(94,635)	12,315
Total Assets	7,961	98,989	(94,635)	12,315
Liabilities				
Due to Other Governments	4,779	52,788	(52,618)	4,949
Escrow Bonds	3,182	46,201	(42,017)	7,366
Total Liabilities	7,961	98,989	(94,635)	12,315
Totals - All Agency Funds				
Assets				
Equity in Pooled Cash and Investments	44,524	9,310	(10,664)	43,170
Cash in Segregated Accounts	7,961	98,989	(94,635)	12,315
Accounts Receivable	10,775	-	(10,775)	-
Total Assets	63,260	108,299	(116,074)	55,485
Liabilities				
Deposits	55,299	9,310	(21,439)	43,170
Due to Other Governments	4,779	52,788	(52,618)	4,949
Escrow Bonds	3,182	46,201	(42,017)	7,366
Total Liabilities	\$ 63,260	\$ 108,299	\$ (116,074)	\$ 55,485

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 107 to 111.

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 112 to 117.

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 118 to 120.

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 121 and 122.

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 proved and activities performed. These schedules can be found on pages 123 to 125.

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>2009</u>	<u>2010</u> ⁽¹⁾	<u>2011</u> ⁽¹⁾	<u>2012</u>	<u>2013</u>	<u>2014</u> ⁽²⁾	<u>2015</u>	<u>2016</u>	<u>2017</u> ⁽³⁾	<u>2018</u>
Governmental activities										
Net Investment in Capital Assets	\$ 30,033	\$ 29,438	\$ 29,263	\$ 27,607	\$ 26,822	\$ 25,033	\$ 24,836	\$ 24,221	\$ 23,229	\$ 23,477
Restricted for:										
Debt service	147	0	0	131	136	137	133	136	144	145
Special revenue	1,999	2,382	1,947	1,498	1,580	1,581	1,927	2,146	2,363	2,744
Capital projects	2,848	3,464	4,475	4,924	4,240	3,913	2,753	2,109	2,140	1,722
Unrestricted	13,129	8,942	5,018	1,840	2,866	(8,219)	(6,073)	(4,096)	(16,813)	(17,468)
Total governmental activities net position	48,156	44,226	40,703	36,000	35,644	22,445	23,576	24,516	11,063	10,620
Business-type activities										
Unrestricted	563	581	594	598	605	609	614	619	623	627
Total business-type activities net position	563	581	594	598	605	609	614	619	623	627
Primary government										
Net Investment in Capital Assets	30,033	29,438	29,263	27,607	26,822	25,033	24,836	24,221	23,229	23,477
Restricted	4,994	5,846	6,422	6,553	5,956	5,631	4,813	4,391	4,647	4,611
Unrestricted	13,692	9,523	5,612	2,438	3,471	(7,610)	(5,459)	(3,477)	(16,190)	(16,841)
Total primary government net position	48,719	44,807	41,297	36,598	36,249	23,054	24,190	25,135	11,686	11,247

Note:

- (1) - restated for implementation of GASB 65.
- (2) - restated for implementation of GASB 68 and certain other corrections.
- (3) - restated for implementation of GASB 75.

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

	<u>2009</u>	<u>2010</u> ⁽¹⁾	<u>2011</u> ⁽¹⁾	<u>2012</u>	<u>2013</u>	<u>2014</u> ⁽²⁾	<u>2015</u> ⁽³⁾	<u>2016</u>	<u>2017</u> ⁽⁴⁾	<u>2018</u> ⁽⁵⁾
Expenses										
Governmental activities:										
General government	\$ 4,523	\$ 4,079	\$ 3,277	\$ 3,663	\$ 3,356	\$ 3,634	\$ 3,735	\$ 4,248	\$ 4,443	\$ 4,696
Public safety	9,456	8,731	8,852	8,147	8,426	8,014	8,901	9,601	9,586	10,536
Highways and streets	879	3,658	3,638	3,415	3,233	3,612	4,644	5,599	5,018	5,233
Sanitation	419	346	284	308	326	303	288	287	549	306
Culture and recreation	2,312	1,249	1,113	1,109	1,093	991	1,387	1,171	1,426	1,256
Economic development	935	326	1,005	479	252	730	343	1,534	553	629
Health and welfare	93	83	86	213	36	116	161	152	179	178
Interest and fiscal charges	221	265	302	294	250	248	251	250	384	285
Total governmental activities expenses	<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>	<u>23,119</u>
Total primary government expenses	<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>	<u>23,119</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	452	410	650	477	444	408	421	498	438	301
Public safety	31	372	612	429	354	295	488	529	392	387
Highways and streets	194	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	6	3	14	-	-	1	-
Culture and recreation	723	-	-	207	215	195	259	188	187	177
Health and welfare	56	-	-	-	-	-	-	-	-	-
Operating grants and contributions	200	351	72	451	600	764	823	1,399	785	660
Capital grants and contributions	784	1,044	1,950	382	757	128	1,810	1,374	-	853
Total governmental activities program revenues	<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>	<u>2,378</u>
Business-type activities:										
Loan program charges for services	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>-</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>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>	<u>2,378</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 he effects of the initial implementation of GASB 68 was not available.
- (3) - implementation of GASB 68.
- (4) - information necessary to restate the 2017 beginning balance and 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 was not available.
- (5) - implementation of GASB 75.

