CITY OF WEST CARROLLTON

DAYTON REGION, MONTGOMERY COUNTY

REGULAR AUDIT

JANUARY 1, 2018 – DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Members of Council
City of West Carrollton
300 East Central Avenue
West Carrollton, OH 45449

We have reviewed the *Independent Auditor's Report* of the City of West Carrollton, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

July 25, 2019

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MONTGOMERY COUNTY

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MONTGOMERY COUNTY

300 East Central Avenue
West Carrollton, Ohio 45449

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AS OF DECEMBER 31, 2018

Council Member

NAME	TITLE	TERM OF OFFICE
Jeffery W. Sanner	Mayor	1/1/16 – 12/31/19
Richard. Barnhart	Deputy Mayor	1/1/18 – 12/31/21
Angie Fryman	Council Member	1/1/16 – 12/31/19
Leanne Nash	Council Member	1/1/18 – 12/31/21
Harold Robinson	Council Member	1/1/18 – 12/31/21
Jill Tomlin	Council Member	1/1/16 – 12/31/19
Amanda Zennie	Council Member	1/1/18 – 12/31/21

ADMINISTRATIVE PERSONNEL

NAME	TITLE
Brad Townsend	City Manager
Thomas E. Reilly	Finance Director/Clerk of Council

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MONTGOMERY COUNTY
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Independent Auditor's Report

City of West Carrollton
Montgomery County
300 East Central Avenue
West Carrollton, Ohio 45449

To the Members of Council and Mayor:

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 West Carrollton, Montgomery County, Ohio, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of West Carrollton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Carrollton, Montgomery County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General fund and Economic Development fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, during 2018, the City of West Carrollton adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of the City of West Carrollton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Carrollton's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 27, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section provides an overview of the City of West Carrollton's (the City's) financial activities for the year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

The City's total net position decreased $1,371,189 in 2018. However net position decreased by $1,464,741 from the impact of implementing GASB 68 and GASB 75 (Pension and OPEB) in 2018.

The general fund reported a net increase in fund balance of $1,023,684. Without $1,028,500 generated from note issuance, 2018 would have essentially been a break-even year.

USING THIS ANNUAL FINANCIAL REPORT

The annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City's financial situation as a whole (government-wide statements) as well as from the major funds perspective (fund financial statements).

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

REPORTING THE CITY AS A WHOLE

Statement of Net Position and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Position and the Statement of Activities. These reports provide information that will help the reader to determine how the City of West Carrollton is financially performing from a full accrual basis of accounting similar to the accounting used by the private sector businesses. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes to the net position. This change indicates whether the City's financial position, as a whole, improved or declined. Non-financial factors must also be taken into consideration when evaluating the City's overall financial health. Some examples are the City's tax base, economic development projects, and conditions of capital assets.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities.

- Governmental Activities – Most of the City's services are reported here including police, fire, street maintenance, parks and recreation, and general administration. Income tax, property tax, and local government funding finance most of these activities.

- Business-Type Activities – These services include sewer, water, waste collection, and pool. Service fees for these operations are charged based upon the amount of usage or a usage fee with the intent to recoup operational costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the City's major funds, not the City as a whole. An analysis of the City's major funds is presented later in the Management's Discussion and Analysis. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose. The City's major funds in 2018 are General, Economic Development, Street Improvement, Half Percent, Water, Sewer, and Refuse.

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

Fiduciary Funds – The City is the fiscal agent for the Mayor's Court, Bonds Returnable and Inspection Funds. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. These activities are 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 that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

As previously stated, the Statement of Net Position looks at the City as a whole. The following tables provides a summary of the City's net position and changes in net position first as a whole and then broken down between governmental and business-type activities for 2018 and 2017.

	2018	2017
Assets:		
Current and Other Assets	$ 13,443,905	$ 12,236,797
Capital Assets, Net	23,634,975	23,893,627
Total Assets	37,078,880	36,130,424
Deferred Outflows of Resources:		
Loss on Refunding	30,000	60,000
Pension and OPEB as Restated (Note 16)	2,289,823	3,198,679
Total Deferred Outflows of Resources	2,319,823	3,258,679
Liabilities:		
Current	1,100,192	655,819
Long-Term Liabilities:		
Due Within One Year	982,284	4,103,673
Net Pension & OPEB Liability as Restated (Note 16	18,112,628	18,882,574
Due In More than One Year	7,957,013	4,521,802
Total Liabilities	28,152,117	28,163,868
Deferred Inflows of Resources:		
Property Taxes	940,438	879,586
Pension and OPEB	1,531,113	199,425
Total Deferred Inflows of Resources	2,471,551	1,079,011
Net Position:		
Net Investments in Capital Assets	15,154,233	15,732,412
Restricted	2,485,447	2,038,475
Unrestricted as Restated (Note 16)	(9,074,645)	(7,624,663)
Total Net Position	$ 8,565,035	$ 10,146,224

In 2018 the City's net position decreased $1,371,189 (13.5%). The majority of this decline was due to the impact of GASB 68 & 75.

Table 2, Change in Net Position

	2018	2017
Revenue:		
Program Revenues:		
Changes for Services	$ 5,555,210	$ 5,754,484
Capital Grants and Contributions	636,672	685,863
Operating Grants and Contributions	5,340	500
Total Program Revenues	6,197,222	6,440,847
General Revenues:		
Income Taxes	6,724,206	6,846,225
Property Taxes	988,268	970,805
Other Local Taxes	100,427	44,443
Grants and Entitlements Not Restricted	943,178	1,001,224
Investment Earnings	83,803	58,563
Refunds, Reimbursements, and Other	646,690	536,464
Total General Revenues	9,486,572	9,457,724
Total Revenues	15,683,794	15,898,571
Expenses:		
General Government	1,566,915	1,804,705
Public Safety	6,990,924	6,975,034
Leisure Time Activities	712,173	840,319
Community Environment	1,722,011	1,909,026
Transportation	1,732,284	1,784,985
Interest and Fiscal Charges	104,736	111,151
Water	1,644,323	1,703,859
Sewer	1,577,346	1,435,724
Refuse	809,402	788,477
Pool	194,869	240,214
Total Expenses	17,054,983	17,593,494
Net Increase in Net Position	(1,371,189)	(1,694,923)
Beginning Net Postion as Restated (Note 16)	10,146,224	11,841,147
Ending Net Position	$ 8,775,035	$ 10,146,224

Revenues stayed flat due to a decrease in income tax collections in 2018 from the effects of HB 5. Expenses decreased 3.1%.

Governmental Activities

Table 3, Net Position, Governmental Activities

	2018	2017
Assets:		
Current and Other Assets	$ 8,350,265	$ 7,416,584
Capital Assets, Net	18,089,440	18,279,245
Total Assets	26,439,705	25,695,829
Deferred Outflows of Resources:		
Loss on Refunding	30,000	60,000
Pension and OPEB as Restated (Note 16)	1,954,155	2,511,702
Total Deferred Outflows of Resources	1,984,155	2,571,702
Liabilities:		
Current Liabilities	1,017,059	597,186
Due Within One Year	743,788	3,867,555
Due More than One Year:		
Net Pension and OPEB Liability as Restated (Note 16)	16,249,248	16,424,044
Other Amounts Due More than One Year	5,000,393	1,267,739
Total Liabilities	23,010,488	22,156,524
Deferred Inflows of Resources:		
Property Taxes	940,438	879,586
Pension and OPEB	1,098,824	127,208
Total Deferred Inflows of Resources	2,039,262	1,006,794
Net Position:		
Net Investment in Capital Assets	12,715,673	13,511,898
Restricted	2,485,447	2,038,205
Unrestricted as Restated (Note 16)	(12,037,010)	(10,445,890)
Total Net Position	$ 3,164,110	$ 5,104,213

Governmental Activities' net position decreased $1,730,103 (33.90%) in 2018. $1,350,307 of that decrease was generated from the implementation of GASB 68 and GASB 75 (Pension and OPEB).

Table 4, Change in Net Position, Governmental Activities

	2018	2017
Revenue:		
Program Revenues:		
Changes for Services	$ 1,349,050	$ 1,564,015
Capital Grants and Contributions	398,404	685,863
Operating Grants and Contributions	5,340	500
Total Program Revenues	1,752,794	2,250,378
General Revenues:		
Income Taxes	6,724,206	6,846,225
Property Taxes	988,268	970,805
Other Local Taxes	100,427	44,443
Grants and Entitlements Not Restricted	943,178	1,001,224
Investment Earnings	39,320	28,503
Refunds, Reimbursements, and Other	615,747	512,427
Transfers - Internal Activities	(65,000)	(80,000)
Total General Revenues	9,346,146	9,323,627
Total Revenues	11,098,940	11,574,005
Expenses:		
General Government	1,566,915	1,804,705
Public Safety	6,990,924	6,975,034
Leisure Time Activities	712,173	840,319
Community Environment	1,722,011	1,909,026
Transportation	1,732,284	1,784,985
Interest and Fiscal Charges	104,736	111,151
Total Expenses	12,829,043	13,425,220
Net Increase (Decrease) in Net Position	(1,730,103)	(1,851,215)
Beginning Net Postion	5,104,213	6,955,428
Ending Net Position	$ 3,374,110	$ 5,104,213

Total revenues decreased 4.1%. The largest revenue stream, income tax, decreased by 1.78% mainly due to the negative impact of HB 5. Income tax was $6,724,206 representing 60.6% of total revenue compared to 59.2% in 2017. Total expenses decreased 4.4%. The transfer-out is the general fund providing resources for the pool operation in the business-type activities.

Table 5, Expenses Percentage Breakdown, Governmental Activities

	2018		2017	
General Government	1,566,915	12.2%	$ 1,804,705	13.4%
Public Safety	6,990,924	54.5%	6,975,034	52.0%
Leisure Time Activities	712,173	5.6%	840,319	6.3%
Community Environment	1,722,011	13.4%	1,909,026	14.2%
Transportation	1,732,284	13.5%	1,784,985	13.3%
Interest and Fiscal Charges	104,736	0.8%	111,151	0.8%
Totals	$ 12,829,043	100%	$ 13,425,220	100%

The largest program expense in 2018 is Public Safety totaling 54.5% which primarily represents the operation of the police and fire departments. The entire $12,829,043 of expenses were partially funded by $1,349,050 in direct charges to users of service.

Table 6, Cost of Services and Net Expense, Governmental Activities

	Total Cost of Services 2018	Net Expense 2018	Total Cost of Services 2017	Net Expense 2017
General Government	1,566,915	$ 1,047,613	$ 1,804,705	$ 1,294,513
Public Safety	6,990,924	6,524,529	6,975,034	6,549,692
Leisure Time Activities	712,173	695,833	840,319	807,175
Community Environment	1,722,011	1,056,254	1,909,026	927,119
Transportation	1,732,284	1,647,284	1,784,985	1,485,192
Interest and Fiscal Charges	104,736	104,736	111,151	111,151
Totals	$ 12,829,043	$ 11,076,249	$ 13,425,220	$ 11,174,842

As detailed in the above table, the programs are 86% and 83% dependent on general revenues for 2018 and 2017 respectively.

Business-Type Activities

The Business-Type activities include the water, sewer, refuse and pool enterprise funds.

