Rea & associates a brighter way

City of Fremont
Sandusky County, Ohio

Audited Financial Statements

For the Year Ended
December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Members of City Council
City of Fremont
323 South Front Street
Fremont, OH 43420

We have reviewed the *Independent Auditor's Report* of the City of Fremont, Sandusky County, prepared by Rea & Associates, 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 Fremont is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 25, 2019

This page intentionally left blank.

City of Fremont
Sandusky County, Ohio
December 31, 2018
Table of Contents

Rea & associates a brighter way

June 7, 2019

To the City Council
City of Fremont
Sandusky County, Ohio
323 South Front Street
Fremont, Ohio 43420

Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

CPAs and business consultants
www.reacpa.com

Opinions

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

Emphasis of a Matter

As described in Note 3, the City restated the net position balances to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of the City’s Proportionate Share of the Net Pension Liability/Net Pension Asset, the Schedules of City Pension Contributions, Schedules of the City’s Proportionate Share of the Net OPEB Liability and Schedules of City OPEB Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The schedule of expenditures of federal awards, as required *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Lima, Ohio

The management's discussion and analysis of the City of Fremont's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- The total net position of the City increased $1,822,720 or 1.97% from 2017 as restated in Note 3. Net position of governmental activities decreased $2,243,326 or 15.72% from 2017 as restated and net position of business-type activities increased $4,066,046 or 5.20% over 2017 as restated.

- General revenues accounted for $10,284,230 or 74.59% of total governmental activities revenue. Program specific revenues accounted for $3,502,786 or 25.41% of total governmental activities revenue.

- The City had $16,012,016 in expenses related to governmental activities; $3,502,786 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of $10,284,230 were not adequate to support the remaining expenses of $12,509,230.

- The general fund had revenues of $11,578,756 in 2018. This represents a decrease of $266,557 or 2.25% from 2017. The expenditures and other financing uses of the general fund, which totaled $14,961,449 in 2018, increased $4,125,631 or 38.07% from 2017. The net decrease in fund balance for the general fund was $3,382,693 or 38.44%.

- The capital improvement fund had $7,114,866 in revenues and other financing sources and $3,132,384 in expenditures in 2018. In 2018, the City entered into a $2,787,685 lease purchase agreement for city-wide energy efficiency improvements and had transfers in from the general fund totaling $3,969,280. The capital improvement's fund balance increased $3,982,482 during 2018.

- Net position for the business-type activities, which are made up of the water and sewer enterprise funds, increased in 2018 by $4,066,046. This increase in net position was primarily due to the City's participation in the Water Resource Restoration Sponsor Program (WRRSP) and U.S. Fish and Wildlife grant program whereby the City is reimbursed for prior and current expenses incurred related to the Ballville dam removal project (see Note 21).

- In the general fund, actual revenues and other financing sources were $45,938 more than the final budget revenues and other financing sources, and actual expenditures and other financing uses were $866,271 less than the final budget expenditures and other financing uses. Budgeted expenditures and other financing uses increased $1,500,100 from the original budget to the final budget, primarily due to an increase in budgeted transfers out.

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. 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 what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in that position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements, parks and recreation and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water and sewer operations are reported here.

The City's statement of net position and statement of activities can be found on pages 21-23 of this report.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 14.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The basic fund financial statements can be found on pages 24-28 of this report.

By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and non-major funds. The City's major governmental funds are the general fund and the capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer management functions. All of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The proprietary fund statements can be found on pages 29-33 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page 34 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 35-86 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability/net pension asset and net OPEB liability. The required supplementary information can be found on pages 88-100 of this report.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2018 and December 31, 2017. The net position at December 31, 2017 has been restated as described in Note 3.

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets						
Current assets	$ 17,437,424	$ 17,708,388	$ 32,493,199	$ 29,192,905	$ 49,930,623	$ 46,901,293
Capital assets, net	22,006,251	20,164,287	151,308,602	149,697,042	173,314,853	169,861,329
Total assets	39,443,675	37,872,675	183,801,801	178,889,947	223,245,476	216,762,622
Deferred outflows of resources						
Unamortized deferred charges	8,926	22,312	-	-	8,926	22,312
Pension	2,150,627	3,407,634	932,000	2,026,751	3,082,627	5,434,385
OPEB	1,043,803	44,061	203,993	32,631	1,247,796	76,692
Total deferred outflows of resources	3,203,356	3,474,007	1,135,993	2,059,382	4,339,349	5,533,389
Liabilities						
Current liabilities	525,044	625,595	843,365	685,591	1,368,409	1,311,186
Long-term liabilies:						
Due within one year	637,593	488,968	2,402,941	2,156,843	3,040,534	2,645,811
Net pension liability	12,386,011	14,101,671	3,660,522	5,218,985	16,046,533	19,320,656
Net OPEB liability	10,610,610	9,131,104	2,416,469	2,207,361	13,027,079	11,338,465
Other amounts	3,588,916	1,352,996	92,321,418	92,454,292	95,910,334	93,807,288
Total liabilities	27,748,174	25,700,334	101,644,715	102,723,072	129,392,889	128,423,406
Deferred inflows of resources						
Property taxes	818,760	788,221	-	-	818,760	788,221
Pension	1,614,516	585,092	872,055	51,290	2,486,571	636,382
OPEB	435,872	-	180,011	-	615,883	-
Total deferred inflows of resources	2,869,148	1,373,313	1,052,066	51,290	3,921,214	1,424,603
Net Position						
Net investment in capital assets	18,666,129	19,373,484	56,550,993	55,197,933	75,217,122	74,571,417
Restricted	2,889,843	3,524,443	-	-	2,889,843	3,524,443
Unrestricted	(9,526,263)	(8,624,892)	25,690,020	22,977,034	16,163,757	14,352,142
Total net position	$ 12,029,709	$ 14,273,035	$ 82,241,013	$ 78,174,967	$ 94,270,722	$ 92,448,002

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $23,360,078 to $14,273,035 for governmental activities and $80,349,697 to $78,174,967 for business-type activities.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the City's assets and deferred outflows exceeded liabilities and deferred inflows by $94,270,722. At year-end, net positions were $12,029,709 and $82,241,013 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 77.63% of total assets. Capital assets include land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The net investments in capital assets at December 31, 2018, were $18,666,129 and $56,550,993 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Current assets increased $3,029,330 largely due to an increase in due from other governments, which was the result of the City's participation in the WRRSP whereby the City is reimbursed for costs incurred related to the Ballville dam removal (see Note 21).

A portion of the City's net position, $2,889,843 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is a deficit of $9,526,263. The business-type activities reported a positive unrestricted balance of $25,690,020.

Assets of the business-type activities increased $4,911,854 or 2.75% from 2017. Current assets of the business-type activities increased $3,300,294 or 11.31% primarily due to an increase in due from other governments as a result of receiving reimbursement for expenses related to the dam removal project. The capital assets of the business-type activities increased $1,611,560 or 1.08%. This increase is the result of additions, primarily the energy efficiency project, exceeding depreciation expense and disposals.

Liabilities of the business-type activities decreased $1,078,357 or 1.05% from 2017. Current liabilities of the business-type activities increased $157,774 or 23.01% due to an increase in contracts payable related to the City's water and sewer funds ongoing projects. Long-term obligations of the business-type activities decreased $1,236,131 or 1.21% primarily due to a decrease in the net pension liability.

THIS SPACE IS INTENTIONALLY LEFT BLANK

CITY OF FREMONT
SANDUSKY COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

The table below shows the changes in net position for fiscal years 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

Change in Net Position

	Governmental Activities 2018	Restated Governmental Activities 2017	Business-type Activities 2018	Restated Business-type Activities 2017	2018 Total	Restated 2017 Total
Revenues						
Program revenues:						
Charges for services	$ 1,291,050	$ 1,093,625	$ 17,033,291	$ 15,461,479	$ 18,324,341	$ 16,555,104
Operating grants and contributions	1,712,026	1,779,159	-	-	1,712,026	1,779,159
Capital grants and contributions	499,710	790,392	-	-	499,710	790,392
Total program revenues	3,502,786	3,663,176	17,033,291	15,461,479	20,536,077	19,124,655
General revenues:						
Property taxes	791,155	758,732	-	-	791,155	758,732
Income taxes	8,012,644	9,558,403	-	-	8,012,644	9,558,403
Hotel/motel taxes	56,571	56,376	-	-	56,571	56,376
Unrestricted grants and entitlements	490,626	459,101	-	-	490,626	459,101
Investment earnings	542,289	284,221	16,804	2,130	559,093	286,351
Miscellaneous	390,945	441,631	152,554	45,073	543,499	486,704
Total general revenues	10,284,230	11,558,464	169,358	47,203	10,453,588	11,605,667
Total revenues	13,787,016	15,221,640	17,202,649	15,508,682	30,989,665	30,730,322
Expenses:						
General government	4,411,408	3,960,723	-	-	4,411,408	3,960,723
Security of persons and property	7,399,707	6,898,088	-	-	7,399,707	6,898,088
Public health and welfare	5,245	5,012	-	-	5,245	5,012
Transportation	1,743,864	1,225,801	-	-	1,743,864	1,225,801
Community environment	141,844	399,611	-	-	141,844	399,611
Leisure time activity	2,174,727	2,085,101	-	-	2,174,727	2,085,101
Economic development	63,699	44,240	-	-	63,699	44,240
Interest and fiscal charges	71,522	47,546	-	-	71,522	47,546
Water	-	-	7,314,518	7,302,675	7,314,518	7,302,675
Sewer	-	-	8,263,253	7,299,821	8,263,253	7,299,821
Total expenses	16,012,016	14,666,122	15,577,771	14,602,496	31,589,787	29,268,618
Increase (decrease) in net position before transfers and special item	(2,225,000)	555,518	1,624,878	906,186	(600,122)	1,461,704
Transfers	(18,326)	(75,909)	18,326	75,909	-	-
Special item: Ballville dam removal	-	-	2,422,842	-	2,422,842	-
Change in net position	(2,243,326)	479,609	4,066,046	982,095	1,822,720	1,461,704
Net position at beginning of year	14,273,035	N/A	78,174,967	N/A	92,448,002	N/A
Net position at end of year	$ 12,029,709	$ 14,273,035	$ 82,241,013	$ 78,174,967	$ 94,270,722	$ 92,448,002

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $44,061 and $32,631 in governmental and business-type activities, respectively, computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $933,779 and $218,474 in governmental and business-type activities, respectively. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 program expenses under GASB 75	$ 16,012,016	$ 15,577,771
OPEB expense under GASB 75	(933,779)	(218,474)
2018 contractually required contributions	18,143	718
Adjusted 2018 program expenses	15,096,380	15,360,015
Total 2017 program expenses under GASB 45	14,666,122	14,602,496
Increase in program expenses not related to OPEB	$ 430,258	$ 757,519

Governmental Activities

Governmental activities net position decreased $2,243,326 in 2018. This decrease is the result of an increase in expenditures, primarily in the area of security of persons and property, in conjunction with a decrease in income tax revenues due to the timing of receipt.

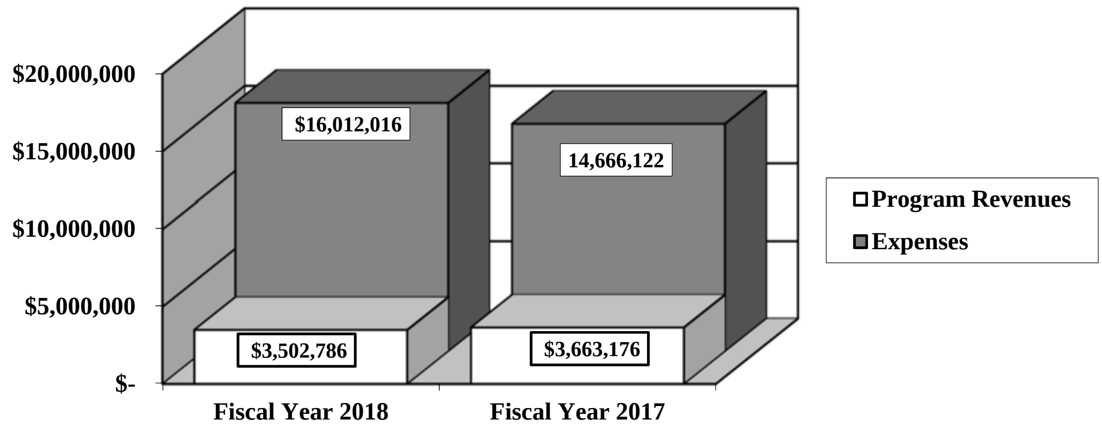
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for $7,399,707 of the total expenses of the City. These expenses were partially funded by $3,044 in direct charges to users of the services. General government expenses totaled $4,411,408. General government expenses were partially funded by $756,297 in direct charges to users of the services.

The state and federal government contributed to the City a total of $1,712,026 in operating grants and contributions and $499,710 in capital grants and contributions. These revenues are restricted to a particular program or purpose. The total capital grants and contributions subsidized transportation programs. Of the total operating grants and contributions, $862,841 subsidized transportation programs, $38,673 subsidized community environment, and $662,201 subsidized general government activities. Operating grants decreased $67,133 largely due to timing differences pertaining to the reimbursement of grant funding related to the Community Development Block Grant (CDBG), HOME Investment Partnerships Community Housing Impact and Preservation Program (CHIP), and the Probation Incentive Grant.