TABLE 2 (continued)

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

	<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⁽⁴⁾</u>	<u>2018⁽⁵⁾</u>
Net (Expense)/Revenue										
Governmental activities	(16,398)	(16,560)	(15,273)	(15,676)	(14,599)	(15,844)	(15,909)	(18,854)	(20,335)	(20,741)
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total net expense	<u>(16,398)</u>	<u>(16,560)</u>	<u>(15,273)</u>	<u>(15,676)</u>	<u>(14,599)</u>	<u>(15,844)</u>	<u>(15,909)</u>	<u>(18,854)</u>	<u>(20,335)</u>	<u>(20,741)</u>
General Revenues										
Governmental activities:										
Taxes										
Income tax	11,817	9,853	9,542	10,046	12,786	13,137	15,768	18,314	18,308	18,523
Property taxes, levied for										
Property taxes, levied for										
General purposes	345	388	421	350	380	415	404	419	406	473
Police pensions	64	90	89	70	61	66	65	66	65	76
Fire pensions	64	90	89	70	61	66	65	67	65	76
Other taxes	11	18	50	24	18	20	16	23	21	32
Payments in lieu of taxes	-	41	43	33	95	185	247	292	345	362
Shared revenues (unrestricted)	713	719	657	223	279	261	178	130	98	113
Intergovernmental	260	444	92	-	-	-	-	-	-	-
Miscellaneous	1,967	577	530	126	429	259	216	384	448	498
Investment earnings	961	410	237	31	133	73	81	99	87	145
Gain on the sale of capital assets	13	-	-	-	-	-	-	-	-	-
Total governmental activities general revenues	<u>16,215</u>	<u>12,630</u>	<u>11,750</u>	<u>10,973</u>	<u>14,242</u>	<u>14,482</u>	<u>17,040</u>	<u>19,794</u>	<u>19,843</u>	<u>20,298</u>
Business-type activities:										
Investment earnings	33	18	14	3	8	4	5	5	5	4
Total business-type activities general revenues	<u>33</u>	<u>18</u>	<u>14</u>	<u>3</u>	<u>8</u>	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>4</u>
Total primary government general revenues	<u>16,248</u>	<u>12,648</u>	<u>11,764</u>	<u>10,976</u>	<u>14,250</u>	<u>14,486</u>	<u>17,045</u>	<u>19,799</u>	<u>19,848</u>	<u>20,302</u>
Change in Net Position										
Governmental activities	(183)	(3,930)	(3,523)	(4,703)	(357)	(1,362)	1,131	940	(492)	(443)
Business-type activities	33	18	14	3	8	4	5	5	5	4
Total primary government	<u>(150)</u>	<u>(3,912)</u>	<u>(3,517)</u>	<u>(4,700)</u>	<u>(349)</u>	<u>(1,358)</u>	<u>1,136</u>	<u>945</u>	<u>(487)</u>	<u>(439)</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.
- (4) - information necessary to restate the 2017 beginning balance and 2017 OPEB expense amounts for the effects

CITY OF MORAINE, OHIO
Governmental Fund Balances

Last Ten Years
(modified accrual basis of accounting)
(reported in thousands)