Table 7, Net Position, Business-Type Activities

	2018	2017
Assets:		
Current and Other Assets	$ 5,093,640	$ 4,820,213
Capital Assets	5,545,535	5,614,382
Total Assets	10,639,175	10,434,595
Deferred Outflows of Resources:		
Pension and OPEB as Restated (Note 16)	335,668	686,977
Total Deferred Outflows of Resources	335,668	686,977
Liabilities:		
Current Liabilities	83,133	58,633
Long-Term Liabilities:		
Due Within One Year	238,496	236,118
Net Pension and OPEB Liability as Restated (Note 16)	1,863,380	2,458,530
Due in More Than One Year	2,956,620	3,254,063
Total Liabilities	5,141,629	6,007,344
Deferred Inflows of Resources:		
Pension and OPEB as Restated	432,289	72,217
Total Deferred Inflows of Resources	432,289	72,217
Net Position:		
Net Investments in Capital Assets	2,438,560	2,220,514
Unrestricted as Restated (Note 16)	2,962,365	2,821,497
Total Net Position	$ 5,400,925	$ 5,042,011

In 2018 the Business-Type Activities' net position increased $358,914 (7.1%).

Table 8, Change in Net Position, Business-Type Activities

	2018	2017
Revenue:		
Program Revenues:		
Changes for Services	$ 4,206,160	$ 4,190,469
Capital Grants and Contributions	238,268	-
Total Program Revenues	4,444,428	4,190,469
General Revenues:		
Investment Earnings	44,483	30,060
Refunds, Reimbursements, and Other	30,943	24,037
Transfers - Internal Activities	65,000	80,000
Total General Revenues	140,426	134,097
Total Revenues	4,584,854	4,324,566
Expenses:		
Water	1,644,323	1,703,859
Sewer	1,577,346	1,435,724
Refuse	809,402	788,477
Pool	194,869	240,214
Total Expenses	4,225,940	4,168,274
Net Increase in Net Position	358,914	156,292
Beginning Net Postion	5,042,011	4,885,719
Ending Net Position	$ 5,400,925	$ 5,042,011

Business-Type operations had $4,444,428 total program revenues against $4,225,940 of total expense in 2018. The 6% increase in program revenues was created from an increase in capital grants. Expenses slightly increased 1.4%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds reported a combined fund balance of $4,575,340 and $3,914,433 in 2018 and 2017 respectively. The schedule below shows the fund balances and the total change in fund balances as of December 31, 2018 for all major and nonmajor governmental funds.

Table 9, Fund Balances

	2018	2017
General Fund	$ 2,018,486	$ 994,802
Economic Development Fund	290,179	651,575
Street Improvement Fund	35,832	1,154
Half Percent Fund	578,832	843,288
Other Governmental Funds	1,652,011	1,423,614
Total	$ 4,575,340	$ 3,914,433

Table 10, Changes in Fund Balance, General Fund

	2018	2017
Revenues:		
Local Taxes	$ 6,274,307	$ 6,191,514
Special Assessments	88,827	36,068
Charges for Services	853,572	806,993
Intergovernmental	276,514	289,057
Investment Earnings	18,555	18,898
Fines and Forfeitures	126,349	131,995
License and Permits	51,577	71,806
Other Revenue	287,941	363,561
Total Revenues	7,977,642	7,909,892
Expenditures:		
General Government	1,353,591	1,378,948
Public Safety	4,834,796	4,597,611
Leisure Time Activities	474,469	635,126
Community Environment	964,471	506,364
Interest and Fiscal Charges	5,533	5,307
Total Expenditures	7,632,860	7,123,356
Excess (Deficiency) of Revenue Over/(Under) Expenditure	344,782	786,536
Other Financing Uses:		
Note Issue	1,028,500	-
Transfers-Out	(349,598)	(1,756,963)
Total Other Financing Sources (Uses)	678,902	(1,756,963)
Net Change in Fund Balance	1,023,684	(970,427)
Fund Balance - Beginning of the Year	994,802	1,965,229
Fund Balance - End of Year	$ 2,018,486	$ 994,802

The City's general fund balance increased $1,023,684 mainly due to a note issue. The expenditures increased 7.2% versus a .8% increase in revenue.

Other Major Funds

The Economic Development Fund revenue and transfers-in of $987,579 trailed expenditures of $1,350,975 by $361,396.

The Street Improvement Fund transfers-in of $202,456 outpaced expenditures of $167,778 by $34,678.

The Half Percent Fund revenue and note issuance of $4,882,843 were less than transfers-out and expenditures of $4,937,299 by $54,456 for the year.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations, which are restricted by the amounts of anticipated revenues certified by the Montgomery County Budget Commission in accordance with the ORC. If the budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

In the General Fund, the actual revenues of $7,535,506 were less than the final budget of $8,465,657 by $930,151. The actual expenditures of $7,712,696 were less than the final budget of $10,827,715 by $3,115,019. The overall net positive variance totaled $1,356,632.

The Economic Development Fund actual revenues were $412,579. This was $887,421 under budget. Expenditures of $1,605,049 were under budget by $1,128,269. The fund ended up with an overall negative variance of $128,152.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities. The major proprietary funds are Water, Sewer, and Refuse.

The Water Fund operating revenue of $2,020,568 exceeded operating expenses of $1,561,170 producing operating income of $459,398. After factoring in non-operating activity, net position increased $396,553 from $2,489,714 in 2017 to $2,886,267 in 2018.

The Sewer Fund Net Position dropped $137,165 from $1,656,438 in 2017 to $1,519,273 in 2018. Operating loss totaled $150,556.

The Refuse Fund operating revenues of $889,438 outpaced expenses of $809,402 generating an operating income of $80,036. After including investment earnings totaling $10,763, net position increased $90,799 to $1,147,590 in 2018 from $1,056,791 in 2017.

CAPITAL ASSETS

A two-year comparison of capital asset balances, net of accumulated depreciation, for 2018 and 2017 are as follows:

Table 11, Summary of Net Capital Asset Balances

	2018	2017
Governmental Activities:		
Land	$ 8,572,006	$ 7,516,848
Building and Improvements	3,142,504	3,467,660
Machinery and Equipment	1,143,301	1,230,246
Infrastructure	5,231,629	6,064,491
Total Governmental Activities	$ 18,089,440	$ 18,279,245
Business-Type Activities:		
Land	$ 53,500	$ 53,500
Building and Improvements	1,636,598	1,825,890
Machinery and Equipment	1,099,510	1,035,224
Infrastructure	2,755,927	2,699,768
Total Business-Type Activities	$ 5,545,535	$ 5,614,382
Grand Total, City as a Whole	$ 23,634,975	$ 23,893,627

A detailed summary of capital asset activity for the year ended December 31, 2018 is disclosed in note 8.

DEBT ADMINISTRATION

A two-year comparison of short- and long-term debt obligations, including compensated absences and net pension liability, for 2018 and 2017 follows:

Table 12, Summary of Short- and Long-Term Debt Obligations

	2018	2017
Short-Term	$ 210,000	$ 240,000
Long-Term:		
Governmental Activities	26,373,429	15,118,843
Business-Type Activities	5,058,496	5,211,558
Total Long-Term	$ 31,431,925	$ 20,330,401
Due Within One Year	$ 982,284	$ 4,103,673

Detailed long-term debt information is disclosed in note 12.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizen's, taxpayers, investors, and creditors with a general overview of the City's finances while showing accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Finance Director, City of West Carrollton, 300 E. Central Ave., West Carrollton, Ohio 45449.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Equity in Pooled Cash & Investments	$4,638,473	$4,013,820	$8,652,293
Receivables (Net)			
Taxes	2,084,449	0	2,084,449
Accounts	25,000	1,028,287	1,053,287
Intergovernmental	938,013	0	938,013
Special Assessments	623,521	0	623,521
Loan	18,658	0	18,658
Accrued Interest	4,517	5,036	9,553
Prepaid Items	11,523	3,458	14,981
Inventory	0	40,035	40,035
Nondepreciable Capital Assets	8,572,006	53,500	8,625,506
Depreciable Capital Assets, Net	9,517,434	5,492,035	15,009,469
Net Pension Asset	6,111	3,004	9,115
Total Assets	26,439,705	10,639,175	37,078,880
DEFERRED OUTFLOWS OF RESOURCES:			
Loss on Refunding	30,000	0	30,000
Pension and OPEB	1,954,155	335,668	2,289,823
Total Deferred Outflows of Resources	1,984,155	335,668	2,319,823
LIABILITIES:			
Accounts Payable	513,054	42,593	555,647
Accrued Wages and Benefits	137,485	27,172	164,657
Accrued Pensions	88,299	13,368	101,667
Accrued Interest	68,221	0	68,221
Note Payable	210,000	0	210,000
Long-term Liabilities:			
Due Within One Year	743,788	238,496	982,284
Due In More Than One Year:			
Net Pension and OPEB Liability	16,249,248	1,863,380	18,112,628
Other Amounts Due In More Than One Year	5,000,393	2,956,620	7,957,013
Total Liabilities	23,010,488	5,141,629	28,152,117
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes	940,438	0	940,438
Pension and OPEB	1,098,824	432,289	1,531,113
Total Deferred Outflows of Resources	2,039,262	432,289	2,471,551
NET POSITION:			
Net Investment in Capital Assets	12,715,673	2,438,560	15,154,233
Restricted for:			
Capital Projects	577,035	0	577,035
Public Safety	263,128	0	263,128
Community Development	742,531	0	742,531
Transportation	902,753	0	902,753
Unrestricted	(11,827,010)	2,962,365	(8,864,645)
Total Net Position	$3,374,110	$5,400,925	$8,775,035

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Government Activities							
General Government	$1,566,915	$519,302	$0	$0	($1,047,613)	$0	($1,047,613)
Public Safety	6,990,924	461,095	5,300	0	($6,524,529)	0	($6,524,529)
Leisure Time Activities	712,173	16,300	40	0	($695,833)	0	($695,833)
Community Environment	1,722,011	267,353	0	398,404	($1,056,254)	0	($1,056,254)
Transportation	1,732,284	85,000	0	0	($1,647,284)	0	($1,647,284)
Interest and Fiscal Charges	104,736	0	0	0	(104,736)	0	(104,736)
Total Government Activities	12,829,043	1,349,050	5,340	398,404	(11,076,249)	0	(11,076,249)
Business-Type Activities							
Water	1,644,323	1,772,121	0	238,268	0	366,066	$366,066
Sewer	1,577,346	1,415,239	0	0	0	(162,107)	($162,107)
Refuse	809,402	885,592	0	0	0	76,190	$76,190
Pool	194,869	133,208	0	0	0	(61,661)	(61,661)
Total Business-Type Activities	4,225,940	4,206,160	0	238,268	0	218,488	218,488
Totals	$17,054,983	$5,555,210	$5,340	$636,672	($11,076,249)	$218,488	($10,857,761)

	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Income Taxes	6,724,206	0	6,724,206
Property Taxes Levied for:			
General Purposes	918,485	0	918,485
Special Revenue Purposes	69,783	0	69,783
Other Local Taxes	100,427	0	100,427
Grants and Entitlements not Restricted	943,178	0	943,178
Investment Earnings	39,320	44,483	83,803
Refunds, Reimbursements, and Other	615,747	30,943	646,690
Transfers - Internal Activities	(65,000)	65,000	0
Total General Revenues and Transfers	9,346,146	140,426	9,486,572
Change in Net Position	(1,730,103)	358,914	(1,371,189)
Net Position Beginning of the Year As Restated (Note 16)	5,104,213	5,042,011	10,146,224
Net Positon End of Year	$3,374,110	$5,400,925	$8,775,035