General revenues totaled $10,284,230 and amounted to 74.59% of total governmental revenues. These revenues primarily consist of property and income tax revenue of $8,803,799. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue making up $490,626.

As can be seen in the graph below, program revenues support only a portion of the City's overall governmental activities expenses. The City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities – Program Revenues vs. Total Expense



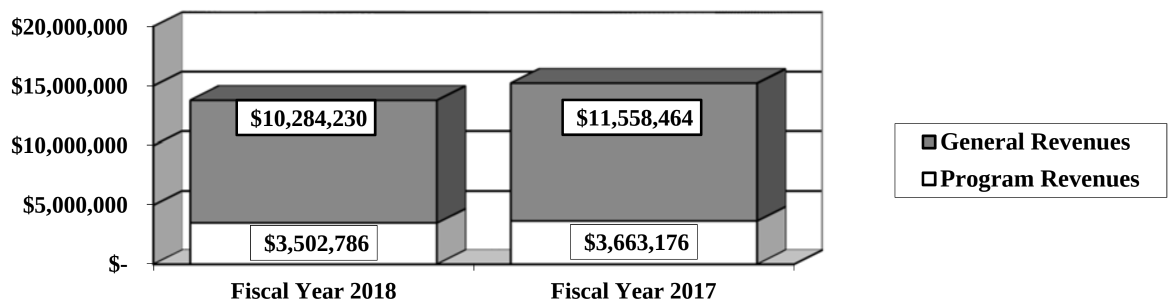
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program Expenses:				
General government	$ 4,411,408	$ 2,992,910	$ 3,960,723	$ 2,900,161
Security of persons and property	7,399,707	7,307,253	6,898,088	6,792,848
Public health and welfare	5,245	5,245	5,012	5,012
Transportation	1,743,864	376,038	1,225,801	(398,697)
Community environment	141,844	90,205	399,611	28,789
Leisure time activity	2,174,727	1,615,844	2,085,101	1,587,198
Economic development	63,699	59,419	44,240	40,424
Interest and fiscal charges	71,522	62,316	47,546	47,211
Total	$ 16,012,016	$ 12,509,230	$ 14,666,122	$ 11,002,946

The dependence upon general revenues for governmental activities is apparent, with 78.12% of expenses supported through taxes and other general revenues.

The graph below shows the break down of the City's general revenues compared to program revenues for the governmental activities.

Governmental Activities – General and Program Revenues

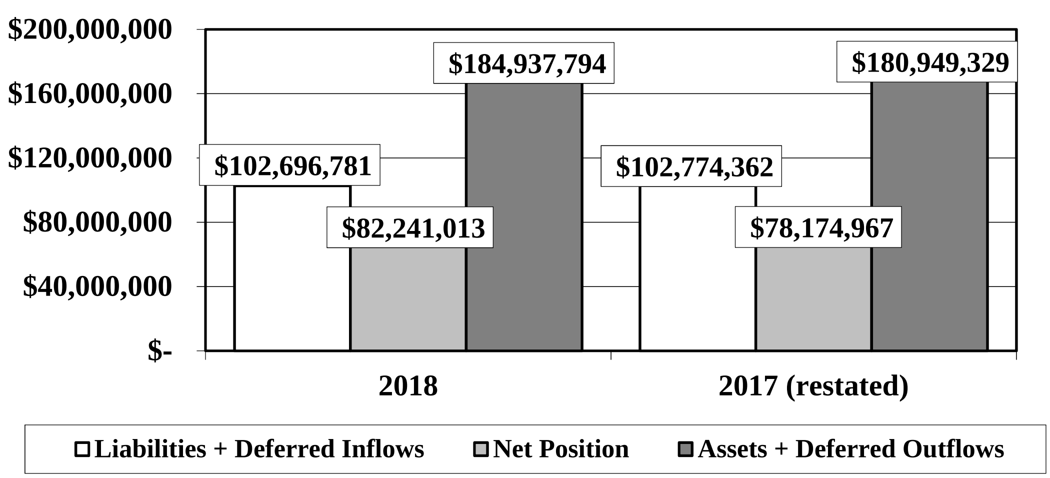


Business-type Activities

Business-type activities include the water and sewer enterprise funds. These programs had program revenues of $17,033,291, general revenues of $169,358, transfers in of $18,326, expenses of $15,577,771, and a special item for the Ballville dam removal of $2,422,842 for 2018. The increase in program revenues can mainly be attributed to the City receiving increased charges for services in the water fund. The increases in water and sewer expenses are attributed to water treatment maintenance services and increased loan interest payments on the OEPA long term plan.

The graph below illustrates the City's business-type assets, liabilities, deferred outflows, deferred inflows, and net position at December 31, 2018 and December 31, 2017. The amounts at December 31, 2017 have been restated as described in Note 3.

Net Position in Business – Type Activities



Financial Analysis of the Government'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 (as presented on the balance sheet on pages 24-26) reported a combined fund balance of $14,806,701 which is $408,263 more than last year's total of $14,398,438. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2018 for all major and nonmajor governmental funds.

	Fund Balances 12/31/18	Fund Balances 12/31/17	Change
Major funds:			
General	$ 5,416,628	$ 8,799,321	$ (3,382,693)
Capital improvement	4,850,015	867,533	3,982,482
Other nonmajor governmental funds	4,540,058	4,731,584	(191,526)
Total	$ 14,806,701	$ 14,398,438	$ 408,263

General Fund

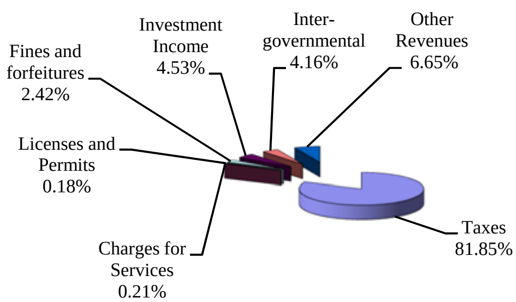
The City's general fund balance decreased $3,382,693. The table that follows assists in illustrating the revenues of the general fund.

	2018 Amount	2017 Amount	Percentage Change
Revenues			
Taxes	$ 9,477,594	$ 10,213,232	(7.20) %
Charges for services	24,598	24,102	2.06 %
Licenses and permits	19,544	22,834	(14.41) %
Fines and forfeitures	280,231	267,274	4.85 %
Intergovernmental	481,574	475,585	1.26 %
Investment income	524,954	276,692	89.73 %
Other	770,261	565,594	36.19 %
Total	$ 11,578,756	$ 11,845,313	(2.25) %

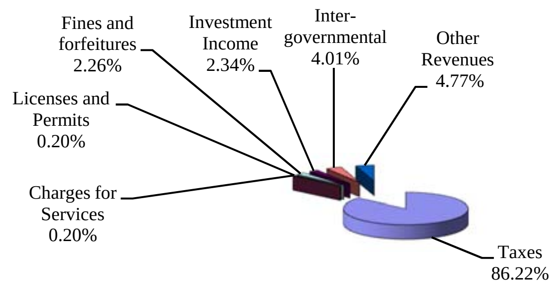
Tax revenue represents 81.85% of all general fund revenue. Income tax revenue decreased in 2018 due to a decrease in income tax collections resulting primarily from changes in the timing of remitting employer withholdings. Intergovernmental revenues increased 1.26% due to an increase in local government revenue in 2018. Investment income increased due to an increase in interest rates. License and permits revenue decreased due to decreased issuances of permits. Fines and forfeitures revenues increased due to the increase in the number of court cases. All other revenue remained comparable to 2017. Other revenues increased due to increased refunds and reimbursements.

The graphs below show general fund revenue, by source, for 2018 and 2017:

Revenues – Fiscal Year 2018



Revenues – Fiscal Year 2017



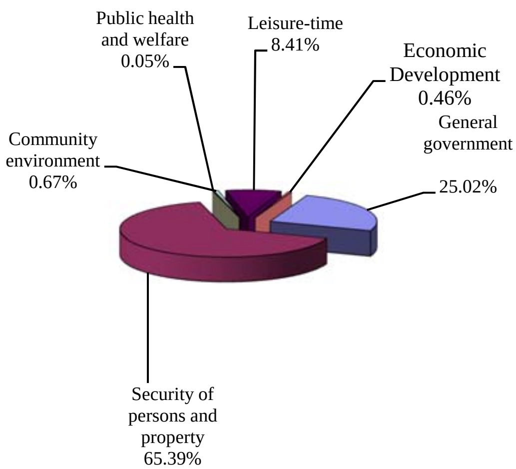
The table that follows assists in illustrating the expenditures of the general fund.

	2018 Amount	2017 Amount	Percentage Change
Expenditures			
General government	$ 2,447,439	$ 2,401,893	1.90 %
Security of persons and property	6,395,665	6,176,695	3.55 %
Public health and welfare	5,245	5,012	4.65 %
Community environment	65,453	62,574	4.60 %
Leisure time activity	822,562	770,028	6.82 %
Economic development	44,751	24,037	86.18 %
Total	$ 9,781,115	$ 9,440,239	3.61 %

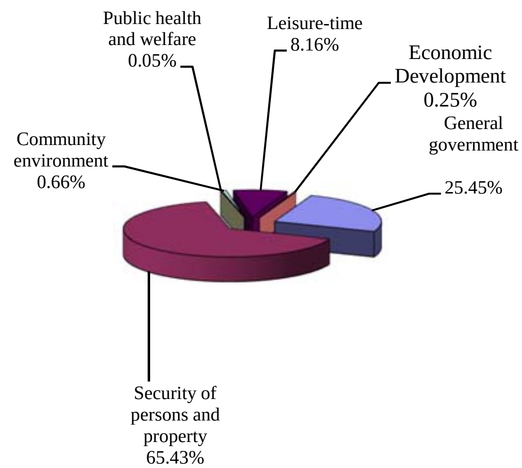
The most significant increase in dollars in general fund expenditures was in security of persons and property. This line item increased $218,970 in 2018. This was primarily due to an increase in police wages and benefits. Leisure-time activities expenditures increased $52,534 in 2018. This is primarily due to an increase in parks department wages and benefits. Economic development expenditures increased $20,714 primarily due to an increase in contract services.

The graphs below show general fund expenditures, by function, for 2018 and 2017:

Expenditures - 2018



Expenditures - 2017



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 Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund. In the general fund, one of the most significant changes was between the original and final budgeted amount in the area of expenditures and other financing uses, which increased $1,500,100 from $10,210,906 to $11,711,006 primarily due to transfers to the capital improvement fund for the City's energy efficiency project. Actual revenues and other financing sources of $9,876,088 were more than final budgeted revenues and other financing sources by $45,938. The other significant change was between the final budgeted expenditures and other financing uses and actual expenditures and other financing uses. Actual expenditures and other financing uses came in $866,271 lower than the final budgeted amounts, primarily due to expenditures for general government and security of persons and property being less than budgeted.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

The City's business-type funds (as presented on the statement of net position on page 29) reported a combined net position of $82,241,013, which is $4,066,046 more than last year's restated total of $78,174,967.

Capital Assets and Debt Administration

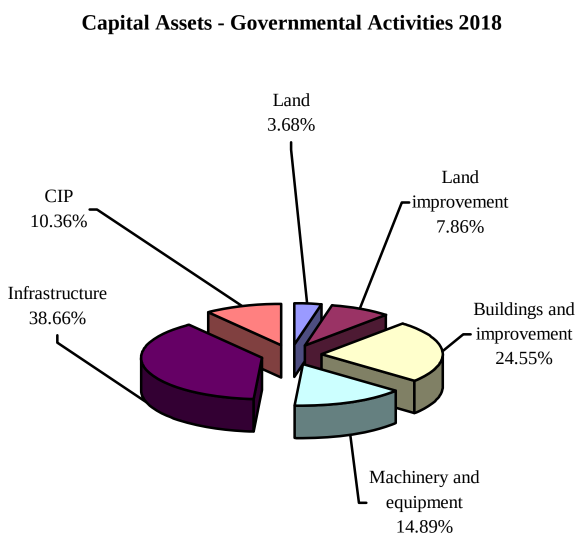
Capital Assets

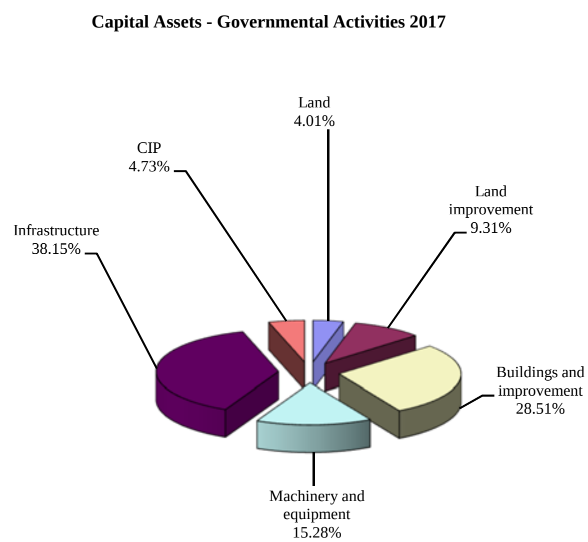
At the end of 2018, the City had $173,314,853 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress (CIP). Of this total, $22,006,251 was reported in governmental activities and $151,308,602 was reported in business-type activities. See Note 10 for further description of capital assets. The following table shows 2018 balances compared to 2017:

Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 809,559	$ 809,559	$ 977,180	$ 903,988	$ 1,786,739	$ 1,713,547
Land improvements	1,729,259	1,878,170	42,045,680	36,371,916	43,774,939	38,250,086
Buildings and improvements	5,402,273	5,749,120	75,555,486	19,185,981	80,957,759	24,935,101
Machinery and equipment	3,277,466	3,081,355	11,122,085	1,355,966	14,399,551	4,437,321
Infrastructure	8,506,805	7,693,132	17,290,498	17,698,221	25,797,303	25,391,353
Construction in progress	2,280,889	952,951	4,317,673	74,180,970	6,598,562	75,133,921
Totals	$ 22,006,251	$ 20,164,287	$ 151,308,602	$ 149,697,042	$ 173,314,853	$ 169,861,329

The following graphs show the breakdown of governmental capital assets by category for 2018 and 2017.

