City of Geneva, Ohio

Basic Financial Statements
For the Year Ended December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

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Members of Council
City of Geneva
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We have reviewed the *Independent Auditor's Report* of the City of Geneva, Ashtabula County, prepared by Ciuni & Panichi, 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 Geneva is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 14, 2019

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City of Geneva, Ohio

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Ciuni & Panichi
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Independent Auditor's Report

To the Members of City Council
City of Geneva, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Geneva, 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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To the Members of City Council
City of Geneva, Ohio

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Street Construction, Maintenance and Repair Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Standard

As described in Note 3 to the basic financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and as a result restated their December 31, 2017 net position of the governmental activities, business-type activities and Wastewater and Water Enterprise Funds. 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 and required schedules on pensions and other postemployment benefits 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 Reporting Required by *Government Auditing Standards*

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

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 27, 2019

City of Geneva, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2018

The management's discussion and analysis of the City of Geneva's (the "City") financial performance provides an overall review of the City's financial activities for the fiscal 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 are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

Financial Highlights

Key financial highlights for 2018 are as follows:

- For the year ended December 31, 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this statement resulted in the restatement of net position as of December 31, 2017 for the governmental activities, business-type activities, Wastewater and Water Enterprise Funds. See Note 3 for additional information regarding the restatement.

- The total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources at the close of 2018 by $18,194,243. This is a decrease of $126,391 over the restated 2017 net position. Net position of the City's governmental activities increased $783,170 from restated 2017, while net position of the business-type activities decreased $909,561.

- Total assets increased by $251,012 and deferred outflows of resources decreased by $513,622. The main factors affecting total assets were increases in capital assets, net (up $430,023), which were offset by decreases in equity in pooled cash and cash equivalents and accounts receivable (down $99,061 and $53,074, respectively). The main fluctuation in deferred outflows of resources related to net pension and OPEB.

- Total liabilities decreased by $949,558 and deferred inflows of resources increased by $813,339 from 2017. The main factor affecting the total liabilities was a decrease in accounts payable (down $712,450), which was the result of differences related to when project expenditures were incurred. The deferred inflows of resources were up in 2018 with deferred inflows of resources related to pension and OPEB being the biggest contributors (up $800,098).

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The City's basic financial statements are comprised of three components:

1) Government-wide financial statements,

2) Fund financial statements, and

3) Notes to the financial statements

Government-Wide Financial Statements – Reporting the City of Geneva as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position presents information on all the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City's tax base, change in property and municipal income tax laws, and the condition of the capital assets should also be considered. Both the Statement of Net Position and the Statement of Activities use the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities: most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, and general administration. Municipal income tax, state and county taxes, licenses, permits, and charges for services finance most of these activities.

- Business-type activities: the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's wastewater and water systems are reported here.

Fund Financial Statements – Reporting the City of Geneva'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 objects. 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 of Geneva can be divided into three categories: governmental, proprietary, and fiduciary funds.

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 the balance 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. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds.

The basic governmental fund financial statements can be found starting on page 19 of this report.

Proprietary Funds

The City of Geneva maintains 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 wastewater and water operations. The City does not maintain internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found starting on page 27 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the City's own programs. The fiduciary fund financial statements can be found on page 31 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 32 of this report.

Government-Wide Financial Analysis – City of Geneva as a Whole

As noted earlier, the Statement of Net Position looks at the City as a whole and can prove to be a useful indicator of the City's financial position.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred outflows of resources
- Liabilities
- Deferred inflows of resources
- Net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources)
- Program expenses and revenues
- General revenues
- Transfers
- Net position beginning and end of year

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

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets:						
Current and other assets	$ 4,604,896	$ 4,403,280	$ 2,142,349	$ 2,563,029	$ 6,747,245	$ 6,966,309
Capital assets, net	15,316,014	15,437,367	16,499,392	15,948,016	31,815,406	31,385,383
Net pension asset	32,142	5,924	16,929	3,094	49,071	9,018
Total assets	19,953,052	19,846,571	18,658,670	18,514,139	38,611,722	38,360,710
Deferred outflows of resources:						
Deferred loss on refunding	9,653	-	-	-	9,653	-
Pension	790,898	1,404,088	204,926	477,681	995,824	1,881,769
OPEB	349,196	17,653	37,826	6,699	387,022	24,352
Total deferred outflows of resources	1,149,747	1,421,741	242,752	484,380	1,392,499	1,906,121
Liabilities:						
Current liabilities	316,728	976,675	183,708	513,866	500,436	1,490,541
Long-term liabilities:						
Due within one year	458,423	534,062	666,780	724,673	1,125,203	1,258,735
Due in more than one year	2,235,513	2,779,811	7,874,994	6,570,865	10,110,507	9,350,676
Net pension liability	4,089,352	4,832,880	728,875	1,097,016	4,818,227	5,929,896
Net OPEB liability	3,387,778	2,893,552	514,013	482,322	3,901,791	3,375,874
Total liabilities	10,487,794	12,016,980	9,968,370	9,388,742	20,456,164	21,405,722
Deferred inflows of resources:						
Property taxes	410,602	397,361	-	-	410,602	397,361
Pension	487,494	27,373	202,296	11,122	689,790	38,495
OPEB	107,141	-	41,662	-	148,803	-
Payments in lieu of taxes	-	-	104,619	104,619	104,619	104,619
Total deferred inflows of resources	1,005,237	424,734	348,577	115,741	1,353,814	540,475
Net position:						
Net investment in capital assets	13,120,766	13,415,357	7,959,134	8,750,392	21,079,900	22,165,749
Restricted for:						
Capital projects	207,712	20,188	-	-	207,712	20,188
Other purposes	947,564	987,524	-	-	947,564	987,524
Unrestricted	(4,666,274)	(5,596,471)	625,341	743,644	(4,040,933)	(4,852,827)
Total net position	$ 9,609,768	$ 8,826,598	$ 8,584,475	$ 9,494,036	$ 18,194,243	$ 18,320,634

The net pension liability (NPL) is the largest liability reported by the City at December 31, 2018 and is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For 2018, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension/OPEB, the net pension/OPEB liability to the reported net position and subtracting deferred outflows related to pension/OPEB and the net pension asset.