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2018

	GENERAL	ECONOMIC DEVELOPMENT	STREET IMPROVEMENT	HALF PERCENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Equity in Pooled Cash & Investments	$1,715,856	$544,140	$98,286	$641,367	$1,638,824	$4,638,473
Receivables (Net)						
Taxes	1,768,288	0	0	240,625	75,536	$2,084,449
Accounts	25,000	0	0	0	0	$25,000
Intergovernmental	135,898	112,500	379,550	0	310,065	$938,013
Special Assessments	247,584	0	0	0	375,937	$623,521
Loans	0	0	0	0	18,658	$18,658
Accrued Interest	2,051	0	0	1,316	1,150	$4,517
Prepaid Items	7,255	0	0	0	4,268	$11,523
Total Assets	$3,901,932	$656,640	$477,836	$883,308	$2,424,438	$8,344,154
LIABILITIES:						
Accounts Payable	$27,674	$366,461	$62,454	$0	$56,465	$513,054
Accrued Wages and Benefits	129,237	0	0	0	8,248	$137,485
Accrued Pensions	84,040	0	0	0	4,259	$88,299
Compensated Absences	34,597	0	0	0	1,086	$35,683
Note Payable	0	0	0	210,000	0	$210,000
Total Liabilities	275,548	366,461	62,454	210,000	70,058	984,521
DEFERRED INFLOWS OF RESOURCES:						
Property Taxes	868,454	0	0	0	71,984	$940,438
Unavailable Revenue	739,444	0	379,550	94,476	630,385	$1,843,855
Total Deferred Inflow of Resources	1,607,898	0	379,550	94,476	702,369	2,784,293
FUND BALANCES:						
Fund Balance:						
Nonspendable	7,255	0	0	0	4,268	$11,523
Restricted	0	290,179	35,832	578,832	1,647,743	$2,552,586
Assigned	565,318	0	0	0	0	$565,318
Unassigned	1,445,913	0	0	0	0	$1,445,913
Total Fund Balances	2,018,486	290,179	35,832	578,832	1,652,011	4,575,340
Total Liabilities and Fund Balances	$3,901,932	$656,640	$477,836	$883,308	$2,424,438	$8,344,154

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

AS OF DECEMBER 31, 2018

Total Governmental Fund Balance	$4,575,340
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,089,440
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	1,843,855
Loss on refunding is expensed in the funds and amortized over the life of bonds in governmental activities	30,000
In the statement of net position, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.	(68,221)
Some liabilities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(544,731)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(5,163,767)
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental fund:	
Net Pension Asset	6,111
Deferred Outflows - Pension/OPEB	1,954,155
Net Pension/OPEB Liability	(16,249,248)
Deferred Inflows - Pension/OPEB	(1,098,824)
Net Position of Governmental Activities	$3,374,110

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	GENERAL	ECONOMIC DEVELOPMENT	STREET IMPROVEMENT	HALF PERCENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Local Taxes	$6,274,307	$0	$0	$1,515,417	$141,944	$7,931,668
Special Assessments	88,827	0	0	0	235,085	$323,912
Charges for Services	853,572	60,175	0	0	89,822	$1,003,569
Intergovernmental	276,514	398,404	0	0	584,718	$1,259,636
Investment Earnings	18,555	0	0	11,520	9,245	$39,320
Fines & Forfeitures	126,349	0	0	0	157,025	$283,374
License & Permits	51,577	0	0	0	0	$51,577
Payment in Lieu of Taxes	0	0	0	0	100,427	$100,427
Other Revenue	287,941	0	0	4,406	50,252	342,599
Total Revenues	7,977,642	458,579	0	1,531,343	1,368,518	11,336,082
EXPENDITURES:						
General Government	1,353,591	0	0	0	29,670	1,383,261
Public Safety	4,834,796	0	0	0	736,358	5,571,154
Leisure Time Activities	474,469	0	0	0	141,009	615,478
Community Environment	964,471	1,350,975	0	0	383,282	2,698,728
Transportation	0	0	124,197	0	725,749	849,946
Debt Service:						
Principal	0	0	43,581	3,145,000	405,000	3,593,581
Interest & Fiscal Charges	5,533	0	0	50,320	12,174	68,027
Total Expenditures	7,632,860	1,350,975	167,778	3,195,320	2,433,242	14,780,175
Excess (Deficiency) of Revenue Over/(Under) Expenditures	344,782	(892,396)	(167,778)	(1,663,977)	(1,064,724)	(3,444,093)
Other Financing Sources (Uses):						
Note Issuance	1,028,500	0	0	3,141,500	0	4,170,000
Transfers-In	0	531,000	202,456	0	1,293,121	2,026,577
Transfers-Out	(349,598)	0	0	(1,741,979)	0	(2,091,577)
Total Other Financing Sources (Uses)	678,902	531,000	202,456	1,399,521	1,293,121	4,105,000
Net Change in Fund Balance(Deficit)	1,023,684	(361,396)	34,678	(264,456)	228,397	660,907
Fund Balance - Beginning of Year	994,802	651,575	1,154	843,288	1,423,614	3,914,433
Fund Balance - End of Year	$2,018,486	$290,179	$35,832	$578,832	$1,652,011	$4,575,340

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balance - Total Governmental Funds	$660,907
Amounts reported for governmental activities in the statement of activities are different because:	
The difference between governmental funds reporting capital outlays as expenditures while the in the statement of activities, those costs are allocated over the capital assets' estimated useful lives as depreciation expense.	(189,805)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(172,142)
In the statement of activities, interest is accrued, In governmental funds interest expenditures are reported when due.	(36,709)
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position.	3,593,580
Issuance of long-term debt is a revenue in the governmental funds but increases long-term liabilities in the statement of net position	(4,200,000)
Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds.	(35,627)
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental fund:	
Net Pension Asset	4,060
Deferred Outflows - Pension/OPEB	(557,547)
Net Pension/OPEB Liability	174,796
Deferred Inflows - Pension/OPEB	(971,616)
Change in Net Position of Governmental Activities	($1,730,103)

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
Local Taxes	$7,218,474	$7,378,207	$6,356,701	($1,021,506)
Charges for Services	340,000	340,000	329,246	(10,754)
Intergovernmental	278,800	278,800	276,738	(2,062)
Investment Earnings	17,000	17,000	18,168	1,168
Fines & Forfeitures	174,300	174,300	126,349	(47,951)
Licenses & Permits	50,000	50,000	51,577	1,577
Special Assessments	33,000	33,000	88,827	55,827
Other Revenue	194,350	194,350	287,900	93,550
Total Revenues	8,305,924	8,465,657	7,535,506	(930,151)
EXPENDITURES:				
Council - Personnel Services	28,000	28,000	21,538	6,462
Council - Other	12,102	12,102	9,552	2,550
Mayor - Personnel Services	155,000	155,000	136,014	18,986
Mayor - Other	21,980	21,980	8,099	13,881
Law - Personnel Services	80,000	80,000	54,575	25,425
Law - Other	134,000	134,000	42,272	91,728
City Manager - Personnel Services	320,000	320,000	301,949	18,051
City Manager - Other	25,276	25,276	8,499	16,777
Finance - Personnel Services	250,000	250,000	207,724	42,276
Finance - Other	25,225	25,225	6,475	18,750
Income Tax - Personnel Services	245,000	245,000	220,945	24,055
Income Tax - Other	31,055	31,055	20,766	10,289
Police - Personnel Services	3,000,000	3,000,000	2,467,167	532,833
Police - Other	1,051,989	1,051,989	536,222	515,767
Fire - Personnel Services	1,650,000	1,650,000	1,379,678	270,322
Fire - Other	455,539	455,539	166,839	288,700
Building Inspection - Personnel Services	260,000	260,000	158,620	101,380
Building Inspection - Other	206,120	206,120	109,924	96,196
Economic Development - Personnel Services	120,000	120,000	108,203	11,797
Economic Development - Other	40,300	40,300	4,894	35,406
Parks and Recreation - Personnel Services	550,000	550,000	406,238	143,762
Parks and Recreation - Other	193,807	193,807	98,730	95,077
Planning - Personnel Services	225,000	225,000	192,235	32,765
Planning - Other	41,021	41,021	11,688	29,333
Human Resources - Personnel Services	110,000	110,000	-	110,000
Human Resources - Other	30,000	30,000	-	30,000
Building Maintenance - Personnel Services	110,000	110,000	84,795	25,205
Building Maintenance - Other	300,149	300,149	179,772	120,377
Other Services - Other	656,152	1,156,152	769,283	386,869
Total Expenditures	10,327,715	10,827,715	7,712,696	3,115,019
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,021,791)	(2,362,058)	(177,190)	2,184,868
Other Financing Sources (Uses):				
Debt Proceeds	2,000,000	2,000,000	993,500	(1,006,500)
Transfers-In	489,000	489,000	489,000	0
Transfers-Out	(700,000)	(700,000)	(521,736)	178,264
Total Other Financing Sources (Uses)	1,789,000	1,789,000	960,764	(828,236)
Net Change in Fund Balance	(232,791)	(573,058)	783,574	1,356,632
Fund Balance - Beginning of the Year (includes prior year appropriated encumbrances)	855,181	855,181	855,181	0
Fund Balance - End of the Year	$622,390	$282,123	$1,638,755	$1,356,632

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ECONOMIC DEVELOPMENT FUND
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
Charges fo Services	$ 100,000	$ 100,000	$ 60,175	$ (39,825)
Intergovernmental	1,200,000	1,200,000	352,404	(847,596)
Total Revenues	1,300,000	1,300,000	412,579	(887,421)
EXPENDITURES:				
Community Environment	2,733,318	2,733,318	1,605,049	1,128,269
Total Expenditures	2,733,318	2,733,318	1,605,049	1,128,269
OTHER FINANCING SOURCES (USES):				
Transfers-In	900,000	900,000	531,000	(369,000)
Total Other Financing Sources (Uses)	900,000	900,000	531,000	(369,000)
Net Change in Fund Balance	(533,318)	(533,318)	(661,470)	(128,152)
Fund Balance - Beginning of the Year	662,128	662,128	662,128	-
Fund Balance - End of the Year	$128,810	$128,810	$658	($128,152)

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

AS OF DECEMBER 31, 2018

	Business-Type Activities - Proprietary Funds				
	WATER FUND	**SEWER FUND**	**REFUSE FUND**	**NONMAJOR POOL FUND**	**TOTAL PROPRIETARY FUNDS**
ASSETS:					
Equity in Pooled Cash & Investments	$1,897,458	$1,182,225	$933,143	$994	$4,013,820
Receivables (Net)					
Accounts	471,752	351,523	205,012	0	1,028,287
Accrued Interest	2,388	1,440	1,207	1	5,036
Prepaid Items	1,318	1,318	822	0	3,458
Inventory	28,630	11,405	0	0	40,035
Total Current Assets	2,401,546	1,547,911	1,140,184	995	5,090,636
Nondepreciable Capital Assets	29,500	24,000	0	0	53,500
Depreciable Capital Assets, Net	4,008,938	1,153,814	295,644	33,639	5,492,035
Net Pension Asset	1,022	1,330	400	252	3,004
Total Long-Term Assets	4,039,460	1,179,144	296,044	33,891	5,548,539
Total Assets	6,441,006	2,727,055	1,436,228	34,886	10,639,175
DFERRED OUTFLOWS OF RESOURCES:					
Pension and OPEB	112,631	146,576	44,084	32,377	335,668
LIABILITIES:					
Accounts Payable	25,545	8,137	8,205	706	42,593
Accrued Wages and Benefits	12,976	9,274	4,922	0	27,172
Accrued Pensions	5,359	6,030	1,979	0	13,368
Compensated Absences	39,773	30,771	17,597	0	88,141
Loan Payable Due Within One Year	167,923	20,038	0	0	187,961
Total Current Liabilities	251,576	74,250	32,703	706	359,235
Loans Payable	2,637,506	281,508	0	0	2,919,014
Net Pension and OPEB Liability	633,768	825,118	248,156	156,338	1,863,380
Total Long-Term Liabilities	3,271,274	1,106,626	248,156	156,338	4,782,394
Total Liabilities	3,522,850	1,180,876	280,859	157,044	5,141,629
DFERRED INFLOWS OF RESOURCES:					
Pension and OPEB	144,520	173,482	51,863	62,424	432,289
NET POSITION:					
Net Investment in Capital Assets	1,233,009	876,268	295,644	33,639	2,438,560
Unrestricted	1,653,258	643,005	851,946	(185,844)	2,962,365
Total Net Position	$2,886,267	$1,519,273	$1,147,590	($152,205)	$5,400,925