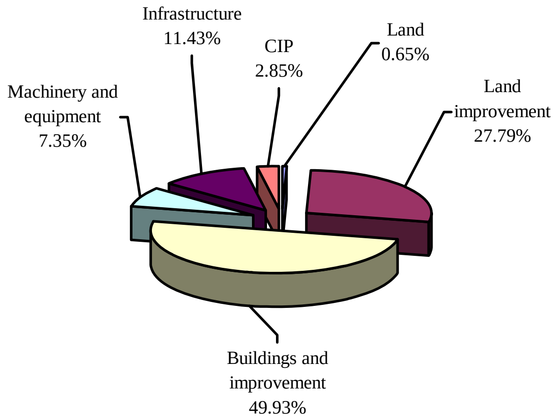




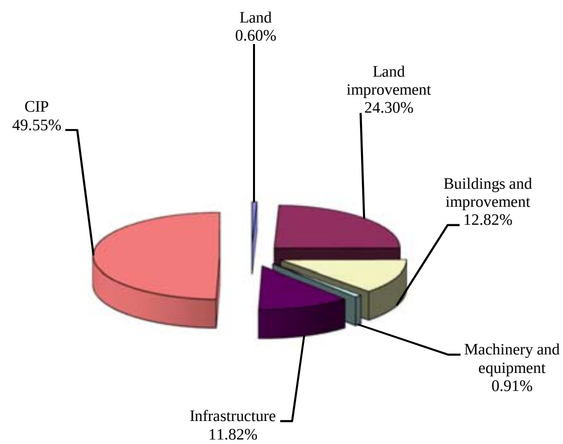
In governmental type activities, the City's largest capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 38.66% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2018 and 2017.

Capital Assets - Business-Type Activities 2018



Capital Assets - Business-Type Activities 2017



In business type activities, the largest capital assets category is buildings and improvements, which includes water and sewer plants. The net book value of the City's buildings and improvements represents approximately 49.93% of the City's total capital type assets.

Debt Administration

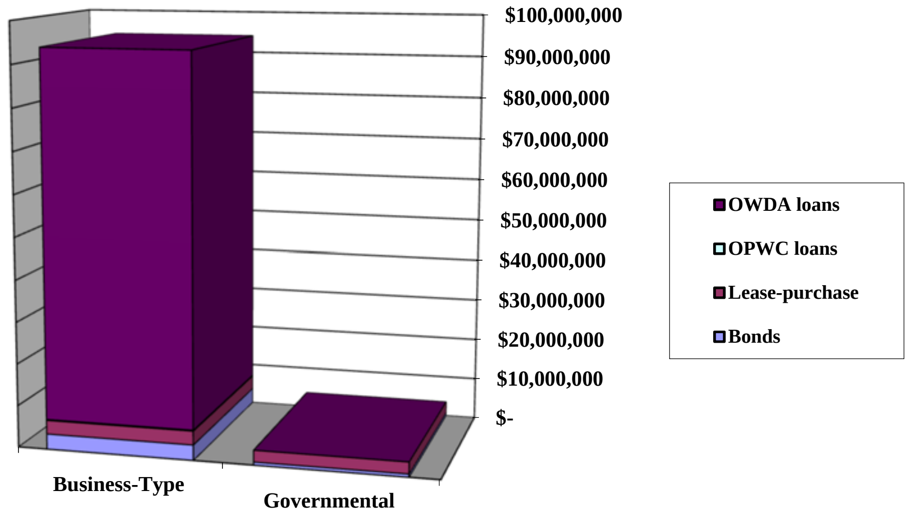
See Note 12 for further discussion of the City's long-term debt obligations. The City had the following long-term debt obligations outstanding at December 31, 2018 and 2017:

	Governmental Activities	
	2018	2017
General obligation bonds	$ 740,000	$ 1,130,000
Lease-purchase agreement	2,787,685	-
Total long-term obligations	$ 3,527,685	$ 1,130,000

	Business-type Activities	
	2018	2017
General obligation bonds	$ 3,665,000	$ 4,275,000
Lease-purchase agreement	3,291,313	45,945
OPWC loans	232,238	259,013
OWDA loans	86,898,429	89,391,096
Total long-term obligations	$ 94,086,980	$ 93,971,054

A comparison of the long-term obligations by category is depicted in the chart below.

Long-term obligations



Economic Conditions and Outlook

The new economic development plan titled "Think Fremont, An Economic Growth and Development Plan 2019-2028" was completed. It is a ten year plan outlining necessary goals to move our city forward. The plan is meant as a guide toward improving our community by looking at what Fremont is missing, prioritizing the need and taking steps toward obtaining those things that make a community thrive. The plan identifies goals to attract jobs, improve housing and enhance the quality of life. The City of Fremont has partnered with Downtown Fremont, Inc. to write and execute the plan. The Think Fremont plan can be found on our city website www.fremontohio.org.

The City of Fremont expanded Community Reinvestment Area (CRA) #2 to include the rest of the City. The Community Reinvestment Area program is an economic development tool administered by the City that provides real property tax exemptions for property owners who renovate existing or construct new buildings. The City of Fremont's Housing Advisory Board to address an aging housing situation. The expansion of the CRA will hopefully incentivize new home construction and remodeled home construction in the coming years. We have spoken to several developers that are excited about the CRA program and exploring potential projects in Fremont.

Columbia Gas is constructing a new 6,700 square foot Mobile Operating Deployment Facility at 2247 Bark Creek Drive. The project will create approximately $2.8M investment in the property and $300,000 in Capital Investment. Additionally, the construction of the new Kroger grocery store has begun with an expected opening day in early fall of 2019. We are excited about Kroger's investing in our community.

This past year we saw the rehabilitation of an old department store into a new office complex thanks to Great Lakes Community Action Partnership. Their $5.4 million investment into their new building is a significant show piece in downtown Fremont. In addition, the $19.6 million investment by Terra Village Holdings into the completion of dormitory apartments at Terra State Community College demonstrates continued growth in our community. ProMedica has made an investment of $11.5 million the remodeling of Memorial Hospital and the construction of new schools has begun with an invest cost of more than $100 million. Additionally, First Choice Packaging (FCP) invested $2.1 million into its facility, as well to purchase a new piece of equipment.

Mr. Gross has worked with Sandusky County Economic Development Corporation to complete 23 Business, Retention and Expansion visits throughout the years with many manufacturing in need of qualified & skilled laborers to fill key roles in their company.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Paul Grahl, City Auditor, City of Fremont, 323 South Front Street, Fremont, Ohio 43420.

CITY OF FREMONT
SANDUSKY COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 12,969,703	$ 25,459,776	$ 38,429,479
Receivables (net of allowances for uncollectibles):			
Income taxes	2,125,255	-	2,125,255
Property and other local taxes	860,734	-	860,734
Accounts	177,535	2,591,354	2,768,889
Loans	276,345	-	276,345
Accrued interest	96,285	-	96,285
Due from other governments	603,302	3,907,751	4,511,053
Materials and supplies inventory	207,021	375,079	582,100
Prepayments	109,757	55,888	165,645
Internal balance	1,370	(1,370)	-
Net pension asset (Note 15)	10,117	11,826	21,943
Restricted assets:			
Equity in pooled cash and investments	-	92,895	92,895
Capital assets:			
Nondepreciable capital assets	3,090,448	5,294,853	8,385,301
Depreciable capital assets, net	18,915,803	146,013,749	164,929,552
Total capital assets, net	22,006,251	151,308,602	173,314,853
Total assets	39,443,675	183,801,801	223,245,476
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	8,926	-	8,926
Pension (Note 15)	2,150,627	932,000	3,082,627
OPEB (Note 16)	1,043,803	203,993	1,247,796
Total deferred outflows of resources	3,203,356	1,135,993	4,339,349
Liabilities:			
Accounts payable	58,441	152,100	210,541
Contracts payable	215,284	469,686	684,970
Accrued wages and benefits	92,730	41,313	134,043
Due to other governments	519	1,452	1,971
Pension and postemployment benefits payable	102,552	40,180	142,732
Due to claimants	15,671	-	15,671
Accrued interest payable	39,847	45,739	85,586
Payable from restricted assets:			
Refundable deposits	-	92,895	92,895
Long-term liabilities:			
Due within one year	637,593	2,402,941	3,040,534
Due in more than one year:			
Net pension liability (Note 15)	12,386,011	3,660,522	16,046,533
Net OPEB liability (Note 16)	10,610,610	2,416,469	13,027,079
Other amounts due in more than one year	3,588,916	92,321,418	95,910,334
Total liabilities	27,748,174	101,644,715	129,392,889
Deferred inflows of resources:			
Property taxes levied for the next year	818,760	-	818,760
Pension (Note 15)	1,614,516	872,055	2,486,571
OPEB (Note 16)	435,872	180,011	615,883
Total deferred inflows of resources	2,869,148	1,052,066	3,921,214
Net position:			
Net investment in capital assets	18,666,129	56,550,993	75,217,122
Restricted for:			
Debt service	436,628	-	436,628
Transportation projects	424,462	-	424,462
Court projects	404,721	-	404,721
Revolving loans	384,388	-	384,388
R.L. Walsh Trust	755,204	-	755,204
Other purposes	484,440	-	484,440
Unrestricted	(9,526,263)	25,690,020	16,163,757
Total net position	$ 12,029,709	$ 82,241,013	$ 94,270,722

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FREMONT
SANDUSKY COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues		
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
General government	$ 4,411,408	$ 756,297	$ 662,201	$ -
Security of persons and property	7,399,707	3,044	89,410	-
Public health and welfare	5,245	-	-	-
Transportation	1,743,864	5,275	862,841	499,710
Community environment	141,844	12,966	38,673	-
Leisure time activity	2,174,727	513,468	45,415	-
Economic development	63,699	-	4,280	-
Interest and fiscal charges	71,522	-	9,206	-
Total governmental activities	16,012,016	1,291,050	1,712,026	499,710
Business-type activities:				
Water	7,314,518	8,279,211	-	-
Sewer	8,263,253	8,754,080	-	-
Total business-type activities	15,577,771	17,033,291	-	-
Total primary government	$ 31,589,787	$ 18,324,341	$ 1,712,026	$ 499,710

General revenues:
Income taxes levied for:
General purposes
Property taxes levied for:
General purposes
Hotel/motel taxes.
Grants and entitlements not restricted to specific programs
Investment earnings
Miscellaneous

Total general revenues

Transfers and special items:
Transfers
Special item: Ballville dam removal (Note 21)

Total general revenues, transfers and special items

Change in net position

Net position at beginning of year (restated - Note 3)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (2,992,910)	$ -	$ (2,992,910)
(7,307,253)	-	(7,307,253)
(5,245)	-	(5,245)
(376,038)	-	(376,038)
(90,205)	-	(90,205)
(1,615,844)	-	(1,615,844)
(59,419)	-	(59,419)
(62,316)	-	(62,316)
(12,509,230)	-	(12,509,230)
-	964,693	964,693
-	490,827	490,827
-	1,455,520	1,455,520
(12,509,230)	1,455,520	(11,053,710)
8,012,644	-	8,012,644
791,155	-	791,155
56,571	-	56,571
490,626	-	490,626
542,289	16,804	559,093
390,945	152,554	543,499
10,284,230	169,358	10,453,588
(18,326)	18,326	-
-	2,422,842	2,422,842
10,265,904	2,610,526	12,876,430
(2,243,326)	4,066,046	1,822,720
14,273,035	78,174,967	92,448,002
$ 12,029,709	$ 82,241,013	$ 94,270,722

CITY OF FREMONT
SANDUSKY COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	$ 3,954,537	$ 5,065,299	$ 3,930,058	$ 12,949,894
Receivables (net of allowance for uncollectibles):				
Income taxes	2,125,255	-	-	2,125,255
Property and other local taxes	860,734	-	-	860,734
Accounts	154,398	-	23,137	177,535
Accrued interest	96,285	-	-	96,285
Loans	-	-	276,345	276,345
Due from other governments	210,595	-	392,689	603,284
Materials and supplies inventory	-	-	207,021	207,021
Prepayments	93,093	-	15,786	108,879
Total assets	$ 7,494,897	$ 5,065,299	$ 4,845,036	$ 17,405,232
Liabilities:				
Accounts payable	$ 33,270	$ -	$ 24,340	$ 57,610
Contracts payable	-	215,284	-	215,284
Accrued wages and benefits payable	81,793	-	10,290	92,083
Due to other governments	359	-	160	519
Compensated absences payable	25,660	-	-	25,660
Pension and postemployment benefits payable	92,047	-	9,869	101,916
Due to claimants	15,671	-	-	15,671
Total liabilities	248,800	215,284	44,659	508,743
Deferred inflows of resources:				
Property taxes levied for the next year	818,760	-	-	818,760
Delinquent property tax revenue not available	41,974	-	-	41,974
Accrued interest not available	60,760	-	-	60,760
Income tax revenue not available	760,358	-	-	760,358
Intergovernmental revenue not available	147,617	-	260,319	407,936
Total deferred inflows of resources	1,829,469	-	260,319	2,089,788
Fund balances:				
Nonspendable	93,093	-	222,807	315,900
Restricted.	-	-	3,306,687	3,306,687
Committed	2,748,269	4,850,015	804,714	8,402,998
Assigned	623,532	-	205,850	829,382
Unassigned	1,951,734	-	-	1,951,734
Total fund balances.	5,416,628	4,850,015	4,540,058	14,806,701
Total liabilities, deferred inflows of resources and fund balances	$ 7,494,897	$ 5,065,299	$ 4,845,036	$ 17,405,232