	<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>	<u>2018</u>
General Fund	\$ 1,230	\$ 1,120								
Reserved			\$ 88	\$ 88	\$ 935	\$ 933	\$ 92	\$ 91	\$ 90	\$ 90
Unreserved	11,551	7,608								
Nonspendable			694	1,720	866	541	1,029	663	1,797	2,141
Assigned			5,283	978	1,132	3,762	6,093	9,353	10,782	11,707
Unassigned										
Total general fund	12,781	8,728	6,065	2,786	2,933	5,236	7,214	10,107	12,669	13,938
All Other Governmental Funds										
Reserved	6,465	2,725								
Unreserved, reported in:										
Special revenue funds	(4,022)	2,016								
Capital projects fund	2,642	1,128								
Debt service fund	147	150								
Nonspendable			1,928	1,156	44	245	534	791	954	134
Restricted			2,020	2,397	3,379	2,871	2,962	2,606	2,493	2,560
Committed			4,249	5,019	4,089	3,762	2,841	2,044	2,097	2,872
Unassigned			(210)	(506)	(241)	(603)	(9)	(40)	(492)	(2,415)
Total all other governmental funds	\$ 5,232	\$ 6,019	\$ 7,987	\$ 8,066	\$ 7,271	\$ 6,275	\$ 6,328	\$ 5,401	\$ 5,052	\$ 3,151

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

TABLE 4

(modified accrual basis of accounting)
(amounts expressed in thousands)

	2009	2010	2011	2012	2013	2014(1)	2015	2016	2017	2018
REVENUES										
Income Taxes	\$ 11,657	\$ 9,760	\$ 9,699	\$ 10,029	\$ 12,141	\$ 13,452	\$ 15,721	\$ 18,104	\$ 18,486	\$ 18,495
Property Taxes	474	526	596	479	514	544	529	540	561	628
Other Taxes	11	2	50	24	18	19	16	23	21	32
Payment in lieu of taxes	-	41	43	33	95	185	247	292	343	363
Shared Revenues	852	708	656	725	724	715	825	630	689	611
License and Permits	232	15	11	106	129	148	113	198	112	79
Charges for Services	948	575	782	535	627	516	646	621	606	527
Fines	257	75	343	266	227	275	326	232	264	245
Investment Earnings	960	410	237	31	133	72	81	99	86	146
Contributions and Donations	9	23	-	-	-	-	-	-	-	-
Rents and Royalties	18	20	12	-	-	-	-	-	-	-
Intergovernmental	1,107	1,565	2,219	492	751	592	1,601	2,087	177	1,127
Miscellaneous	1,966	509	500	198	340	306	271	474	501	423
Total Revenues	18,491	14,229	15,148	12,918	15,699	16,824	20,376	23,300	21,846	22,676
EXPENDITURES										
Current:										
General government	4,290	3,868	3,154	3,314	2,978	3,343	3,536	3,562	3,495	4,188
Public Safety	8,860	8,311	8,433	7,784	8,144	7,519	8,397	8,398	8,535	8,797
Highways & Streets	2,371	2,319	2,637	2,251	2,121	2,558	3,198	2,310	2,304	2,484
Sanitation	419	346	284	308	326	303	288	287	275	306
Economic Development	944	299	990	473	302	684	327	1,151	509	557
Health and Welfare	86	76	79	206	28	112	162	144	153	158
Culture and Recreation	2,108	1,000	886	870	906	760	1,176	1,097	1,097	1,034
Capital Improvements	1,890	1,712	1,688	381	1,542	66	1,292	3,858	2,849	5,357
Debt Service:										
Principal	161	5,475	205	232	269	110	269	318	315	329
Interest & Fiscal Charges	227	248	307	300	255	252	250	256	399	301
Total Expenditures	21,356	23,654	18,663	16,119	16,871	15,707	18,895	21,381	19,931	23,511
Excess (deficiency) of revenues over expenditures	(2,865)	(9,425)	(3,515)	(3,201)	(1,172)	1,117	1,481	1,919	1,915	(835)
OTHER FINANCIAL SOURCES (USES)										
General long-term debt issued	5,300	5,805	-	-	216	187	267	-	4,961	-
Loans issued	-	-	-	-	-	-	-	-	87	63
Payments to Refunding Escrow Agent	-	-	-	-	-	-	-	-	(4,782)	-
Transfers In	3,150	2,805	2,100	2,000	2,235	1,860	3,135	4,310	4,825	5,305
Transfers Out	(3,150)	(2,805)	(2,200)	(2,000)	(2,235)	(1,860)	(3,175)	(4,310)	(4,825)	(5,305)
Inception of capital leases	450	94	-	-	-	-	310	-	-	-
Proceeds from the sale of assets	41	260	18	-	308	2	14	47	32	140
Total Other Financing Sources (Uses)	5,791	6,159	(82)	-	524	189	551	47	298	203
Net Change in Fund Balance	2,926	(3,266)	(3,597)	(3,201)	(648)	1,306	2,032	1,966	2,213	(632)
Debt service as a percentage of non-capital expenditures	21.14%	2.28%	25.09%	3.02%	3.35%	2.49%	2.78%	2.86%	3.77%	3.17%

(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
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
2018	18,523,503	1,018,300	112,795	19,654,598

Source: City of Moraine, Department of Finance

(1) City's largest employer ceased operations during 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>
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
2018	18,495,136

Source: City of Moraine, Department of Finance

(1) Includes all governmental fund types.