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-Type Activities - Proprietary Funds				
	WATER FUND	SEWER FUND	REFUSE FUND	NONMAJOR POOL FUND	TOTAL PROPRIETARY FUNDS
Operating Revenues:					
Charges for Services	$1,772,121	$1,415,239	$885,592	$133,208	$4,206,160
Intergovernmental	238,268	0	0	0	$238,268
Other Revenue	10,179	11,551	3,846	5,367	30,943
Total Operating Revenues	2,020,568	1,426,790	889,438	138,575	4,475,371
Operating Expenses:					
Personal Services	676,462	834,540	374,725	128,123	$2,013,850
Contractual Services	86,372	163,866	290,701	663	541,602
Material and Supplies	239,507	357,791	81,991	48,900	728,189
Utilities	156,074	93,444	0	12,115	261,633
Depreciation	402,755	127,705	61,985	5,068	597,513
Total Operating Expenses	1,561,170	1,577,346	809,402	194,869	4,142,787
Operating Income (Loss)	459,398	(150,556)	80,036	(56,294)	332,584
Non-Operating Revenues(Expense):					
Transfer In	0	0	0	65,000	65,000
Investment Earnings	20,308	13,391	10,763	21	44,483
Interest Expense	(83,153)	0	0	0	(83,153)
Total Non-Operating Revenues(Expense)	(62,845)	13,391	10,763	65,021	26,330
Change in Net Position	396,553	(137,165)	90,799	8,727	358,914
Net Position Beginning of the Year As Restated (Note 16)	2,489,714	1,656,438	1,056,791	(160,932)	5,042,011
Net Position End of the Year	$2,886,267	$1,519,273	$1,147,590	($152,205)	$5,400,925

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-Type Activities - Enterprise Funds				
	WATER FUND	SEWER FUND	REFUSE FUND	NONMAJOR POOL FUND	TOTAL PROPRIETARY FUNDS
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities:					
Cash Received from Charges for Services	$1,793,130	$1,426,258	$905,506	$133,208	$4,258,102
Cash Received from Other Revenue	10,179	11,551	3,846	5,367	$30,943
Cash Payments for Personal Services	(635,836)	(774,252)	(356,905)	(123,522)	($1,890,515)
Cash Payments for Contractual Services	(72,263)	(164,275)	(301,355)	(48,809)	($586,702)
Cash Payments for Material and Supplies	(8,381)	(361,188)	(74,383)	(663)	($444,615)
Cash Payments for Utilities	(156,074)	(93,958)	0	(12,115)	(262,147)
Net Cash Provided by (Used in) Operating Activities	930,755	44,136	176,709	(46,534)	1,105,066
Cash Flows from Noncapital Financing Activities:					
Transfers from Other Funds	0	0	0	65,000	65,000
Net Cash Provided by Noncapital Financing Activities	0	0	0	65,000	65,000
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(315,192)	0	(180,819)	(32,655)	($528,666)
Debt Proceeds	51,397	0	0	0	$51,397
Debt Principal Payments	(318,252)	(20,038)	0	0	($338,290)
Debt Interest Payments	(83,153)	0	0	0	(83,153)
Net Cash Used for Capital and Related Financing Activities	(665,200)	(20,038)	(180,819)	(32,655)	(898,712)
Cash Flows from Investing Activities:					
Interest Earnings	19,391	12,947	10,417	28	42,783
Net Cash Provided by Investing Activities	19,391	12,947	10,417	28	42,783
Net Increase (Decrease) in Cash and Cash Equivalents	284,946	37,045	6,307	(14,161)	$314,137
Cash and Cash Equivalents at Beginning of the Year	1,612,512	1,145,180	926,836	15,155	3,699,683
Cash and Cash Equivalents at End of the Year	$1,897,458	$1,182,225	$933,143	$994	$4,013,820
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	$459,398	($150,556)	$80,036	($56,294)	$332,584
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	402,755	127,705	61,985	5,068	$597,513
(Increase) Decrease in Accounts Receivable	21,009	11,019	19,914	0	$51,942
(Increase) Decrease in Prepaid Items	92	92	32	0	$216
(Increase) Decrease in Inventory	(7,480)	(371)	0	0	($7,851)
(Increase) Decrease in Net Pension Asset	(647)	(860)	(255)	(135)	($1,897)
(Increase) Decrease in Deferred Outflows - Pension & OPEB	116,979	141,555	44,494	48,281	$351,309
Increase (Decrease) in Accounts Payable	24,354	(4,073)	(3,078)	91	$17,294
Increase (Decrease) in Accrued Wages and Benefits	2,091	2,846	406	0	$5,343
Increase (Decrease) in Accrued Pensions	687	1,211	(35)	0	$1,863
Increase (Decrease) in Compensated Absences	(10,851)	3,384	(705)	0	($8,172)
Increase (Decrease) in Net Pension & OPEB Liability	(198,434)	(219,455)	(73,120)	(104,141)	($595,150)
Increase (Decrease) in Deferred Inflows - Pension & OPEB	120,802	131,639	47,035	60,596	360,072
Total Adjustments	471,357	194,692	96,673	9,760	772,482
Net Cash Provided by (Used in) Operating Activities	$930,755	$44,136	$176,709	($46,534)	$1,105,066

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

AS OF DECEMBER 31, 2018

	AGENCY FUNDS
ASSETS:	
Segregated Cash & Investments	$ 13,409
Total Assets	$ 13,409
LIABILITIES:	
Undistributed Monies	13,409
Total Liabilities	$ 13,409

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

The City of West Carrollton, (the "City") is a home rule municipal corporation under the laws of the State of Ohio and operates under its own Charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1967 and has subsequently been amended.

The City provides various services as authorized by its charter including police and fire protection, parks, recreation, street maintenance, planning and development, zoning and general government services. Educational services are provided by West Carrollton City School District. The District is a separate governmental entity and its financial statements are not included in this audit report.

The financial reporting entity consists of the primary government and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

The Miami Valley Risk Management Association (MVRMA) is a jointly governed organization established as a joint self-insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. Also, the Miami Valley Fire/EMS Alliance is a jointly governed organization among thirty townships, cities, and other public entities that was formed on April 1, 1995. See Notes 9 and 13.

The City does not have component units as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", and by GASB Statement No. 61 "The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34."

B. BASIS OF PRESENTATION

The financial reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) for the local governments as prescribed by the Governmental Accounting Standards Board (GASB). Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial principles. The following is a summary of the City's significant accounting policies:

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 for both the governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are clearly identifiable to a particular function. Program revenues include charges paid for goods or services, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds for financial management purposes and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The focus of the fund financial statements is on major funds with each displayed in a separate column. All remaining funds are aggregated and reported in a single column. Fiduciary funds are reported by type.

Governmental Funds

The City reports the following major governmental funds:

General Fund – This fund is the general operating fund of the City covering services such as police, fire, emergency medical services, parks and recreation, and economic development. It is used to account for and report all financial resources except those required to be accounted for in another fund. The fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio.

Economic Development Fund – This special revenue fund is generally restricted for economic development activity. It is supported by the Half Percent Fund.

Street Improvement Fund – This capital project fund is generally restricted for street improvement activity. It is supported by the Half Percent Fund.

Half Percent Fund – This capital project fund accounts for and reports financial resources from the City's ½% income tax restricted to use for the City's Capital Improvement Program.

The other governmental funds of the City account for and report resources that are generally restricted for a particular purpose.

Proprietary Funds

Proprietary funds reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City does not have any internal service 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 three major proprietary funds as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Water Fund – The water fund accounts for the water treatment and distribution to the City's residential and commercial users.

Sewer Fund – The sewer fund accounts for the provision of sanitary sewer service to the community.

Refuse Fund – The refuse fund reports the City's waste collection operation.

The nonmajor pool fund accounts for the City's pool operation.

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. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City does not possess any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary funds account for mayor's court, bonds returnable fund, and inspection fund.

C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows, and in the presentation of expenses versus expenditures.

Government-Wide Financial Statements

Government-wide financial statements measure and report all assets (both financial and capital), deferred outflows, liabilities, deferred inflows, revenues, expenses, gains and losses using the economic resources measurement focus. Revenues are recorded when earned. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental 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, deferred outflows, liabilities, and deferred inflows are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

On the modified accrual basis, expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on unmatured general long-term debt, and on special assessment indebtedness collateralized by special assessment levies, which are recognized when due.

Proprietary Fund Financial Statements

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus using full accrual basis of accounting. All assets, deferred outflows, liabilities, and deferred inflows associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (i.e. revenues) and decreases (i.e expenses) in total net position. Proprietary funds distinguish operating revenues from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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 become available. "Measurable" means that the amount of the transaction can be determined, and "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. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (see Note 4). Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 3). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, tuition, grants, fees and rentals.

Deferred Outflows and Inflows of Resources

In addition to asses, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for loss on refunding and for pension/OPEB. A loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition 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/OPEB are explained further in Note 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension/OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were 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 delinquent property taxes and intergovernmental grants. 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/OPEB are reported on the government-wide statement of net position and are further explained in Note 10 and 11.

Pensions/OPEB

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

D. BUDGETARY PROCESS

An annual appropriated budget is legally required to be prepared for all funds of the City other than agency funds.

1. **Budget**

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

The County Budget Commission certifies its actions to the City by September 1.

As part of this certification, the City receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1 this certificate is amended to include any unencumbered balances from the preceding fiscal year.

Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The amounts reported as final budgeted amounts represent the final estimated resources as certified by the County Budget Commission.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year, as new information becomes available. Appropriations may not exceed estimated resources. Unencumbered appropriations lapse at the end of the fiscal year. The amounts reported in the as final budgeted amounts represent the final appropriations approved by City Council. As a matter of budgetary control, the appropriations ordinance generally controls expenditures at the department, personal services, and other level for all funds.

4. Encumbrances

The City is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Unencumbered appropriations lapse at the end of the year. Encumbrances outstanding at year-end are carried forward to subsequent year.

5. Budgetary Basis of Accounting

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

1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3) Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).

4) Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

5) Some funds are reported as part of the general fund (GAAP) as opposed to the general fund being reported alone (budget).

The following table summarizes the adjustment necessary to reconcile the GAAP basis statement (as reported in the fund financial statements) to the budgetary basis statement for the general fund and the economic development fund which is the only major special revenue fund.