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FREMONT
SANDUSKY COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Total governmental fund balances		$ 14,806,701
Amounts reported for governmental activities on 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.		22,006,251
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	$ 760,358	
Delinquent property taxes receivable	41,974	
Due from other governments	407,936	
Accrued interest receivable	60,760	
Total		1,271,028
An internal service fund is used by management to charge the costs of internal equipment service to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		(77,236)
When consolidating the internal service fund, the portion of the operating income or loss allocated to business-type activities is eliminated from the governmental activities and is reported as a component of internal balance.		1,370
In the statement of net position interest is accrued on outstanding bonds, whereas in governmental funds, interest is reported when due.		(39,847)
Unamortized premiums on bond issuances are not recognized in the funds.		(7,934)
Unamortized deferred amounts on refundings are not recognized in the funds.		8,926
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds (excludes internal service fund balances).		
Net pension asset	9,930	
Deferred outflows of resources - pension	2,136,154	
Deferred inflows of resources - pension	(1,600,177)	
Net pension liability	(12,327,993)	
Total		(11,782,086)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds (excludes internal service fund balances).		
Deferred outflows of resources - OPEB	1,040,780	
Deferred inflows of resources - OPEB	(433,019)	
Net OPEB liability	(10,572,310)	
Total		(9,964,549)
Long-term liabilities, including bonds payable and lease purchase obligations, are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
General obligation bonds	(740,000)	
Lease purchase obligation	(2,787,685)	
Compensated absences	(665,230)	
Total		(4,192,915)
Net position of governmental activities		$ 12,029,709

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FREMONT
SANDUSKY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income taxes	$ 8,630,618	$ -	$ -	$ 8,630,618
Property and other local taxes	846,976	-	-	846,976
Charges for services	24,598	-	497,602	522,200
Licenses, permits and fees	19,544	-	-	19,544
Fines and forfeitures	280,231	-	168,389	448,620
Intergovernmental	481,574	354,626	1,637,959	2,474,159
Special assessments	-	3,275	-	3,275
Investment income	524,954	-	12,222	537,176
Contributions and donations.	81,905	-	3,725	85,630
Other	688,356	-	116,545	804,901
Total revenues	11,578,756	357,901	2,436,442	14,373,099
Expenditures:				
Current:				
General government	2,447,439	-	1,023,571	3,471,010
Security of persons and property	6,395,665	-	7,964	6,403,629
Public health and welfare.	5,245	-	-	5,245
Transportation	-	-	1,235,232	1,235,232
Community environment	65,453	-	70,199	135,652
Leisure time activity	822,562	-	875,167	1,697,729
Economic development and assistance	44,751	-	1,121	45,872
Capital outlay	-	3,132,384	200,098	3,332,482
Debt service:				
Principal retirement.	-	-	390,000	390,000
Interest and fiscal charges	-	-	35,670	35,670
Total expenditures	9,781,115	3,132,384	3,839,022	16,752,521
Excess (deficiency) of revenues over (under) expenditures.	1,797,641	(2,774,483)	(1,402,580)	(2,379,422)
Other financing sources (uses):				
Transfers in	-	3,969,280	1,211,054	5,180,334
Transfers out	(5,180,334)	-	-	(5,180,334)
Inception of lease purchase agreement	-	2,787,685	-	2,787,685
Total other financing sources (uses)	(5,180,334)	6,756,965	1,211,054	2,787,685
Net change in fund balances	(3,382,693)	3,982,482	(191,526)	408,263
Fund balances at beginning of year	8,799,321	867,533	4,731,584	14,398,438
Fund balances at end of year	$ 5,416,628	$ 4,850,015	$ 4,540,058	$ 14,806,701

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FREMONT
SANDUSKY COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds		$ 408,263
Amounts reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 3,462,034	
Current year depreciation	(1,584,685)	
Total		1,877,349
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(35,385)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property tax revenue	750	
Intergovernmental revenue	13,806	
Income tax revenue	(617,974)	
Investment income	17,335	
Total		(586,083)
Proceeds of lease purchase agreements are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(2,787,685)
Repayment of the general obligation bonds is an expenditure in the governmental funds; however, in the statement of activities it is not recorded as an expense as it decreases liabilities on the statement of net position.		390,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in more interest being reported in the statement of activities:		
(Increase) in accrued interest	(31,900)	
Amortization of deferred amounts on refunding	(13,386)	
Amortization of bond premiums	9,434	
Total		(35,852)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governemental funds.		5,295
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,113,831
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,673,092)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		18,132
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		(930,413)
An internal service fund is used by management to charge the costs of internal equipment service and employee benefits to individual funds are not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance of ($1,436), is allocated among the governmental activities.		(7,686)
Change in net position of governmental activities		$ (2,243,326)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FREMONT
SANDUSKY COUNTY

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property and other local taxes	$ 822,406	$ 834,000	$ 846,976	$ 12,976
Charges for services.	22,927	23,250	24,568	1,318
Licenses, permits and fees	15,679	15,900	19,544	3,644
Fines and forfeitures	231,316	265,000	275,566	10,566
Intergovernmental.	451,140	457,500	481,894	24,394
Investment income.	403,049	500,000	534,059	34,059
Contributions and donations.	147,915	150,000	80,905	(69,095)
Other	168,218	272,000	299,372	27,372
Total revenues	2,262,650	2,517,650	2,562,884	45,234
Expenditures:				
Current:				
General government	2,036,945	2,148,845	1,894,208	254,637
Security of persons and property	7,110,858	7,117,858	6,562,688	555,170
Public health and welfare.	11,250	11,250	5,595	5,655
Community environment	77,780	82,780	68,352	14,428
Leisure time activity	844,649	857,649	823,179	34,470
Economic development and assistance	43,520	56,720	54,809	1,911
Total expenditures	10,125,002	10,275,102	9,408,831	866,271
Excess of expenditures over revenues	(7,862,352)	(7,757,452)	(6,845,947)	911,505
Other financing sources (uses):				
Sale of capital assets.	2,500	12,500	13,204	704
Transfers in	7,300,000	7,300,000	7,300,000	-
Transfers out	(85,904)	(1,435,904)	(1,435,904)	-
Total other financing sources (uses)	7,216,596	5,876,596	5,877,300	704
Net change in fund balances	(645,756)	(1,880,856)	(968,647)	912,209
Fund balances at beginning of year	3,293,668	3,293,668	3,293,668	-
Prior year encumbrances appropriated	228,386	228,386	228,386	-
Fund balance at end of year	$ 2,876,298	$ 1,641,198	$ 2,553,407	$ 912,209

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FREMONT
SANDUSKY COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	**Sewer**	**Total**	
Assets:				
Current assets:				
Equity in pooled cash and investments	$ 4,881,734	$ 20,578,042	$ 25,459,776	$ 19,809
Receivables (net of allowance for uncollectibles):				
Accounts	1,319,457	1,271,897	2,591,354	-
Due from other governments	3,868,116	39,635	3,907,751	18
Materials and supplies inventory	322,551	52,528	375,079	-
Prepayments	26,155	29,733	55,888	878
Total current assets	10,418,013	21,971,835	32,389,848	20,705
Noncurrent assets:				
Net pension asset (Note 15)	5,521	6,305	11,826	187
Restricted assets:				
Equity in pooled cash and investments	92,895	-	92,895	-
Capital assets:				
Nondepreciable capital assets	3,535,912	1,758,941	5,294,853	-
Depreciable capital assets, net	66,574,252	79,439,497	146,013,749	-
Total capital assets, net	70,110,164	81,198,438	151,308,602	-
Total noncurrent assets	70,208,580	81,204,743	151,413,323	187
Total assets	80,626,593	103,176,578	183,803,171	20,892
Deferred outflows of resources:				
Pension (Note 15)	435,768	496,232	932,000	14,473
OPEB (Note 16)	95,467	108,526	203,993	3,023
Total deferred outflows of resources	531,235	604,758	1,135,993	17,496
Liabilities:				
Current liabilities:				
Accounts payable	88,292	63,808	152,100	831
Contracts payable	240,075	229,611	469,686	-
Accrued wages and benefits payable	19,613	21,700	41,313	647
Due to other governments	726	726	1,452	-
Pension and postemployment benefits payable	18,705	21,475	40,180	636
Accrued interest payable	45,739	-	45,739	-
Current portion of compensated absences	20,422	29,793	50,215	-
Current portion of general obligation bonds.	620,000	-	620,000	-
Current portion of OWDA loans payable	1,365,650	148,137	1,513,787	-
Current portion of OPWC loans payable	7,550	19,225	26,775	-
Current portion of lease obligations payable	180,505	11,659	192,164	-
Payable from restricted assets:				
Refundable deposits	92,895	-	92,895	-
Total current liabilities	2,700,172	546,134	3,246,306	2,114
Long-term liabilities:				
Compensated absences payable	179,251	206,970	386,221	-
General obligation bonds payable	3,245,943	-	3,245,943	-
OWDA loans payable	19,974,003	65,410,639	85,384,642	-
OPWC loans payable	135,892	69,571	205,463	-
Lease obligations payable.	3,099,149	-	3,099,149	-
Net pension liability (Note 15)	1,708,950	1,951,572	3,660,522	58,018
Net OPEB liability (Note 16)	1,128,152	1,288,317	2,416,469	38,300
Total long-term liabilities	29,471,340	68,927,069	98,398,409	96,318
Total liabilities	32,171,512	69,473,203	101,644,715	98,432
Deferred inflows of resources:				
Pension (Note 15)	403,067	468,988	872,055	14,339
OPEB (Note 16)	84,040	95,971	180,011	2,853
Total deferred inflows of resources	487,107	564,959	1,052,066	17,192
Net position:				
Net investment in capital assets	41,241,397	15,309,596	56,550,993	-
Unrestricted (deficit)	7,257,812	18,433,578	25,691,390	(77,236)
Total net position (deficit)	$ 48,499,209	$ 33,743,174	82,242,383	$ (77,236)
Adjustment to reflect the consolidation of the internal service fund's activity related to enterprise funds			(1,370)	
Net position of business-type activities			$ 82,241,013	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FREMONT
SANDUSKY COUNTY

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Operating revenues:				
Charges for services	$ 8,279,211	$ 8,754,080	$ 17,033,291	$ 82,619
Other	22,668	129,886	152,554	668
Total operating revenues	8,301,879	8,883,966	17,185,845	83,287
Operating expenses:				
Personal services	2,380,094	2,731,736	5,111,830	76,345
Contract services	495,553	128,344	623,897	4,324
Materials and supplies	1,019,756	547,734	1,567,490	2,405
Utilities expense	475,622	609,762	1,085,384	6,724
Depreciation	2,117,462	1,523,343	3,640,805	-
Other	80,659	80,662	161,321	670
Total operating expenses	6,569,146	5,621,581	12,190,727	90,468
Operating income (loss)	1,732,733	3,262,385	4,995,118	(7,181)
Nonoperating revenues (expenses):				
Interest revenue	15,567	1,237	16,804	-
Interest and fiscal charges	(731,645)	(2,641,689)	(3,373,334)	-
Loss on disposal of capital assets	(14,215)	-	(14,215)	-
Total nonoperating revenues (expenses)	(730,293)	(2,640,452)	(3,370,745)	-
Income (loss) before capital contributions and special items	1,002,440	621,933	1,624,373	(7,181)
Capital contributions	18,326	-	18,326	-
Special item: Ballville dam removal (Note 21)	2,422,842	-	2,422,842	-
Change in net position	3,443,608	621,933	4,065,541	(7,181)
Net position (deficit) at beginning of year (restated - Note 3)	45,055,601	33,121,241		(70,055)
Net position (deficit) at end of year	$ 48,499,209	$ 33,743,174		$ (77,236)
Adjustment to reflect the consolidation of the internal service fund's activity related to enterprise funds			505	
Change in net position of business-type activities			$ 4,066,046	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF FREMONT
SANDUSKY COUNTY