(2) City's largest employer ceased operations during 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>2009</u>			<u>2018</u>		
<u>Rank</u>	<u>Name</u>	<u>2018 Rank</u>	<u>Rank</u>	<u>Name</u>	
1	General Motors Corporation	-	1	Fuyao Glass America	
2	Dmax	2	2	Dmax	
3	Dayton Power and Light	4	3	WinSupply	
4	Local Insight Berry Holiday	-	4	Dayton Power and Light	
5	Win Wholesale	3	5	Fidelity Healthcare	
6	GMC Sub Benefit	-	6	Heidelberg Distributing	
7	Compunet Clinical Laboratories	7	7	Compunet Clinical Laboratories	
8	Lastar Inc.	-	8	South Community	
9	Berry Network	-	9	Tyler Technologies	
10	City of Moraine	-	10	BWI North America	

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 MORaine, 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>
2009	\$ 1,237,860	\$ 52,743,290	\$ 53,981,150	\$ 42,698,100	\$ 151,250,300	2.50	\$ 432,143,714	35%
2010	1,207,550	52,349,240	55,915,630	42,568,540	152,040,960	2.50	434,402,743	35%
2011	1,334,070	52,112,240	59,096,180	42,410,040	154,952,530	2.50	442,721,514	35%
2012	1,485,130	49,529,340	53,772,660	40,605,060	145,392,190	2.50	415,406,257	35%
2013	1,440,480	49,394,930	53,135,260	32,607,220	136,577,890	2.50	390,222,543	35%
2014	1,451,150	49,545,830	53,776,430	33,006,830	137,780,240	2.50	393,657,829	35%
2015	1,915,020	43,571,810	51,698,110	32,169,850	129,354,790	2.50	369,585,114	35%
2016	1,915,580	44,220,900	51,301,380	38,018,300	135,456,160	2.50	387,017,600	35%
2017	1,915,580	43,492,750	56,009,460	35,779,990	137,197,780	2.50	391,993,657	35%
2018	1,794,650	47,964,760	57,288,890	36,338,140	143,386,440	2.50	409,675,543	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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	8.21	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>16.94</u>	<u>16.94</u>	<u>16.94</u>	<u>16.94</u>	<u>16.94</u>
OTHER UNITS:										
Montgomery County Community College	3.20	3.20	3.20	3.20	3.20	3.20	3.20	4.20	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	1.75	1.75	1.75	1.75	3.31	3.31	3.31	3.31	3.31	3.31
SCHOOL DISTRICT:										
Kettering / Moraine Community	73.10	78.00	78.00	78.00	78.00	82.99	82.99	82.99	85.39	85.26
West Carrollton Community	72.05	72.05	72.05	72.05	72.05	72.05	72.05	72.05	77.55	77.55
Jefferson Local School	66.90	66.90	66.90	66.90	66.90	61.40	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	4.01

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 2018</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	\$ 76,262,760	1	30.84%
AES Ohio Generation LLC	Utility	16,323,810	2	6.60%
Vectren Energy	Utility	13,099,450	3	5.30%
General Motors Company	Manufacturing	3,639,090	3	1.47%
Dovetree Apartments	Real Estate	3,371,130	3	1.36%
Premier WASECA LLC	Real Estate/Development	2,780,830	6	1.12%
Premier Highland Park LLC	Apartments	2,677,500	7	1.08%
VonMil Realty LLC	Real Estate	2,493,480	8	1.01%
Kroger Limited Partnership	Retail Sales	2,426,340	9	0.98%
WMSSMDOM LLC	Publisher/Marketing	2,400,430	10	0.97%
	Subtotal	<u>125,474,820</u>		<u>50.73%</u>
	All Others	<u>121,773,300</u>		<u>49.27%</u>
	Total	<u><u>\$ 247,248,120</u></u>		<u><u>100.00%</u></u>