Net Change in Fund Balance

	General Fund	Economic Development Fund
Budget Basis	$ 783,574	$ (661,470)
Net Adjustment for Revenue	4,740	46,000
Net Adjustment for Expenditure	235,634	254,074
Funds Budgeted Elsewhere	(264)	-
GAAP Basis	$ 1,023,684	$ (361,396)

E. POOLED CASH AND INVESTMENTS

Cash and investment balances of the City's funds, except cash held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Investments are stated at fair value.

The fair value of investments was determined through the use of published market values. For purposes of the combined statement of cash flows and for presentation on the statement of net position, investments with original maturities of three months or less are considered to be cash and cash equivalents. The general fund investment earnings totaled $18,555.

F. INVENTORY

On the government-wide and proprietary funds' financial statements, inventories are stated at the lower of cost or market on a first-in, first-out basis and are expensed when consumed. On governmental fund financial statements, reported material and supplies inventory is equally offset by a fund balance nonspendable in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

G. CAPITAL ASSETS

The cost of normal repairs and maintenance that do not add value to the asset or materially extend its life are not capitalized in either the governmental or business-type activities. Assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value at the date donated. Only capital assets with a cost in excess of $1,000 are capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the capital assets.

The estimated useful lives of the various classes of capital assets range as follows:

Class	Estimated Useful Life
Machinery & Equipment	3 to 15 Years
Buildings and Improvements	7 to 30 Years
Infrastructure	7 to 40 Years

H. 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 propriety 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, judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net positionis not sufficient for payment of those benefits.

I. COMPENSATED ABSENCES

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the City's personnel manual.

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

For governmental funds, a liability is recorded for compensated absences only if they have matured such as an employee retirement or resignation. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions among funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management. Transactions that would be accounted for as revenues, expenditures or expenses if they involved a party external to the government, are accounted for as revenues in the receiving fund and expenditures or expenses by the paying fund. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as equity transfers. All other inter-fund transfers are reported as operating transfers.

On fund financial statements, internal activity such as long-term interfund loans or disbursements are classified as “due to/from other funds” on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position.

The City complied with applicable requirements of Ohio Revised Code Section 5705.14 as it relates to transfers.

K. NET POSITION

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus 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 their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The City did not have net position restricted by enabling legislation.

L. 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.

M. PREPAID ITEMS

Payments made to vendors for services that will benefit beyond year-end are recorded as prepaid expenditures. Prepayments are accounted for using the consumption method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

O. FUND BALANCES

In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form such as inventory or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators; or imposed by law through constitutional provisions (City Charter) or enabling legislation.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, City Council, via resolution or ordinance.

Assigned – resources that are intended to be used for specific purposes, but are neither restricted nor committed. City Council may assign certain amounts through a motion but has also delegated authority to the City Manager and Finance Director to conduct City business, which may include the assignment of fund balances.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purpose.

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

P. FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

2. POOLED CASH AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Balance sheet as Equity in Pooled Cash and Investments.

Legal Requirements: Pursuant to Division (L) of Section 135.01, Ohio Revised Code, any municipal corporation which has adopted a charter under Article XVIII, Ohio Constitution, may, by ordinance, set forth special provisions respecting the deposit or investment of its public monies. The City of West Carrollton adopted ordinance No. 2973, dated April 11 1995, which was superseded by Ordinance 3555, dated January 13, 2015, approving policies and procedures for selecting depositories and making investments.

State statutes classify monies held by the City into three categories:

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

2. POOLED CASH AND INVESTMENTS (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool, State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of City deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: At year-end, the carrying amount of the City's cash and deposits was $5,403,526. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure", as of December 31, 2018 $3,841,902 of the City's $5,245,313 bank balance was exposed to custodial risk as discussed below. The $1,403,411 difference was covered by Federal Deposit Insurance. The balance exposed to custodial credit risk was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by third party trustees pursuant to Section 135.81, Ohio Revised Code, in single institution collateral pools securing all public funds on deposit with specific depository institutions.

2. POOLED CASH AND INVESTMENTS (Continued)

Cash on Hand: At year-end, the City had $875 cash on hand which is not included in the financial statements of the City as part of Equity in "Pooled Cash & Investments".

As of December 31, 2018 the City had the following investments and maturities:

			Maturity Dates			
Investment Type	**Total By Type**	**Percent Allocation**	**Less Than 3 Months**	**3 Months to 1 Year**	**1-3 Years**	**3-5 Years**
Certificates of Deposit	$ 3,014,575	92.41%	$ 25,000	$ 503,725	$ 2,300,850	$ 185,000
FHLB	85,000	2.61%	30,000	30,000	25,000	-
FNMA	50,165	1.54%	-	50,165	-	-
FHLMC	24,927	0.76%	-	24,927	-	-
US Treasury Note	49,598	1.52%	-	-	49,598	-
Money Market	37,911	1.16%	37,911	-	-	-
Total	$ 3,262,176	100.00%	$ 92,911	$ 608,817	$ 2,375,448	$ 185,000

The City's investments in U.S. government money markets are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FHLB, FNMA, FHLMC), U.S. Treasury note and certificates of deposits are valued using quoted prices in markets that are not considered to be active dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and within the limits of state law, the City's investment policy limits investment portfolio maturities to five years or less.

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 investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The City's investment policy places a 50% limit on the amount that may be invested with one issuer.

Credit Risk: Standard & Poor's has assigned the U.S. government money market an AAAm money market rating. The City's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

2. POOLED CASH AND INVESTMENTS (Continued)

Reconciliation of Cash and Investments to the Statement of Net Position and Fiduciary Net Position

Cash and Investments per Footnote	
Carrying Amount of Deposits	$ 5,403,526
Investments	3,262,176
Total	$ 8,665,702

Cash and Investments per Statement of Net Position	
Governmental Activities	$ 4,638,473
Business-Type Activities	4,013,820
Sub-Total	8,652,293
Fiduciary Funds	13,409
Total	$ 8,665,702

3. PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the City. Property taxes are levied each October 31 on the assessed value listed as of the prior January 1. Assessed values are established at 35% of appraised market value for real property and at varying percentages, generally 25%, for public utility property. Property market values are required to be statistically updated every three years and revalued every six years. A revaluation was completed in 2018.

The tax rate applied to all real property for the fiscal year ended December 31, 2018 was $6.25 per $1,000 of assessed valuation. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback deductions is reimbursed to the City by the State of Ohio.

The assessed December 31, 2018 values per category are as follows:

Real Estate	$ 174,479,210
Public Utilities	26,110
Public Utilities Personal Property	6,960,390
Total Valuation	$ 181,465,710

The Montgomery County Treasurer collects property tax on behalf of all taxing districts within the county. The Montgomery County Auditor periodically remits to the taxing districts their portions of the taxes collected. Property taxes may be paid on either an annual or semi-annual basis.

4. LOCAL INCOME TAX

This locally levied tax of 2.25 percent applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. It also applies to net income of business organizations conducted within the City. In 2018 on a cash basis, tax receipts net of refunds amounted to $6,964,830 of which $5,432,567 was recorded in the General Fund and $1,532,263 was recorded in the One Half Percent Tax Fund for use in various capital improvements.

5. RECEIVABLES

Receivables at year end consisted primarily of income and property taxes, special assessments, accounts (billings for user charged services), intergovernmental receivables arising from grants, entitlements, and shared revenue and loans. Receivables have been reported in the to the extent that they are both measurable and available at December 31, 2018.

A summary of the receivables is as follows:

Governmental Funds

	General	Economic Development	Street Improvement	Half Percent	Other Governmental
Taxes	$ 1,768,288	$ -	$ -	$ 240,625	$ 75,536
Accounts	25,000	-	-	-	-
Intergovernmental	135,898	112,500	379,550	-	310,065
Special Assessments	247,584	-	-	-	375,937
Loans	-	-	-	-	18,658
Total	$ 2,176,770	$ 112,500	$ 379,550	$ 240,625	$ 780,196

Proprietary Funds

	Water	Sewer	Refuse
Accounts	$ 471,752	$ 351,523	$ 205,012

6. LOANS RECEIVABLE

The City established a fund to provide low-interest loans for housing rehabilitation. The loans are payable in installments for up to 15 years. The program is administered by County Corp based on a criteria set by City Council.

7. INTERFUND TRANSACTIONS

Interfund Transfers

Interfund transfers consist of the following as reported on the fund statements:

Transfers to the Economic Development Fund from:		
Half Percent Fund	$	531,000
Transfers to the Street Improvement Fund from:		
Half Percent Fund	$	202,456
Transfers to Nonmajor Proprietary Funds from:		
General Fund	$	65,000
Transfers to Other Governmental Funds from:		
General Fund		284,598
Half Percent Fund		1,008,523
Total Transfers	$	2,091,577

All interfund transfers are routine in nature and are to subsidize the operations of the applicable fund.

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8. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2018, was as follows:

Governmental Activities

Category	Cost Balance As of 1/1/18	Additions	Deletions	Accumulated Depreciation	Net Balance as of 12/31/18
Land	$ 7,516,848	$ 1,055,158	$ -	$ -	$ 8,572,006
Buildings and Improvements	14,143,497	167,905	-	(11,168,898)	3,142,504
Machinery and Equipment	7,548,582	278,356	(10,540)	(6,673,097)	1,143,301
Infrastructure	20,324,971	61,806	(598,488)	(14,556,660)	5,231,629
Total	$ 49,533,898	$ 1,563,225	$ (609,028)	$ (32,398,655)	$ 18,089,440

Category	Accumulated Depreciation Balance As of 1/1/18	Depreciation	Disposals	Accumulated Depreciation Balance As of 12/31/18
Buildings and Improvements	$ 10,675,837	$ 493,061	$ -	$ 11,168,898
Machinery and Equipment	6,318,336	365,301	(10,540)	6,673,097
Infrastructure	14,260,480	894,668	(598,488)	14,556,660
Total	$ 31,254,653	$ 1,753,030	$ (609,028)	$ 32,398,655

Governmental Activities depreciation expense was charged as follows:

General Government	$ 192,988
Public Safety	543,335
Leisure Time Activities	50,097
Community Environment	20,866
Transportation	945,744
Total	$ 1,753,030

8. CAPITAL ASSETS (Continued)

Business-Type Activities

Category	Cost Balance As of 1/1/18	Additions	Deletions	Accumulated Depreciation	Net Balance as of 12/31/18
Land	$ 53,500	$ -	$ -	$ -	$ 53,500
Buildings and Improvements	13,379,510	7,997	-	(11,750,909)	1,636,598
Machinery and Equipment	2,368,974	231,004	(115,600)	(1,384,868)	1,099,510
Infrastructure	12,737,779	289,665	-	(10,271,517)	2,755,927
Total	$ 28,539,763	$ 528,666	$ (115,600)	$ (23,407,294)	$ 5,545,535

Category	Accumulated Depreciation Balance As of 1/1/18	Depreciation	Disposals	Accumulated Depreciation Balance As of 12/31/18
Buildings and Improvements	$ 11,553,620	$ 197,289	$ -	$ 11,750,909
Machinery and Equipment	1,333,750	166,718	(115,600)	1,384,868
Infrastructure	10,038,011	233,506	-	10,271,517
Total	$ 22,925,381	$ 597,513	$ (115,600)	$ 23,407,294

Business-Type depreciation expense was charged as follows:

Water	$ 402,755
Sewer	127,705
Pool	5,068
Refuse	61,985
Total	$ 597,513

9. INSURANCE

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 1989, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA, Inc.), a joint insurance pool. The pool consists of twenty municipalities who pool risk for property, liability (third party, general, police professional and automobile), boiler and machinery, and public official liability. The City pays an annual premium to MVRMA, Inc. for this coverage. The agreement provides that the MVRMA, Inc. will be self-sustaining through member premiums and will purchase excess and stop-loss insurance. The deductible per occurrence for all types of claims is $2,500.