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Cash flows from operating activities:				
Cash received from charges for services	$ 8,119,027	$ 8,565,947	$ 16,684,974	$ 82,619
Cash received from other operations	45,995	129,291	175,286	650
Cash payments for personal services	(2,109,229)	(2,409,826)	(4,519,055)	(68,144)
Cash payments for contractual services	(482,533)	(144,375)	(626,908)	(4,324)
Cash payments for materials and supplies.	(1,011,213)	(549,001)	(1,560,214)	(2,405)
Cash payments for utilities expense.	(514,140)	(623,617)	(1,137,757)	(7,076)
Cash payments for other expenses	(103,960)	(78,230)	(182,190)	(670)
Net cash provided by operating activities	3,943,947	4,890,189	8,834,136	650
Cash flows from noncapital financing activities:				
Cash received from Ballville dam removal grants (Note 21)	1,961,575	-	1,961,575	-
Cash payments for Ballville dam removal (Note 21)	(3,406,326)	-	(3,406,326)	-
Net cash (used in) noncapital financing activities.	(1,444,751)	-	(1,444,751)	-
Cash flows from capital and related financing activities:				
Cash payments for the acquisition of capital assets.	(2,882,347)	(2,193,263)	(5,075,610)	-
Cash received from the sale of capital assets	3,892	-	3,892	-
Cash payments for principal retirement.	(1,954,460)	(1,404,677)	(3,359,137)	-
Cash payments for interest and fiscal charges	(719,868)	(2,641,689)	(3,361,557)	-
Cash received from lease purchase issuance.	3,267,996	-	3,267,996	-
Cash received from OWDA loan issuance.	-	207,067	207,067	-
Net cash (used in) capital and related financing activities.	(2,284,787)	(6,032,562)	(8,317,349)	-
Cash flows from investing activities:				
Cash received from interest earned.	10,807	1,237	12,044	-
Net increase (decrease) in cash and cash equivalents	225,216	(1,141,136)	(915,920)	650
Cash and cash equivalents at beginning of year	4,749,413	21,719,178	26,468,591	19,159
Cash and cash equivalents at end of year	$ 4,974,629	$ 20,578,042	$ 25,552,671	$ 19,809

- - Continued

CITY OF FREMONT
SANDUSKY COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	**Sewer**	**Total**	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 1,732,733	$ 3,262,385	$ 4,995,118	$ (7,181)
Adjustments:				
Depreciation	2,117,462	1,523,343	3,640,805	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) in accounts receivable	(160,234)	(188,251)	(348,485)	-
(Increase) in intergovernmental receivable	(523)	(477)	(1,000)	(18)
Decrease in materials and supplies inventory	7,567	329	7,896	-
(Increase) in net pension asset	(3,585)	(4,093)	(7,678)	(121)
Decrease in prepayments	494	657	1,151	44
Decrease in deferred outflows - pensions	510,620	584,131	1,094,751	17,921
(Increase) in deferred outflows - OPEB	(80,238)	(91,124)	(171,362)	(2,501)
(Decrease) in accounts payable	(23,349)	(29,776)	(53,125)	(352)
(Decrease) in accrued wages and benefits	(3,799)	(2,248)	(6,047)	(68)
Increase in compensated absences payable	5,923	25,337	31,260	-
Increase in intergovernmental payable	726	726	1,452	-
(Decrease) in pension and postemployment benefits payable	(715)	(6)	(721)	(20)
(Decrease) in refundable deposits liability	(1,300)	-	(1,300)	-
(Decrease) in net pension liability	(726,775)	(831,688)	(1,558,463)	(25,437)
Increase in net OPEB liability	97,966	111,142	209,108	3,003
Increase in deferred inflows - pensions	386,934	433,831	820,765	12,527
Increase in deferred inflows - OPEB	84,040	95,971	180,011	2,853
Net cash provided by operating activities	$ 3,943,947	$ 4,890,189	$ 8,834,136	$ 650

Noncash Transactions:

During 2018, the water fund received contributed capital assets with a cost of $18,326 from governmental activities.

During 2018, the water fund received contributed capital assets with a cost of $21,833 and accumulated depreciation of $21,833 from governmental activities.

During 2018, the sewer fund received contributed capital assets with a cost of $39,822 and accumulated depreciation of $39,822 from governmental activities.

During 2018 and 2017, the water fund purchased $240,075 and $230,000, respectively, in capital assets on account.

During 2018 and 2017, the sewer fund purchased $229,611 and $63,150, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FREMONT
SANDUSKY COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2018

		Agency
Assets:		
Equity in pooled cash and investments	$	52,599
Cash in segregated accounts.		1,250
Receivables:		
Accounts		2,151
Total assets	$	56,000
Liabilities:		
Deposits held and due to others	$	56,000

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CITY

The City of Fremont (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a Council/Mayor form of government and provides the following services to its residents: public safety, highways and streets, water, sewer, health and social services, culture recreation, public improvements, planning and zoning and general administration services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, 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 City's reporting entity has been defined according to GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34" and GASB Statement No. 80, "Blending Requirements for Certain Component Units an Amendment of GASB Statement No. 14."

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the City and the organization is such that exclusion by the City would render the City's financial statements incomplete or misleading. Based upon these criteria, the City has no component units but is a member of an insurance pool described in Note 14.

B. Basis of Presentation - Fund Accounting

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental program is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital improvements fund – The capital improvements fund accounts for resources that are restricted for the acquisition, construction, or improvement of capital facilities and other capital assets.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditure for debt service principal and interest and (b) financial resources that are restricted or committed to an expenditure for specified purposes other than debt service.

PROPRIETARY FUNDS

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

Enterprise funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City’s major enterprise funds:

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer fund - This fund accounts for the provision of sanitary sewer service to the residential and commercial users located within the City.

Internal service fund - The internal service fund accounts for the financing of services provided by one fund or department to other funds or departments of the City on a cost-reimbursement basis. The City’s internal service fund reports on the operations of the servicing of internal equipment.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City’s only fiduciary funds are agency funds. The City’s agency funds account for various funds held for Ohio Highway Patrol portion of Municipal Court fines, Municipal Court Bonds and the collections for the County Sewer District.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of the City are included on the statement of net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, current deferred outflows, current liabilities and current deferred inflows generally 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities and operating expenses for the internal service fund include personnel costs and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. 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.

Revenues - Exchange and Nonexchange 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. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income taxes, charges for services, State-levied locally shared taxes (including gasoline taxes, local government funds and permissive taxes), fines and forfeitures, grants, interest and licenses permits and fees.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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, see Note 15 and Note 16 for deferred outflows of resources related the City’s net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge 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.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 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 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the 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, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Note 15 and Note 16 for deferred inflows of resources related to the City’s net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of control has been established at the fund-department and within each department, the amount spent on personal services and all other expenditures for all funds.

Estimated Resources - The County Budget Commission reviews the estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. 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 estimated beginning of year fund balance and projected revenue of each fund. On or about December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include the actual unencumbered fund balances from the preceding year. The certificate of estimated resources may be further amended during the year if the City Auditor determines that revenue to be collected will be greater than or less than prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the first and final amended official certificate of estimated resources issued during 2018.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and within each department, the amount for personal services and all other expenditures. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. The amounts set forth in the financial statements represent the original and final appropriations approved by City Council during 2018.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are reappropriated in the succeeding year.

Encumbrances **-** As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year end are reported as restricted, committed, or assigned classifications of fund balance in the governmental fund financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

Cash and cash equivalents that are held separately for the City in segregated accounts and not held with the City Treasurer are recorded on the basic financial statements as "cash in segregated accounts".

During 2018, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), STAR Plus, Federal Home Loan Banks (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Federal Farm Credit Bank (FFCB) securities, negotiable certificates of deposit (negotiable CD's), U.S. Treasury notes, and a U.S. Government money market fund. Except for investments in STAR Ohio, investments are reported at fair value which is based on quoted market prices. Investments in STAR Ohio are reported at amortized cost.

During 2018, the City invested in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

During 2018, the City invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the general fund during 2018 was $524,954, which includes $443,889 assigned from other City funds.

For purposes of the statement of cash flows and for presentation on the basic financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Loans Receivable

Loans receivable represent the right to receive repayment for certain loans made by the City. These loans are based upon written agreements between the City and the various loan recipients.

I. Inventories of Materials and Supplies

On the government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. On fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The City maintains a capitalization threshold of $2,500. The City's governmental infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers and streets. The City's proprietary and business-type infrastructure consists of water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land improvements	10-50 years	10-50 years
Buildings	25-50 years	25-50 years
Building improvements	5-50 years	5-25 years
Machinery and equipment	3-30 years	5-10 years
Infrastructure - streets, sidewalks, and storm sewers	25-50 years	50 years
Infrastructure - bridges and culverts	25-50 years	25-50 years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. 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 the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments as well as the sick leave accumulated by those employees expected to become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's union contracts or administrative ordinance. The City records a liability for accumulated unused sick leave for all employees with 10 or more years of service with the City up to a maximum of 500 hours for all employees except police sergeants, captains, and firefighters, which have a maximum of 600 hours.

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

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

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from 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 position is not sufficient for payment of those benefits.

M. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the BFS. Interfund activity between governmental funds is eliminated for reporting on the governmental statement of activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Fund Balance

Fund balance is divided into five classifications 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. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes. The City Council has also assigned amounts to cover a gap between estimated resources and appropriations in the 2019 budget.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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 classifications could be used.

O. Restricted Assets

Customer deposits are held in the water fund to assure payment of utility bills. At December 31, 2018, the City held $92,895 in restricted customer deposits. These restricted assets are equally offset by a restricted payable so there is no effect on net position of the water fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Bond Issuance Costs, Bond Premiums and Discounts, Accounting Gain or Loss

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which these items are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 12.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements and enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow of resources or a deferred outflow of resources.

Q. Estimates

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

R. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, grants or outside contributions of resources restricted to capital acquisition and construction, or capital assets that are purchased by a fund and then transferred to another fund. Capital contributions are reported as nonoperating revenue in the proprietary fund financial statements. During 2018, the water enterprise fund received capital asset contributions with a net book value of $18,326 from governmental activities.

S. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. None of the City’s net position are restricted by enabling legislation.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

T. 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 the City Administration and that are either unusual in nature or infrequent in occurrence. In 2018, the City reported a special item for financial transactions related to the removal of Ballville dam (see Note 21).

U. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, 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/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

V. Prepayments

Payments made to vendors for services that benefit future periods are recorded as prepayments in both government-wide and fund financial statements. A current asset for the prepaid amount is recorded at the time of purchase, and the expenditure is reported in the year in which services are consumed. Governmental fund balance has been presented as nonspendable equal to the balance of the prepayments at year-end.

NOTE 3 - 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 had the effect of restating net position as previously reported (described below), revised the City's postemployment benefit plan disclosures (as presented in Note 16 to the basic financial statements), and added required supplementary information for OPEB which is presented after the notes to the basic financial statements.

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.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT OF NET POSITION - (Continued)

A net position restatement is required in order to implement GASB Statement No 75. Net position as previously reported at December 31, 2017 for the governmental activities, business-type activities, enterprise funds, and internal service fund have been restated as follows:

	Governmental Activities	Business-Type Activities	Water Fund	Sewer Fund	Internal Service Fund
Net position (deficit) as previously reported	$ 23,360,078	$ 80,349,697	$ 46,070,558	$ 34,281,014	$ (35,280)
Deferred outflows - payments subsequent to measurement date	44,061	32,631	15,229	17,402	522
Net OPEB liability	(9,131,104)	(2,207,361)	(1,030,186)	(1,177,175)	(35,297)
Restated net position (deficit) at January 1, 2018	$ 14,273,035	$ 78,174,967	$ 45,055,601	$ 33,121,241	$ (70,055)

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. The restatement did not affect fund balance.

NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the City are classified by State statute 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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must 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 in interim monies. Interim monies 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 monies may be deposited or invested in the following:

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 or 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 securities listed above provide 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;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 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 Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;

7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed forty percent of the City's interim monies available for investment; and,

8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed forty percent of the City's interim monies available for investment.

The City may also invest any monies not required to be used for six months or more in the following:

1. Bonds of the State of Ohio;

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this state, as to which there is no default of principal, interest or coupons; and,

3. Obligations of the City.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial 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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Restricted equity in pooled cash: At year-end, the City had $92,895 in restricted assets for refundable deposits from customers of the water fund. This amount is included in the "Deposits with Financial Institutions" below.

A. Cash in Segregated Accounts

At year end, $1,250 was on deposit in segregated accounts for the Municipal Court and small business checking account. These accounts are included in the total amount of "Deposits with Financial Institutions" reported below; however, this amount is not part of the internal cash pool reported on the statement of net position and the governmental funds balance sheet as "equity in pooled cash and investments".

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2018, the carrying amount of all City deposits was $13,837,041 and the bank balance of all City deposits was $14,554,285. Of the bank balance, $6,474,177 was covered by the FDIC and $8,080,108 was exposed to custodial credit risk described below.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the City's deposits were collateralized through participation in the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

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

		Investment Maturities				
Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Net Asset Value (NAV):						
STAR Ohio	$ 3,212,871	$ 3,212,871	$ -	$ -	$ -	$ -
Fair value:						
FHLMC	8,472,628	746,318	2,026,095	739,170	2,109,867	2,851,178
FNMA	3,320,186	-	1,833,250	-	1,486,936	-
FHLB	3,573,789	-	750,142	-	1,228,037	1,595,610
FFCB	1,710,148	-	-	-	-	1,710,148
U.S. Treasury Note	1,913,272	1,416,512	496,760	-	-	-
Negotiable CD	2,438,849	248,813	492,096	244,152	1,215,519	238,269
U.S. Government Money Market Mutual funds	96,189	96,189	-	-	-	-
Total	$ 24,737,932	$ 5,720,703	$ 5,598,343	$ 983,322	$ 6,040,359	$ 6,395,205

The weighted average maturity of investments is 1.60 years.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The City's investments in U.S. government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities 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: The Ohio Revised Code general limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Credit Risk: The City's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's negotiable CD's were not rated but are fully insured by the FDIC.