		<u>Calendar Year 2009</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	\$52,162,270	1	25.66%
General Motors Corporation	Automotive Manufacturer	9,321,300	2	4.59%
Vectren Energy	Utility	5,290,610	3	2.60%
Walmart	Retail Sales	3,562,680	4	1.75%
3601 Dryden LLC	Retail Sales	2,584,230	5	1.27%
Woodbine Partners LTD	Retail Sales	1,821,800	6	0.90%
PDQ Bell Plaza LLC	Retail Sales	1,634,510	7	0.80%
Matiff Dayton Hospital	Hotel	1,499,970	8	0.74%
S&G Investments	Real Estate	1,360,310	9	0.67%
Cole St Moraine Oh LLC	Real Estate	1,328,990	10	0.65%
	Subtotal	<u>80,566,670</u>		<u>39.64%</u>
	All Others	<u>122,695,020</u>		<u>60.36%</u>
	Total	<u><u>\$ 203,261,690</u></u>		<u><u>100.00%</u></u>

Source: Montgomery County Auditor's Office

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

TABLE 10

TAX YEAR	YEAR	TOTAL		PERCENTAGE COLLECTED	DELINQUENT COLLECTIONS		TOTAL COLLECTIONS	TOTAL COLLECTIONS AS LEVIED		OUTSTANDING TAXES		OUTSTANDING DELINQUENT TAXES AS PERCENTAGE LEVIED	
		LEVIED	COLLECTED							PERCENTAGE	AS LEVIED	TAXES	PERCENTAGE
2008/2009	2009	\$ 502,096	\$ 481,108	96%	\$ 18,004	\$ 499,112	\$ 49,320	99%	\$ 49,320	10%			
2009/2010	2010	515,207	516,538	100%	17,152	533,690	53,901	104% ⁽¹⁾	53,901	10%			
2010/2011	2011	536,361	503,251	94%	23,254	526,505	47,609	98%	47,609	9%			
2011/2012	2012	516,689	478,482	93%	19,005	497,487	39,553	96%	39,553	8%			
2012/2013	2013	546,775	531,633	97%	5,424	537,057	26,503	98%	26,503	5%			
2013/2014	2014	570,034	549,675	96%	16,493	566,168	30,368	99%	30,368	5%			
2014/2015	2015	550,881	528,894	96%	20,970	549,864	34,676	100%	34,676	6%			
2015/2016	2016	572,820	534,548	93%	25,574	560,122	47,511	98%	47,511	8%			
2016/2017	2017	574,992	558,261	97%	22,813	581,074	23,067	101% ⁽¹⁾	23,067	4%			
2017/2018	2018	608,664	593,664	98%	55,847	649,511	20,606	107% ⁽¹⁾	20,606	3%			

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 (3) 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)
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
2018	921,803	5,324,963	130,557	6,377,323	106,462,435	5.99%	1,011.15

(1) Bond amounts include unamortized premiums

(2) See Table 14 for demographic data

(3) Long-term notes only presented in amounts.

CITY OF MORaine, OHIO
Computation of Direct and Overlapping Debt
December 31, 2018

Jurisdiction	Net Outstanding Debt	Percentage Applicable to City (1)	Amount Applicable to City of Moraine, Ohio
<i>DIRECT DEBT</i>			
CITY OF MORaine	\$ 6,377,323	100.00%	\$ 6,377,323
<i>OVERLAPPING</i>			
DAYTON METRO LIBRARY	153,425,000	3.33%	5,109,053
WEST CARROLLTON CITY SCHOOL DISTRICT	840,000	16.66%	139,944
KETTERING CITY SCHOOL DISTRICT	59,219,986	13.09%	7,751,896
MIAMI VALLEY CAREER CENTER - JT. VOC. SCHOOL DISTRICT	131,082,994	1.06%	1,389,480
<i>TOTAL OVERLAPPING DEBT</i>	344,567,980		14,390,373
TOTAL	\$ 350,945,303		\$ 20,767,696

Source: City's records and Ohio Municipal Advisory Council (OMAC)

(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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$21,885	\$16,270	\$15,266	\$14,341	\$14,341	\$13,582	\$14,467	\$13,582	\$14,223	\$15,056
Legal Debt Margin	<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>	<u>10,056</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%	33.21%