9. INSURANCE (Continued)

Property	$	1,000,000,000	per occurrence
General Liability	$	12,000,000	per occurrence
Flood/Earthquake	$	25,000,000	per occurrence
Boiler and Machinery	$	100,000,000	per occurrence
Cyber Liability	$	2,000,000	per occurrence
Public Official Liability	$	12,000,000	per occurrence

The City pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

The City also pays for eighty-eight percent of the health insurance premium and a term life insurance premium for its full-time employees. The City pays to a private insurance company and retains no risk.

There have been no significant reductions in insurance coverage and no insurance settlement has exceeded insurance coverage in the past three years. There was a reduction in crime liability coverage from the prior year.

10. DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset 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/asset 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/asset 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.

The 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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 3.00% 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 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan

and Member-Directed Plan was $424,542 for 2018. Of this amount, $42,762 is reported as accrued pensions.

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

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

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% 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 OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

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

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

	Police	Firefighters
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	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $509,759 for 2018. Of this amount, $40,894 is reported as accrued pensions.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2017, and the total pension liability or asset used to calculate the net pension liability or asset 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 or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02187200%	0.00563700%	0.01403200%	0.10638200%	
Proportion of the net pension liability/asset current measurement date	0.02156900%	0.00629800%	0.01553400%	0.10555000%	
Change in proportionate share	-0.00030300%	0.00066100%	0.00150200%	-0.00083200%	
Proportionate share of the net pension liability	$ 3,383,758	$ -	$ -	$ 6,478,094	$ 9,861,852
Proportionate share of the net pension asset	-	(8,573)	(542)	-	(9,115)
Pension expense	642,696	1,384	(176)	1,062,532	1,706,436

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	$ 3,456	$ -	$ 1,054	$ 98,309	$ 102,819
Changes of assumptions	404,381	749	63	282,284	687,477
Changes in employer's proportionate percentage/ difference between employer contributions	22,056	-	-	56,948	79,004
City contributions subsequent to the measurement date	412,993	3,761	7,788	509,759	934,301
Total deferred outflows of resources	$ 842,886	$ 4,510	$ 8,905	$ 947,300	$ 1,803,601

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	$ 66,683	$ 2,554	$ -	$ 11,718	$ 80,955
Net difference between projected and actual earnings on pension plan investments	726,449	1,353	152	224,092	952,046
Changes in employer's proportionate percentage/ difference between employer contributions	122,969	-	-	48,648	171,617
Total deferred inflows of resources	$ 916,101	$ 3,907	$ 152	$ 284,458	$ 1,204,618

$934,301 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/asset 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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Year Ending December 31:					
2019	$ 223,008	$ (430)	$ 120	$ 171,052	$ 393,750
2020	(90,819)	(467)	117	112,138	20,969
2021	(319,888)	(770)	98	(119,964)	(440,524)
2022	(298,509)	(738)	101	(90,448)	(389,594)
2023	-	(263)	147	64,723	64,607
Thereafter	-	(490)	382	15,582	15,474
Total	$ (486,208)	$ (3,158)	$ 965	$ 153,083	$ (335,318)

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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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 was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
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 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 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 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.

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 was 16.82% for 2017.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS 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	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset 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/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or 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 (asset):			
Traditional Pension Plan	$ 6,008,692	$ 3,383,758	$ 1,195,354
Combined Plan	(4,661)	(8,573)	(11,273)
Member-Directed Plan	(311)	(542)	(777)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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 expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below. The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the investment rate of return from 8.25% to 8.00%, (b) projected salary increases decreased from 4.25% - 11.00% to 3.75% - 10.50%, (c) payroll increases decreased from 3.75% to 3.25%, (d) inflation assumptions decreased from 3.25% to 2.75% and (e) Cost of Living Adjustments (COLAs) decreased from 2.60% to 2.20%.

Valuation date	1/1/17 with actuarial liabilities rolled forward to 12/31/17
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%
Cost of living adjustments	2.20% and 3.00% for increases based on the lessor of the increase in CPI and 3.00% simple

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

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2017 actuarial valuation.

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 and Guidelines. A forecasted rate of inflation serves as the 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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, 2018 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income *	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
Global Inflation Protected Securities *	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
Total	120.00 %		

Note: assumptions are geometric.
* levered 2x
** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the 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/asset was calculated using the discount rate of 8.00%. A discount rate of 8.25% was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. 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/asset.

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 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$ 8,980,318	$ 6,478,094	$ 4,437,276

11. DEFINED BENEFIT OTHER POSTRETIREMENT BENEFIT (OPEB) PLANS

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 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 annually 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 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 healthcare 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 the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit 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 the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for 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 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 the 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 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 Plan and Combined Plan was 1.0 percent 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 percent 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 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was $3,115 for 2018. Of this amount, $314 is reported as accrued pensions.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment 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 Premium 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 Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. 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, 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 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 Internal Revenue Code 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 employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees 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.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is 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 City's contractually required contribution to OP&F was $12,682 for 2018. Of this amount, $1,017 is reported as accrued pensions.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred 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 retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.02107100%	0.10638200%	
Proportion of the net OPEB liability current measurement date	0.02091000%	0.10555000%	
Change in proportionate share	-0.00016100%	-0.00083200%	
Proportionate share of the net OPEB liability	$ 2,270,671	$ 5,980,338	$ 8,251,009
OPEB expense	$ 188,179	$ 498,374	$ 686,553

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 1,769	$ -	$ 1,769
Changes of assumptions	165,329	583,551	748,880
Changes in employer's proportionate percentage/ difference between employer contributions	16,664	-	16,664
City contributions subsequent to the measurement date	3,115	12,682	15,797
Total deferred outflows of resources	$ 186,877	$ 596,233	$ 783,110

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 30,162	$ 30,162
Net difference between projected and actual earnings on pension plan investments	169,150	39,365	208,515
Changes in employer's proportionate percentage/ difference between employer contributions	28,123	69,614	97,737
Total deferred inflows of resources	$ 197,273	$ 139,141	$ 336,414

$15,797 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	$ 32,125	$ 55,579	$ 87,704
2020	32,125	55,579	87,704
2021	(35,472)	55,579	20,107
2022	(42,289)	65,032	22,743
2023	-	74,874	74,874
Thereafter	-	137,767	137,767
Total	$ (13,511)	$ 444,410	$ 430,899

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB 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 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, 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 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 described 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 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees 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 the benefits provided through the defined pension plans. Health care is a discretionary benefit. 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	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 percent and a municipal bond rate of 3.31 percent. 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 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) 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	$ 3,016,686	$ 2,270,671	$ 1,667,154

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 percent lower or 1.0 percent higher than the current rate.

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 percent. 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 percent in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 2,172,549	$ 2,270,671	$ 2,372,030

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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 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 any 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 the latest actuarial valuation, reflecting experience study results, are presented below.

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 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Currrent measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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 percent.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 prior experience study was completed December 31, 2011.

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 the Statement of Investment Policy. A forecasted rate of inflation serves as the 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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.
*levered 2x

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Discount Rate - The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from 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 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate 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 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	$ 7,475,466	$ 5,980,338	$ 4,829,862

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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%	-0.47%	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 healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 4,645,616	$ 5,980,338	$ 7,779,037

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS

Short-Term

	Interest Rate	Issue Date	Maturity Date	Balance 12/31/17	Increase (Decrease)	Balance 12/31/18	Due Within One Year
Equipment Acquisition Series 2017 BAN	2.280%	10/14/2017	10/13/2018	$ 240,000	$ (240,000)	$ -	$ -
Carrollton Plaza Property Series 2018 BAN	2.650%	5/2/2018	5/1/2019	-	210,000	-	210,000
Total Short-Term Debt				$ 240,000	$ (30,000)	$ -	$ 210,000

Long-Term Governmental Activites

	Interest Rate	Issue Date	Maturity Date	Restated Balance 12/31/17	Increase (Decrease)	Balance 12/31/18	Due Within One Year
Carrollton Plaza Property Series							
2017 BAN	1.60%	5/2/2017	5/1/2018	$ 3,145,000	$ (3,145,000)	$ -	$ -
2018 BAN	2.65%	5/2/2018	5/1/2020	-	4,170,000	4,170,000	-
YMCA Refunding Bonds	1.50%	1/23/2013	12/1/2019	815,000	(405,000)	410,000	410,000
Farmersville Road	0%	12/31/2012	1/1/2033	378,461	(24,417)	354,044	24,417
Mayrose Bridge	0%	12/31/2010	1/1/2031	192,374	(14,250)	178,124	14,250
Gibbons Road	0%	12/31/2008	1/1/2029	56,512	(4,913)	51,599	4,914
				4,587,347	576,420	5,163,767	453,581
Net Pension and OPEB Liability							
OPERS as Restated (Note 16)				4,636,163	(845,384)	3,790,779	
OP&F as Restated (Note 16)				11,787,881	670,588	12,458,469	-
				16,424,044	(174,796)	16,249,248	-
Compensated Absences				547,947	292,398 (259,931)	580,414	290,207
Total Governmental Activities Long-Term Debt				$ 21,559,338	$ 434,091	$ 21,993,429	$ 743,788

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS (Continued)

Long-Term Business-Type Activites	Interest Rate	Issue Date	Maturity Date	Restated Balance 12/31/17	Increase (Decrease)	Balance 12/31/18	Due Within One Year
Water Plant	3.50%	12/31/2004	7/1/2024	$ 1,778,845	$ (248,249)	$ 1,530,596	$ 127,392
Clearwell	3.36%	7/1/2013	1/1/2033	953,822	(49,841)	903,981	25,550
Cedar St Lift Station	0%	1/1/2016	12/31/2036	176,437	(9,286)	167,151	9,286
Sewer Improvements	0%	12/31/2010	1/1/2031	145,147	(10,752)	134,395	10,751
Skyview Reservoir	0%	12/31/2011	1/1/2032	137,117	(9,457)	127,660	9,456
Dixie Water Main - I	0%	7/1/2015	7/1/2036	115,794	(6,259)	109,535	6,259
Dixie Water Main - II	0%	7/1/2016	7/1/2037	86,706	(4,446)	82,260	4,446
William and Robert St Water Main	0%	1/1/2019	1/1/2039	-	51,397	51,397	1,285
				3,393,868	(286,893)	3,106,975	194,425
Net Pension & OPEB Liability - OPERS as Restated (Note 16)				2,458,530	(595,150)	1,863,380	-
Compensated Absences				96,313	53,519 (61,691)	88,141	44,071
Total Business-Type Activities Long-Term Debt				$ 5,948,711	$ (890,215)	$ 5,058,496	$ 238,496

The equipment debt, also listed as a short-term notes payable, are one-year equipment acquisition revenue bond anticipation notes with PNC Bank. They were paid through the General Fund and extinguished in 2018.

The Carrollton Plaza Property Series BANs are one-year property acquisition revenue bond anticipation notes with The Bank of New York Mellon. They will be paid through the Half Percent Tax Fund. Prior to the issuance of the financial statements, this issue was refinanced and replaced by debt with a maturity more than one year beyond the date of the balance sheet (see Note 20); therefore, $4,170,000 of the notes are reported in the government-wide statements as a long-term liability. The remaining balance of $210,000 that was not refinanced is considered a short-term note payable in the Half Percent Tax Fund.