STAR Ohio and U.S. Government money market mutual funds carry a rating of AAAm by Standard & Poor's. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of December 31, 2018, is 60 days or less.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2018:

Measurement/ Investment type	Measurement Value	% of Total
Net Asset Value (NAV):		
STAR Ohio	$ 3,212,871	12.99
Fair value:		
FHLMC	8,472,628	34.25
FNMA	3,320,186	13.42
FHLB	3,573,789	14.45
FFCB	1,710,148	6.91
U.S. Treasury Note	1,913,272	7.73
Negotiable CD	2,438,849	9.86
U.S. Government Money Market Mutual funds	96,189	0.39
Total	$ 24,737,932	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position as of December 31, 2018:

Cash and investments per note disclosure	
Carrying amount of deposits	$ 13,837,041
Investments	24,737,932
Cash in segregated accounts	1,250
Total	$ 38,576,223
Cash and investments per statement of net position	
Governmental activities	$ 12,969,703
Business-type activities	25,552,671
Agency funds	53,849
Total	$ 38,576,223

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2018 consisted of the following, as reported in the fund financial statements:

Transfers from general fund to:	
Capital improvements fund	$ 3,969,280
Nonmajor governmental funds	1,211,054
Total	$ 5,180,334

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; reclassification of prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

Transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Fremont. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2018 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows since the current taxes were not levied to finance 2018 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2018 was $3.20 per $1,000 of assessed value. The assessed values of real and public utility property upon which 2017 property tax receipts were based are as follows:

Real property	
Residential/agricultural	$ 138,787,850
Commercial/industrial/mineral	98,048,000
Public utility	
Real	84,600
Personal	33,038,750
Total assessed value	$ 269,959,200

NOTE 7 - LOCAL INCOME TAX

The City levies and collects an income tax of 1.5 percent based on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax revenue is credited to the general fund and amounted to $8,630,618 in 2018.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2018 consisted of taxes, accounts (billings for user charged services), loans, accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable and available at December 31, 2018.

NOTE 8 - RECEIVABLES - (Continued)

A summary of the principal items of receivables reported on the statement of net position follows:

Receivables:	Governmental Activities	Business-Type Activities
Income taxes	$ 2,125,255	$ -
Property and other local taxes	860,734	-
Accounts	177,535	2,591,354
Loans	276,345	-
Accrued interest	96,285	-
Due from other governments	603,302	3,907,751
Total	$ 4,139,456	$ 6,499,105

Receivables have been disaggregated on the face of the basic financial statements. The only receivables not expected to be collected within the subsequent year is the loans receivable, which is collected over the life of the loans (see Note 9). $3,867,593 of the business-type activities receivable is further described in Note 21.

NOTE 9 - LOANS RECEIVABLE

The Fremont City Council created the Revolving Loan Committee and granted them the authority to act on behalf of the City of Fremont in making loans from the City's revolving loan fund to qualified applicants within the revolving loan fund geographic area. At the close of 2018, there were loans to seven businesses with a total principal balance of $276,345. $47,478 is the amount due within one year and $228,867 is due in more than one year.

NOTE 10 - CAPITAL ASSETS

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

Governmental activities:	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Capital assets, not being depreciated:				
Land	$ 809,559	$ -	$ -	$ 809,559
Construction-in-progress	952,951	2,665,608	(1,337,670)	2,280,889
Total capital assets, not being depreciated	1,762,510	2,665,608	(1,337,670)	3,090,448
Capital assets, being depreciated:				
Land improvements	4,670,078	34,336	-	4,704,414
Buildings and improvements	12,747,635	54,519	(67,324)	12,734,830
Machinery and equipment	7,454,675	561,528	(138,941)	7,877,262
Infrastructure	20,053,350	1,483,713	-	21,537,063
Total capital assets, being depreciated	44,925,738	2,134,096	(206,265)	46,853,569
Less: accumulated depreciation:				
Land improvements	(2,791,908)	(183,247)	-	(2,975,155)
Buildings and improvements	(6,998,515)	(365,981)	31,939	(7,332,557)
Machinery and equipment	(4,373,320)	(365,417)	138,941	(4,599,796)
Infrastructure	(12,360,218)	(670,040)	-	(13,030,258)
Total accumulated depreciation	(26,523,961)	(1,584,685)	170,880	(27,937,766)
Total capital assets, being depreciated, net	18,401,777	549,411	(35,385)	18,915,803
Total capital assets, net	$ 20,164,287	$ 3,215,019	$ (1,373,055)	$ 22,006,251

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental activities:	
General government	$ 85,812
Security of persons and property	207,298
Transportation	823,628
Leisure time activities	433,592
Economic development	17,827
Total depreciation expense	1,568,157
Accumulated depreication on capital assets transferred from Enterprise funds	16,528
Increase in accumulated depreciation	$ 1,584,685

Business-type activities:	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Capital assets, not being depreciated:				
Land	$ 903,988	$ 73,192	$ -	$ 977,180
Construction-in-progress	74,180,970	4,641,210	(74,504,507)	4,317,673
Total capital assets, not being depreciated	75,084,958	4,714,402	(74,504,507)	5,294,853
Capital assets, being depreciated:				
Land improvements	40,371,255	6,625,307	-	46,996,562
Buildings and improvements	37,536,189	57,947,061	(955,175)	94,528,075
Machinery and equipment	7,459,065	10,415,064	(230,069)	17,644,060
Infrastructure	28,114,016	134,800	-	28,248,816
Total capital assets, being depreciated	113,480,525	75,122,232	(1,185,244)	187,417,513
Less: accumulated depreciation:				
Land improvements	(3,999,339)	(951,543)	-	(4,950,882)
Buildings and improvements	(18,350,208)	(1,577,556)	955,175	(18,972,589)
Machinery and equipment	(6,103,099)	(630,838)	211,962	(6,521,975)
Infrastructure	(10,415,795)	(542,523)	-	(10,958,318)
Total accumulated depreciation	(38,868,441)	(3,702,460)	1,167,137	(41,403,764)
Total capital assets, being depreciated, net	74,612,084	71,419,772	(18,107)	146,013,749
Total capital assets, net	$ 149,697,042	$ 76,134,174	$ (74,522,614)	$ 151,308,602

Construction in progress represents costs of the water and sewer funds relating to an energy improvement project, chemical feed building, and a waterline project, as of December 31, 2018.

Capital Assets related to Ohio Water Development Authority (OWDA) loans include $940,443 in capitalized interest.

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to the enterprise funds of the City as follows:

Business-type activities:	Depreciation Expense
Water fund	$ 2,117,462
Sewer fund	1,523,343
Total depreciation expense	3,640,805
Accumulated depreciation on capital assets transferred from governmental activities	61,655
Increase in accumulated depreciation	$ 3,702,460

NOTE 11 - LEASE-PURCHASE AGREEMENT

During 2014, the City entered into a lease-purchase agreement to finance the purchase of a John Deere Loader. Principal and interest payments are made 50% from the water fund and 50% from the sewer fund.

In 2018, the City entered into a lease-purchase agreement to finance the purchase of energy efficient equipment. Principal and interest payments are made 46% from the capital improvement fund and 54% from the water fund.

Capital assets consisting of machinery and equipment have been capitalized in the amount of $109,900 in the business-type activities. Capital assets consisting of construction in progress have been included in the amount of $1,982,901 in the governmental activities and $1,875,100 in the business-type activities. There was no accumulated depreciation in governmental activities as of December 31, 2018 and there was $77,156 of accumulated depreciation in business-type activities as of December 31, 2018.

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of December 31, 2018:

Year Ending December 31,	Governmental Activities	Buiness-type Activities
2019	$ 242,722	$ 308,960
2020	242,722	284,934
2021	242,722	284,935
2022	242,722	284,934
2023	242,722	284,935
2024-2028	1,213,610	1,424,672
2029-2033	1,215,680	1,422,600
Total minimum lease payments	3,642,900	4,295,970
Less: amount representing interest	(855,215)	(1,004,657)
Present value of future minimum lease payments	$ 2,787,685	$ 3,291,313

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental activities

The City's governmental activities long-term obligations at December 31, 2018 were as follows. The long-term liabilities at December 31, 2017 have been restated as described in Note 3.

Governmental activities:	Restated Balance 12/31/17	Increases	Decreases	Balance 12/31/18	Amount Due Within One Year
General obligation bonds:					
Community center	$ 670,000	$ -	$ (330,000)	$ 340,000	$ 340,000
Police and fire pension	460,000	-	(60,000)	400,000	65,000
Total general obligation bonds	1,130,000	-	(390,000)	740,000	405,000
Other long-term obligations:					
Net pension liability	14,101,671	-	(1,715,660)	12,386,011	-
Net OPEB liability	9,131,104	1,479,506	-	10,610,610	-
Lease purchase agreement	-	2,787,685	-	2,787,685	143,833
Compensated absences	694,596	95,262	(98,968)	690,890	88,760
Total	25,057,371	4,362,453	(2,204,628)	27,215,196	637,593
Unamortized premium on bonds	17,368	-	(9,434)	7,934	-
Total long-term obligations	$ 25,074,739	$ 4,362,453	$ (2,214,062)	$ 27,223,130	$ 637,593

Community Center General Obligation Bonds
The community center general obligation bonds were originally issued in 1999, carried an interest rate of 3.25% - 4.85%, and were issued for the construction of a community center. These general obligation bonds were advance refunded in 2009 with the proceeds of a $3,040,000 refunding bond issue. The refunding bonds carry an interest rate of 2.50% - 4.00%. The bonds are a general obligation of the City, and the principal and interest payments are paid out of the debt service fund. The proceeds of the 2009 general obligation bonds were used for the advance refunding of the 1999 general obligation bonds by purchasing state and local government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The balance of the refunded bonds at December 31, 2018 is $340,000; however, this amount is not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding.

Police and Fire Pension General Obligation Bonds
On October 31, 2012, the City issued $745,000 in general obligation bonds. The proceeds of these bonds were used to retire the police and fire past service liability. The bonds bear interest rates ranging from 1.7% to 2.7%. These bonds are a general obligation of the City, and principal and interest payments will be made from the police and fire debt service fund. These bonds mature on December 1, 2024.

Lease Purchase Agreement
See Note 11 for information the City's lease purchase agreement.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences
Compensated absences will be paid from the fund from which the employees' salaries are paid, which for the City is primarily the general fund and the street maintenance fund (a nonmajor governmental fund).

Net Pension Liability and Net OPEB Liability
The City pays obligations related to employee compensation from the fund benefitting from their service. See Note 15 and Note 16 for further information.

B. Business-type activities

The City's business-type activities long-term obligations at December 31, 2018 were as follows. The long-term liabilities at December 31, 2017 have been restated as described in Note 3.

Business-type activities:	Restated Balance 12/31/17	Increases	Decreases	Balance 12/31/18	Amount Due Within One Year
General obligation bonds					
Water refunding series 2012	$ 4,275,000	$ -	$ (610,000)	$ 3,665,000	$ 620,000
Total	4,275,000	-	(610,000)	3,665,000	620,000
OPWC loans					
Sewer - series 2001	41,331	-	(10,333)	30,998	10,333
Sewer - series 2004	66,690	-	(8,892)	57,798	8,892
Water - series 2017	150,992	-	(7,550)	143,442	7,550
Total	259,013	-	(26,775)	232,238	26,775
OWDA loans					
Dam removal project	2,785,329	-	(142,945)	2,642,384	148,137
Water pollution control center expansion	63,940,518	207,067	(1,231,193)	62,916,392	-
Water reservoir phase 1	4,472,947	-	(256,144)	4,216,803	264,639
Water reservoir phase 2	1,297,044	-	(75,016)	1,222,028	77,398
Off stream raw water - supply phase 2A	716,850	-	(43,357)	673,493	44,734
Water reservoir phase 1 - supplement	16,178,408	-	(951,079)	15,227,329	978,879
Total	89,391,096	207,067	(2,699,734)	86,898,429	1,513,787
Other long-term obligations					
Net pension liability	5,218,985	-	(1,558,463)	3,660,522	-
Net OPEB liability	2,207,361	209,108	-	2,416,469	-
Lease-purchase agreement	45,945	3,267,996	(22,628)	3,291,313	192,164
Compensated absences	405,176	63,935	(32,675)	436,436	50,215
Total	101,802,576	3,748,106	(4,950,275)	100,600,407	2,402,941
Unamortized premium on bonds	234,905	-	(33,962)	200,943	-
Total long-term obligations	$ 102,037,481	$ 3,748,106	$ (4,984,237)	$100,801,350	$ 2,402,941

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Series 2012 Water Refunding General Obligation Bond
On October 3, 2012, the City issued $6,900,000 in general obligation current refunding bonds to refund outstanding general obligation bonds. The balance of the refunding bonds at December 31, 2018 is $3,665,000. The refunding bonds bear an annual interest rate ranging from 2.00% - 5.00% and will mature in 2024. The general obligation bonds are a general obligation of the City, and the principal and interest payments are paid from the water fund. A portion of the proceeds of the bonds were used for the advance refunding of the 2003 general obligation bonds. These proceeds were used to purchase state and local government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The balance of the refunded bonds at December 31, 2018 is $3,895,000; however, this amount is not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding.

Ohio Public Works Commission (OPWC) Loans
The OPWC loans were granted from the Ohio Public Works Commission in 2001, 2004, and 2017, and do not carry an interest rate. The OPWC loans granted in 2001 and 2004 are an obligation of the sewer fund, and the principal payments are paid out of the sewer fund. The OPWC loan granted in 2017 is an obligation of the water fund, and the principal payments are paid out of the water fund. The OPWC loan proceeds were used for improvements to the sewer plant and facilities and waterlines.