Legal Debt Margin Calculation for Calendar Year 2018

Total Assessed Value (tax year 2017)	143,386
Debt limit (10.5% of total assessed value)	15,056
Debt applicable to limit:	
General Obligation Bonds	4,855
Less: Amount restricted for repayment of general obligation debt	145
Total net debt applicable to limit	<u>5,000</u>
Legal debt margin	<u>\$10,056</u>

CITY OF MORAINE, 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
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%
2018	6,307	106,462	16,880	37.0	4.7%

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
Principal Employers

Current Year and Nine Years Ago

	<u>2018</u>	<u>2009</u>	<u>Number of Employees</u>
Fuyao Glass America	3,229	1	5,278
Dmax Ltd.	935	2	977
Fidelity Healthcare	756	3	844
Heidelberg Distributing	494	4	487
Dayton Power and Light	453	5	383
Compunet Clinical Laboratories	428	6	364
South Community	360	7	359
WinSupply	327	7	362
BWI North America	199	9	206
Tyler Technology	165	10	185
			1
			2
			3
			4
			5
			6
			7
			8
			9
			10

Source: City of Moraine, Department of Finance

Note: Total employment within the City is not available.

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

<u>Function/Program</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>	<u>2018</u>
General government										
Clerk of Council	1	1	1	1	1	1	1	1	1	1
City Manager	8	7	7	6	6	6	6	6	7	7
Clerk of Courts	2	0	2	2	2	2	2	2	2	2
Law	0	0	0	0	0	0	0	0	0	0
Finance	7	6	6	6	6	6	6	6	7	7
Public Buildings	21	0	12 (1)	5	6	6	6	6	6	6
Public Safety										
Police	45	44	49	38	37	32	34	34	35	34
Fire	46	45	36	32	33	25	27	24	30	27
Other										
Highways and Streets	18	0	26 (1)	15	16	18	18	16	15	15
Community Development	6	0	5	3	3	3	3	3	3	4
Recreation and Culture	42	39	22	19	18	18	20	21	21	19
Garage	4	0	4	3	3	3	3	3	3	3
Total	200	142	170	130	131	120	126	122	130	125

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Warrants served	N/A	1,128	1,266	905	822	899	1,041	872	977	628
Felony arrests	N/A	92	131	177	157	252	293	273	261	169
Arrests made	N/A	1,702	778	1,753	1,535	1,771	1,800	1,700	1,839	1,347
Traffic citations issued	N/A	1,568	3,205	2,653	1,944	2,537	2,523	2,799	3,329	2,581
Miles Patrolled	N/A	237,841	272,940	260,804	253,927	224,694	233,288	207,661	216,938	188,208
Fire										
Fire calls	100	112	92	566	637	80	722	801	797	815
EMS calls	1,357	1,567	1,619	1,689	1,565	1,705	2,069	2,152	2,188	2,008
Fire Inspections	976	961	1,043	1,012	1,032	920	749	799	663	833
Child Safety Seat Inspections	60	31	20	25	25	26	16	52	71	87
Highways and Streets										
Gallons of street paint used	1,750	1,040	865	1,353	1,045	1,050	1,115	1,040	1,540	1,435
Tons of snow melting salt used	1,200	1,200	953	338	332	854	657	578	322	700
Community Development										
Building Inspections	328	177	481	787	965	797	737	686	561	637
Residential Building Permits Issued	65	75	103	196	208	129	118	106	129	107
Commercial Building Permits Issued	108	95	105	174	199	190	206	308	192	216
Culture and Recreation										
Payne Recreation Center Attendance	82,467	138,939	175,000	136,512	141,620	175,386	185,276	192,765	195,151	30,416
Splash! Moraine Attendance	56,092	- (1)	-	-	-	-	-	-	-	-
Civic Center Attendance (estimated)	40,992	31,061	55,000	77,935	106,260	112,868	108,215	110,013	107,144	25,289
Youth and Day Camps Attendance	885	752	824	342	203	210	340	481	766	965

(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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	28	28	24	22	21	21	19	18	18	18
Fire:										
Stations	3	3	2	2	2	2	2	2	2	2
Emergency Response Vehicles	10	10	12 (1)	12 (1)	12	12	13	13	13	12
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)	1,226	1,226	1,356	1,356	1,356	1,356	1,356	1,357	1,316	1,316
Culture and Recreation										
Parks (2)	13	13	13	13	13	12	12	12	12	12
Civic Centers	1	1	1	1	1	1	1	1	1	1
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water Parks	1	1	1	1	1	1	1	1	1	- (3)

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.
- (3) The former water park was demolished in 2017

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