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS (Continued)

In 2013 the City refunded $2,255,000 of the 2004 YMCA Bonds with the YMCA Refunding Bonds. Refunding bond proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2004 YMCA bonds. As a result, the refunded bonds were considered defeased resulting in the liability being removed from the City's financial statements. The YMCA Refunding Bonds will be paid from the Bond Retirement fund and be extinguished in 2019.

The Gibbons Road, Mayrose Bridge, Skyview Reservoir Rehabilitation, Dixie Drive Water Main, William and Robert Street Water Main, Farmersville Road Reconstruction, Cedar St. Lift Station, and Sewer Improvements projects all received twenty-year, zero-interest loans from the Ohio Public Works Commission. The Gibbons Road, Farmersville Road Reconstruction, and Mayrose Bridge projects will be paid through the Street Improvement Fund while the Skyview Reservoir Rehabilitation, Dixie Drive and William and Robert Street Water Main projects will be paid with water fees and the Sewer Improvements and Cedar Street Lift Station project will be paid with sewer fees detailed in the Water and Sewer Funds, respectively.

The Water Plant loan through the Ohio Water Development Authority was obtained for the purpose of constructing, equipping and furnishing a water softening facility for the City. It will be paid through water rate increases from the Water Fund.

The Clearwell loan through the Ohio Water Development Authority was obtained for constructing the Clearwell. It will be paid through water rate increases from the Water Fund.

The City pays pension/OPEB obligations related to employee compensation from the fund benefitting from their employment.

The City records accumulated unpaid vacation and vested sick leave benefits as accrued payroll when earned by employees. For governmental funds, the portion of the liability which is not currently due and payable is recorded in the governmental activities within the statement of net position; while the liability in its entirety is recorded within the respective proprietary funds. Employees earn vacation time at varying rates depending upon length of service. The City recognizes as a liability all of the accumulated sick leave benefits payable upon retirement, earned by vested employees, which exceed certain levels as determined by city policy or union contract for employees with fifteen years of service or more. For governmental activities, compensated absences additions totaled $292,398 while uses were $259,931 generating a net increase of $32,467. For business type activities, compensated absences additions $53,519 and uses were $61,691. This resulted in a net decrease of $8,172.

Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2018, the City's total debt margin was $14,263,900 and the unvoted debt margin was $9,980,614.

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS (Continued)

The annual requirements of general governmental revenues to pay principal and interest on the long-term debt at December 31, 2018 are as follows:

	Carrollton Plaza Property Series BAN	
Year Ending December 31	Principal	Interest
2019	$ -	$ -
2020	4,170,000	4,170,000
Total	$ 4,170,000	$ 4,170,000

	YMCA Refunding General Obligation Bonds	
Year Ending December 31	Principal	Interest
2019	410,000	6,150
Total	$ 410,000	$ 6,150

	Farmersville Road Loan
Year Ending December 31	Principal
2019	24,417
2020	24,417
2021	24,416
2022	24,417
2023	24,417
2024 - 2028	122,084
2029 - 2033	109,876
Total	$ 354,044

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS (Continued)

Year Ending December 31	Mayrose Bridge Loan Principal
2019	14,250
2020	14,250
2021	14,250
2022	14,250
2023	14,250
2024 - 2028	71,250
2029 - 2031	35,624
Total	$ 178,124

Year Ending December 31	Gibbons Road Loan Principal
2019	4,914
2020	4,914
2021	4,914
2022	4,915
2023	4,914
2024 - 2028	24,571
2029	2,457
Total	$ 51,599

	Water Plant Loan	
Year Ending December 31	Principal	Interest
2019	127,392	26,786
2020	261,511	46,844
2021	270,744	37,611
2022	280,303	28,052
2023	290,200	18,155
2024	300,446	7,909
Total	$ 1,530,596	$ 165,357

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS (Continued)

Year Ending December 31	Clearwell Loan Principal	Clearwell Loan Interest
2019	25,550	15,187
2020	52,395	29,079
2021	54,171	27,303
2022	56,006	25,468
2023	57,904	23,570
2024 - 2028	320,310	87,061
2029 - 2033	337,645	28,990
Total	$ 903,981	$ 236,658

Year Ending December 31	Cedar St Lift Station Principal
2019	9,286
2020	9,286
2021	9,287
2022	9,286
2023	9,286
2024 - 2028	46,431
2029 - 2033	46,431
2034 - 2036	27,858
Total	$ 167,151

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS (Continued)

Year Ending December 31	Sewer Improvements Loan Principal
2019	10,751
2020	10,751
2021	10,752
2022	10,751
2023	10,752
2024 - 2028	53,758
2029 - 2031	26,880
Total	$ 134,395

Year Ending December 31	Skyview Reservoir Loan Principal
2019	9,456
2020	9,457
2021	9,456
2022	9,457
2023	9,456
2024 - 2028	47,282
2029 - 2032	33,096
Total	$ 127,660

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS (Continued)

Year Ending December 31	Dixie Drive Water Main Loan I Principal
2019	6,259
2020	6,259
2021	6,259
2022	6,259
2023	6,259
2024 - 2028	31,296
2029 - 2033	31,296
2034 - 2036	15,648
Total	$ 109,535

Year Ending December 31	Dixie Drive Water Main Loan II Principal
2019	4,446
2020	4,446
2021	4,447
2022	4,446
2023	4,447
2024 - 2028	22,232
2029 - 2033	22,233
2034 - 2037	15,563
Total	$ 82,260

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS (Continued)

Year Ending December 31	William & Robert St Water Main Principal
2019	1,285
2020	2,570
2021	2,570
2022	2,569
2023	2,570
2024 - 2028	12,850
2029 - 2033	12,849
2034 - 2038	12,849
2039	1,285
Total	$ 51,397

13. JOINTLY-GOVERNED ORGANIZATION

The City is a member of the Miami Valley Risk Management Association (MVRMA) which is a jointly governed organization established as a joint insurance pool. As of December 31, 2018, the pool had twenty members. This organization covers all property, crime, liability, boiler and machinery and public liability insurance. It is intended to prove broad based coverage up to the limits with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate.

MVRMA is a corporation governed by a twenty-member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters, and the corporation maintains its own book of account. Budgeting and financing of MVRMA is subject to the approval of the board. As of December 31, 2018, the participant cities were: Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Indian Hill, Kettering, Maderia, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming.

Member contributions are calculated annually to produce a sufficient sum of money within the self-insurance pool to fund administrative expenses of the association and to create adequate reserves for claims and unallocated loss adjustment expenses.

13. JOINTLY-GOVERNED ORGANIZATION (Continued)

The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. The following is a summary of the MVRMA audited financial statements presented in conformity with generally accepted principles as of and for the year ended December 31, 2017 (latest available):

Assets and Deferred Outflows	$ 19,098,265
Liabilities and Deferred Inflows	8,820,460
Net Position	$ 10,277,805

To obtain additional financial information write to Miami Valley Risk Management Association, Inc., at 4625 Presidential Way, Kettering, Ohio, 45429.

The City also is a member of the Miami/Valley Fire/EMS Alliance. It is a jointly governed organization among thirty townships, cities, and other public entitles that formed on April 1, 1995. The jointly governed organization was formed for the purpose of fostering cooperation among the political subdivisions through the establishment of an organization that promotes and recommends matters that result in more efficient methods of delivering fire and emergency services in the region.

The legislative and advisory body is the assembly that is comprised of one delegate from each participating public subdivision. The degree of control exercised by any participating public subdivision is limited to its representation on the assembly, which elects the board of directors. The board of directors' exercises total control over the operation of the Alliance including budgeting, appropriating, contracting, and designating management. The five member board of directors consists of: one full-time and one volunteer fire department representative; two representatives from combined fire departments; and one representative from the City of Dayton fire department. Revenues are generated from Federal and State funding and an annual fee of $ 0.24 per capita charged to participating subdivisions. The City paid $3,409 to the Miami Valley Fire/EMS Alliance during 2018.

Financial information can be obtained by writing to Jackie Leland, Miami Valley Fire/EMS Alliance, 444 W. Third Street, Suite 13-204, Dayton, Ohio 45402.

14. FUND BALANCES

The fund balances are classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. Definitions can be found in Note 1.O. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Economic Dev	Street Imp	Half %	Other Gov Funds	Total
Nonspendable						
Prepaid Items	$ 7,255	$ -	$ -	$ -	$ 4,268	$ 11,523
Restricted						
Law Enforcement & Education	-	-	-	-	24,097	24,097
Law Enforcement Trust	-	-	-	-	240,788	240,788
Street Light	-	-	-	-	6,864	6,864
Miami Conservancy	-	-	-	-	3,738	3,738
Parks	-	-	-	-	14,335	14,335
Tax Increment Financing	-	-	-	-	243,830	243,830
Economic Development	-	290,179	-	-	-	290,179
Property Acquisition Rehab	-	-	-	-	55,000	55,000
Neighborhood Improvement	-	-	-	-	81,033	81,033
Street	-	-	-	-	665,973	665,973
Street Improvement	-	-	35,832	-	-	35,832
Motor Vehicle License	-	-	-	-	187,600	187,600
Debt Service	-	-	-	-	50,320	50,320
Special Assessments	-	-	-	-	80,966	80,966
Federal Grants	-	-	-	-	8	8
Other Capital	-	-	-	-	(21,464)	(21,464)
Capital Improvement Programs	-	-	-	578,832	-	578,832
Vehicle Replacement	-	-	-	-	14,655	14,655
Total Restricted	-	290,179	35,832	578,832	1,647,743	2,552,586
Assigned						
Appropriations in Excess of Estimated Receipts	488,481	-	-	-	-	488,481
Encumbrances	69,759	-	-	-	-	69,759
Recreation	7,078	-	-	-	-	7,078
Total Assigned	565,318	-	-	-	-	565,318
Unassigned (Deficit)	1,445,913	-	-	-	-	1,445,913
Total Fund Balance	$ 2,018,486	$ 290,179	$ 35,832	$ 578,832	$ 1,652,011	$ 4,575,340

15. TAX ABATEMENTS

Real Estate Tax Abatements

The City has property tax abatements under The Ohio Community Reinvestment Area ("CRA") program. The CRA program is an incentive tax exemption program benefiting property owners who renovate or construct new buildings.

2018 Real Estate Tax Abatements	
Commercial/Industrial	93,251
Residential	7,385
Total	$ 100,636

Income Tax Abatement Programs

The City has an Economic Development Job Creation and Retention Program remain competitive as a site for new businesses as well as retaining and expanding existing businesses. The City can provide incentives based on gross annual payroll, the number of jobs created or retained, or income tax generated. The abatement is administered as a refund based on performance.