Ohio Water Development Authority (OWDA) Loans
The City has entered into loans with the Ohio Water Development Authority for the construction of the Water Reservoir Phase 1, Water Reservoir Phase 2, Sewer Dam Removal Project, Water Pollution Control Center Expansion and Off Stream Raw Water Supply Phase 2A. The OWDA loans carry interest rates of 2.49% - 4.49% and mature between July 1, 2031 and July 1, 2046. Repayment of these loans will be funded through user charges.

The City has pledged future water and sewer revenues to repay OWDA loans. The loans are payable solely from water and sewer fund revenues and are payable through a future date which has yet to be finalized. Annual principal and interest payments on the loans are expected to require 31.26 percent of net revenues and 15.71 percent of total revenues. The total principal and interest remaining to be paid on the loans is $31,560,254. Principal and interest paid for the current year were $2,699,734, total net revenues were $8,635,923 and total revenues were $17,185,845.

C. Future Debt Service Requirements

Principal and interest requirements to retire the general obligation bonds, the OPWC loans, and the police and fire pension liability as of December 31, 2018 are as follows:

Year Ending December 31,	General Obligation Bonds - Community Center Principal	Interest	Total
2019	$ 340,000	$ 13,600	$ 353,600
2020	-	-	-
2021	-	-	-
2022	-	-	-
Total	$ 340,000	$ 13,600	$ 353,600

Year Ending December 31,	Pension Liability - Police and Fire Pension Principal	Interest	Total
2019	$ 65,000	$ 9,500	$ 74,500
2020	65,000	8,395	73,395
2021	65,000	7,290	72,290
2022	65,000	5,535	70,535
2023	70,000	3,780	73,780
2024	70,000	1,890	71,890
Total	$ 400,000	$ 36,390	$ 436,390

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	General Obligation Bonds - Water Series 2012 Principal	Interest	Total
2019	$ 620,000	$ 73,300	$ 693,300
2020	630,000	60,900	690,900
2021	635,000	48,300	683,300
2022	645,000	35,600	680,600
2023	660,000	22,700	682,700
2024	475,000	9,500	484,500
Total	$ 3,665,000	$ 250,300	$ 3,915,300

Year Ending December 31,	OPWC Loans Water Series 2017 Principal	Interest	Total
2019	$ 7,550	$ -	$ 7,550
2020	7,549	-	7,549
2021	7,550	-	7,550
2022	7,549	-	7,549
2023	7,550	-	7,550
2024 - 2028	37,748	-	37,748
2029 - 2033	37,748	-	37,748
2034 - 2038	30,198	-	30,198
Total	$ 143,442	$ -	$ 143,442

Year Ending December 31,	OPWC Loans - Sewer - Series 2001 Principal	Interest	Total
2019	$ 10,333	$ -	$ 10,333
2020	10,332	-	10,332
2021	10,333	-	10,333
Total	$ 30,998	$ -	$ 30,998

Year Ending December 31,	OPWC Loans - Sewer - Series 2004 Principal	Interest	Total
2019	$ 8,892	$ -	$ 8,892
2020	8,892	-	8,892
2021	8,892	-	8,892
2022	8,892	-	8,892
2023	8,892	-	8,892
2024 - 2025	13,338	-	13,338
Total	$ 57,798	$ -	$ 57,798

Year Ending December 31,	OWDA Loans (1) Principal	Interest	Total
2019	$ 1,513,787	$ 724,432	$ 2,238,219
2020	1,560,464	677,940	2,238,404
2021	1,608,619	629,975	2,238,594
2022	1,658,301	580,490	2,238,791
2023	1,709,558	529,436	2,238,994
2024 - 2028	9,375,486	1,822,758	11,198,244
2029 - 2032	6,555,822	375,145	6,930,967
Total	$ 23,982,037	$ 5,340,176	$ 29,322,213

(1) Schedule excludes the Water Pollution Control Center Expansion loan as the final loan amount and future debt service payments are not finalized as of December 31, 2018.

D. 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 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 $28,211,566 and the unvoted debt margin was $14,847,756.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be carried over at different rates depending on the department. Police captains, sergeants, patrol officers, dispatchers and record clerks may carry over five days for use during the first six months of the following year. Sick leave accrual is continuous. Overtime worked is always paid, or accrued, to employees on the paycheck for the period in which it was worked.

Upon retirement, police captains and sergeants are paid for 33.33 percent and firefighters are paid for 33.50 percent of their accumulated hours of sick leave, up to 1,800 hours for a maximum payout of 600 hours. All other employees are paid for 42 percent of their accumulated hours of sick leave, up to 1,200 hours for a maximum payout of 500 hours. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not yet used.

As of December 31, 2018, the governmental activities liability for compensated absences was $690,890, the business-type activities liability for compensated absences was $436,436, and the City's total liability for compensated absences was $1,127,326.

NOTE 14 - RISK MANAGEMENT

Property and Casualty Insurance

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City belongs to the Public Entities Pool of Ohio "PEP", a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. American Risk Pooling Consultants, Inc. (ARPCO), is a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

<u>Casualty and Property Coverage</u>
APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017 (the latest information available), PEP retained $350,000 for casualty claims and $100,000 for property claims. Settlements have not exceeded insurance coverage in each of the past three years and there has not been a significant reduction in coverage from the prior year.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

NOTE 14 - RISK MANAGEMENT - (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (latest information available) and 2016:

Casualty & Property Coverage	2017	2016
Assets	$44,452,326	$42,182,281
Liabilities	(13,004,011)	(13,396,700)
Net Position	$31,448,315	$28,785,581

At December 31, 2017 and 2016, respectively, the liabilities above include approximately $11.8 million and $12.0 million of estimated incurred claims payable. At December 31, 2017 and 2016, the assets above include approximately $11.3 million and $11.5 million of unpaid claims to be billed. The Pool's membership increased from 520 members in 2016 to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017 (the latest information available), the City's share of these unpaid claims collectible in future years is approximately $152,835.

Based on discussions with PEP the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2017	$242,596
2016	$236,581

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

NOTE 15 - 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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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 3.00%.

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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 $840,617 for 2018. Of this amount, $73,445 is reported as pension and postemployment benefits payable.

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 OPF 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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 $733,432 for 2018. Of this amount, $35,252 is reported as pension and postemployment benefits payable.

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 15 - 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	0.04236600%	0.01365300%	0.01104700%	0.15314500%	
Proportion of the net pension liability/asset current measurement date	0.04329500%	0.01583100%	0.01123800%	0.15078500%	
Change in proportionate share	0.00092900%	0.00217800%	0.00019100%	-0.00236000%	
Proportionate share of the net pension liability	$ 6,792,146	$ -	$ -	$ 9,254,387	$ 16,046,533
Proportionate share of the net pension (asset)	-	(21,551)	(392)	-	(21,943)
Pension expense	1,493,597	3,479	(127)	990,625	2,487,574

Of the City's proportionate share of the net pension liability of $16,046,533, $12,386,011 is reported in the governmental activities and $3,660,522 is reported in the business-type activities.

Of the City's proportionate share of the net pension asset of $21,943, $10,117 is reported in the governmental activities and $11,826 is reported in the business-type activities.

Of the City's total pension expense of $2,487,574, $1,685,161 is reported in the governmental activities (including $12,069 related to the internal service fund) and $802,413 is reported in the business-type activities.

THIS SPACE IS LEFT INTENTIONALLY BLANK

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2017, 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	$ 6,937	$ -	$ 762	$ 140,441	$ 148,140
Changes of assumptions	811,705	1,884	47	403,260	1,216,896
Changes in employer's proportionate percentage/ difference between employer contributions and proportionate share of contributions	96,052	-	-	47,490	143,542
City contributions subsequent to the measurement date	829,125	8,165	3,327	733,432	1,574,049
Total deferred outflows of resources	$ 1,743,819	$ 10,049	$ 4,136	$ 1,324,623	$ 3,082,627
Deferred inflows of resources					
Differences between expected and actual experience	$ 133,854	$ 6,420	$ -	$ 16,742	$ 157,016
Net difference between projected and actual earnings on pension plan investments	1,458,185	3,401	110	320,132	1,781,828
Changes in employer's proportionate percentage/ difference between employer contributions and proportionate share of contributions	17,839	-	-	529,888	547,727
Total deferred inflows of resources	$ 1,609,878	$ 9,821	$ 110	$ 866,762	$ 2,486,571

$1,574,049 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. Of the total contributions made subsequent to the measurement date, $1,121,011 relates to governmental activities (including $7,180 related to the internal service fund) and $453,038 relates to business-type activities.

NOTE 15 - DEFINED BENEFIT PENSION 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 - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Year Ending December 31:					
2019	$ 641,430	$ (1,081)	$ 85	$ 127,376	$ 767,810
2020	(95,317)	(1,175)	84	43,210	(53,198)
2021	(642,105)	(1,936)	72	(295,399)	(939,368)
2022	(599,192)	(1,857)	73	(241,615)	(842,591)
2023	-	(662)	106	71,325	70,769
Thereafter	-	(1,226)	279	19,532	18,585
Total	$ (695,184)	$ (7,937)	$ 699	$ (275,571)	$ (977,993)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability 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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	$ 12,061,121	$ 6,792,146	$ 2,399,409
Combined Plan	(11,715)	(21,551)	(28,337)
Member-Directed Plan	(225)	(392)	(562)

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	January 1, 2017
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	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI & 3.00%

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.

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 recommended assumption changes based on this experience study were adopted by OPF'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.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2017 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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate **-** The total pension liability 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.

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.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$ 12,828,964	$ 9,254,387	$ 6,338,936

NOTE 16 - POSTRETIREMENT BENEFIT PLANS

Net Other Postemployment Benefits (OPEB) Liability

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. This GASB pronouncement restated beginning net position as reported January 1, 2018 (see Note 3) as the net OPEB liability is reported in the accompanying financial statements and has been disclosed below.

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 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.

NOTE 16 - POSTRETIREMENT BENEFIT 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% of earnable salary and public safety and law enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0%.

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

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's contractually required contribution was $1,331 for 2018. Of this amount, $116 is reported as pension and postemployment benefits payable.

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.

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.

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 $17,530 for 2018. Of this amount, $843 is reported as pension and postemployment benefits payable.

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	0.04028600%	0.15314500%	
Proportion of the net OPEB liability current measurement date	0.04129000%	0.15078500%	
Change in proportionate share	0.00100400%	-0.00236000%	
Proportionate share of the net OPEB liability	$ 4,483,790	$ 8,543,289	$ 13,027,079
OPEB expense	$ 413,644	$ 738,609	$ 1,152,253

Of the City’s proportionate share of the net OPEB liability of $13,027,079, $10,610,610 is reported in the governmental activities and $2,416,469 is reported in the business-type activities.

Of the City’s total OPEB expense of $1,152,253, $933,779 is reported in the governmental activities (including $3,366 related to the internal service fund) and $218,474 is reported in the business-type activities.

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

At December 31, 2017, 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	$ 3,493	$ -	$ 3,493
Changes of assumptions	326,467	833,642	1,160,109
Changes in employer's proportionate percentage/ difference between employer contributions and proportionate share of contributions	65,333	-	65,333
City contributions subsequent to the measurement date	1,331	17,530	18,861
Total deferred outflows of resources	$ 396,624	$ 851,172	$ 1,247,796
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 43,089	$ 43,089
Net difference between projected and actual earnings on pension plan investments	334,012	56,235	390,247
Changes in employer's proportionate percentage/ difference between employer contributions and proportionate share of contributions	-	182,547	182,547
Total deferred inflows of resources	$ 334,012	$ 281,871	$ 615,883

$18,861 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. Of the total contributions made subsequent to the measurement date, $18,143 relates to governmental activities (including $11 related to the internal service fund) and $718 relates to business-type activities.

NOTE 16 - POSTRETIREMENT BENEFIT 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	$ 105,487	$ 60,911	$ 166,398
2020	105,487	60,911	166,398
2021	(66,190)	60,911	(5,279)
2022	(83,503)	85,707	2,204
2023	-	99,765	99,765
Thereafter	-	183,566	183,566
Total	$ 61,281	$ 551,771	$ 613,052

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan 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

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 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 %

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 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	$ 5,956,908	$ 4,483,790	$ 3,292,052

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	$ 4,290,031	$ 4,483,790	$ 4,683,938

NOTE 16 - POSTRETIREMENT BENEFIT 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.

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

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

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.

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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	$ 10,679,187	$ 8,543,289	$ 6,899,770

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	$ 6,636,563	$ 8,543,289	$ 11,112,858

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

Net Change in Fund Balance

	General fund
Budget basis	$ (968,647)
Net adjustment for revenue accruals	115,335
Net adjustment for expenditure accruals	35,045
Net adjustment for other sources/uses	(13,204)
Funds budgeted elsewhere	(2,756,740)
Adjustment for encumbrances	205,518
GAAP basis	$ (3,382,693)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the unclaimed monies fund, the recreation trust fund and the municipal income tax fund.

NOTE 18 - 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 a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material adverse effect, if any, on the financial condition of the City.

NOTE 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 classifications of fund balance. At year end, the City's commitments for encumbrances (not already included in payables) in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 196,584
Capital improvement	902,645
Other governmental	479,001
Total	$ 1,578,230

NOTE 20 - TAX ABATEMENTS

As of December 31, 2018, the City provides tax abatements through two programs: Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

<u>CRA</u> - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

NOTE 20 - TAX ABATEMENTS - (Continued)

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the “Agreement”) with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business’s property tax bill.

The City has entered into agreements to abate property taxes through these programs. During 2018, the City’s property tax revenues were reduced as a result of these agreements as follows:

Tax Abatement Program	City Taxes Abated
CRA	$ 4,766
Ezone	12,617
Total	$ 17,383

NOTE 21 - SPECIAL ITEM

During 2018, the City reported a special item for grants and expenses related to the removal of the Ballville dam (the “Dam”). The City received a $2 million U.S. Fish and Wildlife grant to assist with the removal costs. The remaining costs are financed through participation in the Water Resource Restoration Sponsor Program (WRRSP). The Ohio Environmental Protection Agency (Ohio EPA), in conjunction with the Ohio Water Development Authority (OWDA), administers the Water Pollution Control Loan Fund (WPCLF) and the Water Supply Revolving Loan Account (WSRLA). The WRRSP advances interest monies from the WPCLF sponsor projects to fund preservation and restoration of the state’s water resources. In conjunction with the WRRSP, the City has reported a $3,867,593 due from other governments receivable in both the Water fund and business-type activities related to reimbursable costs incurred by the City during 2018 and prior years and scheduled for reimbursement in 2019.

The City has reported the following revenues and expenses in the water fund and business-type activities related to the Dam removal project:

	Amount
U.S. Fish and Wildlife grant revenue	$ 1,961,575
WRRSP grant revenue	3,867,593
Dam removal expenses	(3,406,326)
Total Dam removal project, net	$ 2,422,842

NOTE 22 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	$ -	$ -	$ 207,021	$ 207,021
Prepayments	93,093	-	15,786	108,879
Total nonspendable	93,093	-	222,807	315,900
Restricted:				
Debt service	-	-	437,378	437,378
Transporation projects	-	-	733,238	733,238
Court projects	-	-	404,721	404,721
Revolving loans	-	-	384,388	384,388
R.L. Walsh trust	-	-	755,204	755,204
Other purposes	-	-	591,758	591,758
Total restricted	-	-	3,306,687	3,306,687
Committed:				
Capital projects	-	4,850,015	521,838	5,371,853
Recreation	-	-	282,876	282,876
Municipal income tax	2,748,269	-	-	2,748,269
Total committed	2,748,269	4,850,015	804,714	8,402,998
Assigned:				
General government	39,534	-	-	39,534
Securities of persons and property	123,776	-	-	123,776
Public health and welfare	350	-	-	350
Community environment	4,128	-	-	4,128
Leisure time activities	3,477	-	-	3,477
Economic environment	2,604	-	-	2,604
Recreation trust	29,893	-	-	29,893
Subsequent year appropriations	419,770	-	-	419,770
Debt service	-	-	205,850	205,850
Total assigned	623,532	-	205,850	829,382
Unassigned (deficit)	1,951,734	-	-	1,951,734
Total fund balances	$ 5,416,628	$ 4,850,015	$ 4,540,058	$ 14,806,701

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FREMONT
SANDUSKY 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

	2018	2017	2016	2015	2014
Traditional Plan:					
City's proportion of the net pension liability	0.043295%	0.042366%	0.042701%	0.042375%	0.042375%
City's proportionate share of the net pension liability	$ 6,792,146	$ 9,620,598	$ 7,396,351	$ 5,110,899	$ 4,995,460
City's covered payroll	$ 5,707,331	$ 5,385,900	$ 5,227,550	$ 5,606,342	$ 5,080,531
City's proportionate share of the net pension liability as a percentage of its covered payroll	119.01%	178.63%	141.49%	91.16%	98.33%
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	0.015831%	0.013653%	0.024830%	0.023261%	0.023261%
City's proportionate share of the net pension asset	$ 21,551	$ 7,599	$ 12,083	$ 8,956	$ 2,441
City's covered payroll	$ 64,838	$ 90,375	$ 81,633	$ 85,025	$ 92,938
City's proportionate share of the net pension asset as a percentage of its covered payroll	33.24%	8.41%	14.80%	10.53%	2.63%
Plan fiduciary net position as a percentage of the total pension asset	137.28%	116.55%	116.90%	114.83%	104.56%
Member Directed Plan:					
City's proportion of the net pension asset	0.011238%	0.011047%	0.030099%	n/a	n/a
City's proportionate share of the net pension asset	$ 392	$ 46	$ 115	n/a	n/a
City's covered payroll	$ 60,760	$ 103,158	$ 94,308	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.65%	0.04%	0.12%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	124.46%	103.40%	103.91%	n/a	n/a

Note: 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 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 FREMONT
SANDUSKY 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

	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.15078500%	0.15314500%	0.16453700%	0.16301960%	0.16301960%
City's proportionate share of the net pension liability	$ 9,254,387	$ 9,700,058	$ 10,584,777	$ 8,445,095	$ 7,939,566
City's covered payroll	$ 3,308,080	$ 3,309,112	$ 3,244,724	$ 3,529,882	$ 3,208,481
City's proportionate share of the net pension liability as a percentage of its covered payroll	279.75%	293.13%	326.22%	239.25%	247.46%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	68.36%	66.77%	72.20%	73.00%

Note: 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 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 FREMONT
SANDUSKY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

	2018	2017	2016	2015
Traditional Plan:				
Contractually required contribution	$ 829,125	$ 741,953	$ 646,308	$ 627,306
Contributions in relation to the contractually required contribution	(829,125)	(741,953)	(646,308)	(627,306)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 5,922,321	$ 5,707,331	$ 5,385,900	$ 5,227,550
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
Combined Plan:				
Contractually required contribution	$ 8,165	$ 8,429	$ 10,845	$ 9,796
Contributions in relation to the contractually required contribution	(8,165)	(8,429)	(10,845)	(9,796)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 58,321	$ 64,838	$ 90,375	$ 81,633
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
Member Directed Plan:				
Contractually required contribution	$ 3,327	$ 6,076	$ 12,379	$ 11,317
Contributions in relation to the contractually required contribution	(3,327)	(6,076)	(12,379)	(11,317)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 33,270	$ 60,760	$ 103,158	$ 94,308
Contributions as a percentage of covered payroll	10.00%	10.00%	12.00%	12.00%

Note: Information prior to 2010 was unavailable for the Traditional Plan and Combined Plan and information prior to 2015 was unavailable for the Member Directed Plan. 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

2014	2013	2012	2011	2010
$ 672,761	$ 660,469	$ 504,556	$ 497,061	$ 463,608
(672,761)	(660,469)	(504,556)	(497,061)	(463,608)
$ -	$ -	$ -	$ -	$ -
$ 5,606,342	$ 5,080,531	$ 5,045,560	$ 4,970,610	$ 5,197,399
12.00%	13.00%	10.00%	10.00%	8.92%
$ 10,203	$ 12,082	$ 6,924	$ 5,826	$ 5,382
(10,203)	(12,082)	(6,924)	(5,826)	(5,382)
$ -	$ -	$ -	$ -	$ -
$ 85,025	$ 92,938	$ 87,094	$ 73,283	$ 55,542
12.00%	13.00%	7.95%	7.95%	9.69%

CITY OF FREMONT
SANDUSKY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2018	2017	2016	2015
Police:				
Contractually required contribution	$ 382,131	$ 348,117	$ 347,013	$ 348,937
Contributions in relation to the contractually required contribution	(382,131)	(348,117)	(347,013)	(348,937)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,011,216	$ 1,832,195	$ 1,826,384	$ 1,836,511
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
Fire:				
Contractually required contribution	$ 351,301	$ 346,833	$ 348,441	$ 330,930
Contributions in relation to the contractually required contribution	(351,301)	(346,833)	(348,441)	(330,930)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,494,898	$ 1,475,885	$ 1,482,728	$ 1,408,213
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 374,445	$ 287,288	$ 248,290	$ 245,226	$ 247,179	$ 238,093
(374,445)	(287,288)	(248,290)	(245,226)	(247,179)	(238,093)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,970,763	$ 1,808,739	$ 1,947,373	$ 1,923,341	$ 1,938,659	$ 1,867,396
19.00%	15.88%	12.75%	12.75%	12.75%	12.75%
$ 366,393	$ 285,314	$ 246,301	$ 239,539	$ 254,503	$ 247,740
(366,393)	(285,314)	(246,301)	(239,539)	(254,503)	(247,740)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,559,119	$ 1,399,742	$ 1,427,832	$ 1,388,632	$ 1,475,380	$ 1,436,174
23.50%	20.38%	17.25%	17.25%	17.25%	17.25%

CITY OF FREMONT
SANDUSKY 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	0.041290%	0.040286%
City's proportionate share of the net OPEB liability	$ 4,483,790	$ 4,069,016
City's covered payroll	$ 5,832,929	$ 5,579,433
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	76.87%	72.93%
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 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 FREMONT
SANDUSKY 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	0.15078500%	0.15314500%
City's proportionate share of the net OPEB liability	$ 8,543,289	$ 7,269,449
City's covered payroll	$ 3,308,080	$ 3,309,112
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	258.26%	219.68%
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 FREMONT
SANDUSKY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 1,331	$ 60,152	$ 115,389	$ 106,184
Contributions in relation to the contractually required contribution	(1,331)	(60,152)	(115,389)	(106,184)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 6,013,912	$ 5,832,929	$ 5,579,433	$ 5,403,491
Contributions as a percentage of covered payroll	0.02%	1.03%	2.07%	1.97%

Note: Information prior to 2010 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

2014		2013		2012		2011		2010	
$	105,230	$	51,735	$	207,077	$	203,258	$	266,696
	(105,230)		(51,735)		(207,077)		(203,258)		(266,696)
$	-	$	-	$	-	$	-	$	-
$	5,691,367	$	5,173,469	$	5,132,654	$	5,043,893	$	5,252,941
	1.85%		1.00%		4.03%		4.03%		5.08%

CITY OF FREMONT
SANDUSKY 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
Police:				
Contractually required contribution	$ 10,056	$ 9,161	$ 9,132	$ 9,431
Contributions in relation to the contractually required contribution	(10,056)	(9,161)	(9,132)	(9,431)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,011,216	$ 1,832,195	$ 1,826,384	$ 1,836,511
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
Fire:				
Contractually required contribution	$ 7,474	$ 7,379	$ 7,414	$ 7,041
Contributions in relation to the contractually required contribution	(7,474)	(7,379)	(7,414)	(7,041)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,494,898	$ 1,475,885	$ 1,482,728	$ 1,408,213
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 9,101	$ 65,692	$ 131,447	$ 129,825	$ 130,859	$ 126,049
(9,101)	(65,692)	(131,447)	(129,825)	(130,859)	(126,049)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,970,763	$ 1,808,739	$ 1,947,373	$ 1,923,341	$ 1,938,659	$ 1,867,396
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%
$ 7,155	$ 50,724	$ 96,379	$ 93,733	$ 99,588	$ 96,942
(7,155)	(50,724)	(96,379)	(93,733)	(99,588)	(96,942)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,559,119	$ 1,399,742	$ 1,427,832	$ 1,388,632	$ 1,475,380	$ 1,436,174
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%

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 assumtions 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 reducted from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.

June 7, 2019

To the City Council
City of Fremont
Sandusky County, Ohio
323 South Front Street
Fremont, Ohio 43420

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fremont, Sandusky County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 7, 2019, in which we noted the City restated beginning net position balance to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Internal Control Over Financial Reporting

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

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

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

CPAs and business consultants
www.reacpa.com

Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

Lima, Ohio

June 7, 2019

To the City Council
City of Fremont
Sandusky County, Ohio
323 South Front Street
Fremont, Ohio 43420

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the City of Fremont's, Sandusky County, Ohio (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Fremont, Sandusky County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City 's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Lima, Ohio

CITY OF FREMONT
SANDUSKY COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Disbursements	Amount Paid to Subrecipients
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the Ohio Department of Development				
Community Development Block Grants States Program				
Community Development Program	14.228	A-F-16-2BP-1	$ 28,800	$ -
Community Development Program	14.228	A-F-17-2BP-1	11,250	-
Community Housing Improvement Program	14.228	A-C-15-2BP-1	23,135	-
CDBG Revolving Loan Fund	14.228	n/a	1,121	-
Total Community Development Block Grants			64,306	-
Home Investment Partnerships Program	14.239	A-C-15-2BP-2	5,330	-
Total Home Investment Partnerships Program			5,330	-
Total U.S. Department of Housing and Urban Development			69,636	-
U.S. DEPARTMENT OF THE INTERIOR				
Passed through the Ohio Department of Natural Resources				
Fish and Wildlife Management Assistance	15.608	F11AP00529	1,722,627	-
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through the Ohio Department of Transportation				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	PID#100102	230,563	-
Highway Planning and Construction	20.205	PID#102871	108,895	-
Total Highway Planning and Construction Cluster			339,458	-
Total U.S. Department of Transportation			339,458	-
Total Federal Awards Expenditures			**$ 2,131,721**	**$ -**

CITY OF FREMONT
SANDUSKY COUNTY, OHIO

Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended December 31, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Fremont (the City) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE

The current cash balance on the Governments local program income account as of December 31, 2018 is $108,043.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

CITY OF FREMONT
SANDUSKY COUNTY, OHIO
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
December 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): Fish and Wildlife Management Assistance	CFDA 15.608
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $ 750,000
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF FREMONT

SANDUSKY 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
JULY 9, 2019