2018 Income Tax Abatements	
Manufacturing	109,160

16. ACCOUNTABILITY

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the City has implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", GASB Statement No. 85, "*Omnibus 2017*" and GASB Statement No. 86, "*Certain Debt Extinguishments*".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the City's postemployment benefit plan disclosures, as presented in Note 11 to the basic financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

16. ACCOUNTABILITY (Continued)

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the City.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities and business-type activities at January 1, 2018 have been restated as follows:

	Governmental Activities
Net position as previously reported	$ 11,511,504
Deferred outflows - payments subsequent to measurement date	33,204
Net OPEB liability	(6,440,495)
Restated net position at January 1, 2018	$ 5,104,213

		Business-Type Enterprise Funds			
	Business-Type Activities	Water Fund	Sewer Fund	Refuse Fund	Nonmajor Pool Fund
Net position as previously reported	$ 5,768,006	$ 2,735,305	$ 1,964,970	$ 1,151,740	$ (84,009)
Deferred outflows - payments subsequent to measurement date	11,158	3,777	4,740	1,459	1,182
Net OPEB liability	(737,153)	(249,368)	(313,272)	(96,408)	(78,105)
Restated net position at January 1, 2018	$ 5,042,011	$ 2,489,714	$ 1,656,438	$ 1,056,791	$ (160,932)

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

16. ACCOUNTABILITY (Continued)

B. Deficit Fund Balance

The following nonmajor fund had a deficit fund balance at year end:

Other Capital Fund	$ (21,464)
Pool	(152,205)

17. CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2018.

B. Litigation

The City is the defendant in various lawsuits and subject to various claims over which litigation is not complete. Although the outcome of these matters is not presently determinable, in the opinion of the Law Director the resolution of these matters will not have a material adverse effect on the financial condition of the City.

18. COMPLIANCE

The City did not properly certify forty-eight percent of the disbursement transactions tested during 2018 and is in a state of noncompliance with Ohio Revised Code Section 5705.41(D).

19. OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classification of fund balance. At year end, the City’s commitments for encumbrances in the governmental fund were as follows:

Fund	Year-End Encumbrances
General Fund	$ 69,759
Economic Development Fund	$ 543,481
Street Improvement Fund	$ 97,686
Nonmajor Governmental Funds	$ 289,303
Total	$ 1,000,229

20. SUBSEQUENT EVENTS

On May 1, 2019, the City refinanced the Series 2018 Various Purpose Real Estate Acquisition Bond Anticipation Note with the issuance of the Series 2019 Various Purpose Real Estate Acquisition Bond Anticipation Note in the amount of $4,170,000 for the purpose of acquiring real estate for economic purposes. The note matures May 1, 2020 with an interest rate of 2.75%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS (1)

	2018	2017	2016	2015	2014
Traditional Plan:					
City's proportion of the net pension liability	0.021569%	0.021872%	0.023446%	0.024488%	0.024488%
City's proportionate share of the net pension liability	$ 3,383,758	$ 4,966,759	$ 4,061,143	$ 2,953,526	$ 2,886,816
City's covered payroll	$ 2,853,900	$ 2,912,867	$ 2,910,933	$ 3,002,167	$ 2,974,475
City's proportionate share of the net pension liability as a percentage of its covered payroll	118.57%	170.51%	139.51%	98.38%	97.05%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan:					
City's proportion of the net pension asset	0.006298%	0.005637%			
City's proportionate share of the net pension asset	$ 8,573	$ 3,137			
City's covered payroll	$ 25,792	$ 21,942			
City's proportionate share of the net pension asset as a percentage of its covered payroll	33.24%	14.30%			
Plan fiduciary net position as a percentage of the total pension asset	137.28%	116.55%			
Member Directed Plan:					
City's proportion of the net pension asset	0.015534%	0.014032%	0.015006%		
City's proportionate share of the net pension asset	$ 542	$ 58	$ 57		
City's covered payroll	$ 85,140	$ 57,667	$ 12,208		
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.10%	0.47%		
Plan fiduciary net position as a percentage of the total pension asset	124.46%	103.40%	103.91%		

(1) Information for the Traditional Plan prior to 2014 was unavailable.
Information for the Combined Plan prior to 2017 was unavailable.
Information for the Member Directed Plan prior to 2016 was unavailable.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FIVE YEARS (1)

	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.10555000%	0.10638200%	0.10546300%	0.10299600%	0.10299600%
City's proportionate share of the net pension liability	$ 6,478,094	$ 6,738,130	$ 6,784,528	$ 5,335,602	$ 5,016,208
City's covered payroll	$ 2,431,894	$ 2,089,903	$ 2,177,566	$ 2,117,043	$ 2,961,856
City's proportionate share of the net pension liability as a percentage of its covered payroll	266.38%	322.41%	311.56%	252.03%	169.36%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	68.36%	66.77%	72.20%	73.00%

(1) Information prior to 2014 was unavailable.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SIX YEARS (1)

	2018	2017	2016	2015	2014	2013
Traditional Plan:						
Contractually required contribution	$ 412,993	$ 371,007	$ 349,544	$ 349,312	$ 360,260	$ 356,937
Contributions in relation to the contractually required contribution	(412,993)	(371,007)	(349,544)	(349,312)	(360,260)	(356,937)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,949,950	$ 2,853,900	$ 2,912,867	$ 2,910,933	$ 3,002,167	$ 2,974,475
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%	12.00%	12.00%
Combined Plan:						
Contractually required contribution	$ 3,761	$ 3,353	$ 2,633			
Contributions in relation to the contractually required contribution	(3,761)	(3,353)	(2,633)			
Contribution deficiency (excess)	$ -	$ -	$ -			
City's covered payroll	$ 26,864	$ 25,792	$ 21,942			
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%			
Member Directed Plan:						
Contractually required contribution	$ 7,788	$ 8,514	$ 6,920	$ 1,465		
Contributions in relation to the contractually required contribution	(7,788)	(8,514)	(6,920)	(1,465)		
Contribution deficiency (excess)	$ -	$ -	$ -	$ -		
City's covered payroll	$ 77,880	$ 85,140	$ 57,667	$ 12,208		
Contributions as a percentage of covered payroll	10.00%	10.00%	12.00%	12.00%		

(1) Information for the Traditional Plan prior to 2013 was unavailable.
Information for the Combined Plan prior to 2016 was unavailable.
Information for the Member Directed Plan prior to 2015 was unavailable.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST SIX YEARS (1)

	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 509,759	$ 489,075	$ 419,987	$ 437,473	$ 431,030	$ 505,885
Contributions in relation to the contractually required contribution	(509,759)	(489,075)	(419,987)	(437,473)	(431,030)	(505,885)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,536,433	$ 2,431,894	$ 2,089,903	$ 2,177,566	$ 2,117,043	$ 2,961,856
Contributions as a percentage of covered payroll	20.10%	20.11%	20.10%	20.09%	20.36%	17.08%

(1) Information prior to 2013 was unavailable.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TWO YEARS

	2018	2017
City's proportion of the net OPEB liability	0.020910%	0.021071%
City's proportionate share of the net OPEB liability	$ 2,270,672	$ 2,128,204
City's covered payroll	$ 2,964,832	$ 2,992,476
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	76.59%	71.12%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TWO YEARS

	2018	2017
City's proportion of the net OPEB liability	0.10555000%	0.10638200%
City's proportionate share of the net OPEB liability	$ 5,980,338	$ 5,049,714
City's covered payroll	$ 2,431,894	$ 2,089,903
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	245.91%	241.62%
Plan fiduciary net position as a percentage of the total OPEB liability	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 3,115	$ 32,202	$ 61,975	$ 59,922	$ 64,594	$ 122,504	$ 123,322	$ 128,365	$ 177,299	$ 284,239
Contributions in relation to the contractually required contribution	(3,115)	(32,202)	(61,975)	(59,922)	(64,594)	(122,504)	(123,322)	(128,365)	(177,299)	(284,239)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,054,694	$ 2,964,832	$ 2,992,476	$ 2,923,141	$ 3,002,167	$ 2,974,475	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	0.10%	1.09%	2.07%	2.05%	2.15%	4.12%	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 12,682	$ 12,160	$ 10,663	$ 11,415	$ 11,227	$ 98,051	$ 142,055	$ 160,196	$ 155,858	$ 157,425
Contributions in relation to the contractually required contribution	(12,682)	(12,160)	(10,663)	(11,415)	(11,227)	(98,051)	(142,055)	(160,196)	(155,858)	(157,425)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,536,433	$ 2,431,894	$ 2,089,903	$ 2,177,566	$ 2,117,043	$ 2,961,856	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%	3.62%	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25%, (e) payroll growth was reduced from 3.75% to 3.25% and (f) the discount rate (interest rate) was reduced from 3.79% to 3.24%.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

City of West Carrollton
Montgomery County
300 East Central Avenue
West Carrollton, Ohio 45449

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Carrollton, Montgomery County, Ohio, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of West Carrollton's basic financial statements and have issued our report thereon dated June 27, 2019, wherein we noted as discussed in Note 16, the City of West Carrollton adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City of West Carrollton's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City of West Carrollton's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of City of West Carrollton's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2018-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the City of West Carrollton's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is disclosed in the accompanying schedule of findings and responses as item 2018-002.

City of West Carrollton's Responses to Findings

The City of West Carrollton's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not subject the City of West Carrollton's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City of West Carrollton's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City of West Carrollton's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 27, 2019

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2018-001

Significant Deficiency – Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Audit adjustments were posted to the financial statements for the year ended December 31, 2018, to properly state financial statement amounts.

- For the government-wide financial statements, the amount recorded as “Unrestricted” in Governmental Activities was decreased from ($11,248,178) to ($11,827,010) and the amount recorded as “Restricted for Capital Projects” was increased from ($1,797) to $577,035 as a result of the misclassification of the Half Percent Tax fund balance as “Unrestricted.” For the fund financial statements, the amount recorded as “Unassigned” in the Half Percent Tax fund decreased from $788,832 to $0, and the amount recorded as “Restricted” was increased from $0 to $578,832 as a result of this misclassification.

- For the government-wide financial statements, the amount recorded as “Notes Payable” in Governmental Activities was increased from $0 to $210,000, the amount recorded as “Due Within One Year” was decreased from $5,123,788 to $743,788, and the amount recorded as “Other Amounts Due In More Than One Year” was increased from $830,393 to $5,000,393 as a result of the issuance of the Series 2019 Various Purpose Real Estate Acquisition Bond Anticipation Note on May, 1 2019 which refinanced the 2018 issuance. For the fund financial statements, the amount recorded as “Notes Payable” in the Half Percent Tax Fund was increased from $0 to $210,000 and the amount recorded as “Note Issuances” was decreased from $3,351,500 to $3,141,500 as a result of this refinancing.

The audited financial statements, note disclosures, and City records have been adjusted for the misstatements identified during the audit.

Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made.

We recommend the City of West Carrollton implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the basic financial statements prior to presenting them to the auditors.

Client Response: The City will work to provide a sound fiscal environment and has implemented additional policies and procedures to help with financial statement presentation.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2018-002

Material Noncompliance

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is certificate of the finance director that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The City had 48% of disbursements tested with an invoice that was dated prior to the purchase order, thus causing those disbursements not to be certified in a timely manner.

Without proper certification, the City may expend more funds than available in the treasury or in the process of collection, or than funds appropriated. It may also result in unnecessary or undesirable purchases.

We recommend that all orders or contracts involving the disbursement of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The City should consider using "Then" and "Now" certificates where applicable.

Client Response: It is in the intent of the City to improve compliance by more closely following as described in the finding to ensure prior certification for exceptions to ORC 5704.41 (D) and, when necessary, to have Council approved payments by resolution.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2017-001	2017	Significant Deficiency – Financial Statement Presentation - Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Audit adjustments were posted to the financial statements for the year ended December 31, 2017, to properly state financial statement amounts.	Not Corrected	Finding repeated as 2018-001 as audit adjustments were required.
2017-002	2016	Material Noncompliance - Ohio Revised Code Section 5705.41(D) requires in part that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The City had 53% of expenditures that were not timely certified at December 31, 2017.	Not Corrected	Finding repeated as 2018-002 as expenditures were not timely certified.

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF WEST CARROLLTON

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 6, 2019