GASB 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/OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension/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 (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension/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/OPEB. 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 liability. In Ohio, the employee shares the obligation of funding 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 health care 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/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/OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB liability is 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 the accrual basis of accounting include an annual pension/OPEB expense for their proportionate share of each plan's change in net pension/OPEB liability and net pension asset not accounted for as deferred outflows/inflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred outflows/inflows of resources related to OPEB on the accrual basis of accounting. This implementation had the effect of restating net position at December 31, 2017, from $11,702,497 to $8,826,598 for governmental activities and from $9,969,659 to $9,494,036 for business-type activities.

The largest portion of the City's net position reflects the investments in capital assets less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, they are not available for future spending. Net investment in capital assets as of December 31, 2018, was $21,079,900. Although the City's investment is reported net of related debt, it should be noted that resources to repay the debt must be provided from other sources since capital assets may not be used to liquidate these liabilities.

An additional portion of the City's net position, $1,155,276 represents resources that have been restricted on how they may be used.

The total net position of the City decreased $126,391 from 2017 primarily for the reasons mentioned in the financial highlights section above.

The Community Improvement Corporation of Geneva (CIC) is a legally separate, non-profit organization, served by a fifteen-member board composed of City officials and community representatives. Charged with the responsibilities of advancing, encouraging and promoting the industrial, economic, commercial, and civic development of the Geneva area, the CIC is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities.

Due to the nature and significance of the CIC's relationship to the City, the CIC is presented as a component unit of the City. Separately issued financial statements can be obtained from the City of Geneva. As a discretely presented component unit, the CIC is reported in a separate column in the government-wide financial statements to emphasize it is legally separated from the City.

City of Geneva, Ohio

Management's Discussion and Analysis (Unaudited) (continued)

For the Year Ended December 31, 2018

In order to further understand what makes up the changes in net position for the current year, Table 2 provides further details regarding the results of activities for the current year.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 574,868	$ 752,466	$ 2,919,765	$ 2,785,227	$ 3,494,633	$ 3,537,693
Operating grants and contributions	350,708	837,465	26,194	4,122	376,902	841,587
Capital grants and contributions	359,222	465,196	154,681	240,736	513,903	705,932
Total program revenues	1,284,798	2,055,127	3,100,640	3,030,085	4,385,438	5,085,212
General revenues:						
Property and other local taxes	481,900	475,237	-	-	481,900	475,237
Municipal income taxes	3,053,291	2,792,343	-	-	3,053,291	2,792,343
Cable franchise tax	101,734	66,897	-	-	101,734	66,897
Grants and entitlements not restricted to specific programs	325,484	215,055	-	-	325,484	215,055
Investment income	9,133	9,711	11,903	10,013	21,036	19,724
Miscellaneous income	178,910	583,876	-	-	178,910	583,876
Total general revenues	4,150,452	4,143,119	11,903	10,013	4,162,355	4,153,132
Total revenues	5,435,250	6,198,246	3,112,543	3,040,098	8,547,793	9,238,344
Program expenses:						
General government	1,377,992	2,150,355	-	-	1,377,992	2,150,355
Security of persons and property	3,112,383	2,797,204	-	-	3,112,383	2,797,204
Leisure time activities	221,719	206,416	-	-	221,719	206,416
Community development	208,574	601,118	-	-	208,574	601,118
Transportation	1,038,940	1,667,185	-	-	1,038,940	1,667,185
Interest and fiscal charges	54,101	64,681	-	-	54,101	64,681
Wastewater	-	-	1,405,476	1,421,733	1,405,476	1,421,733
Water	-	-	1,254,999	1,666,974	1,254,999	1,666,974
Total program expenses	6,013,709	7,486,959	2,660,475	3,088,707	8,674,184	10,575,666
(Decrease) increase in net position before transfers	(578,459)	(1,288,713)	452,068	(48,609)	(126,391)	(1,337,322)
Transfers	1,361,629	(1,895,864)	(1,361,629)	1,895,864	-	-
Change in net position	783,170	(3,184,577)	(909,561)	1,847,255	(126,391)	(1,337,322)
Net position at beginning of year, restated	8,826,598	n/a	9,494,036	n/a	18,320,634	n/a
Net position at end of year	$ 9,609,768	$ 8,826,598	$ 8,584,475	$ 9,494,036	$ 18,194,243	$ 18,320,634

Effects of GASB 75

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 $17,653 in the governmental activities and $6,699 in the business-type activities 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 $274,233 in the governmental activities and $42,226 in the business-type activities. 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	$ 6,013,709	$ 2,660,475
OPEB expense under GASB 75	(274,233)	(42,226)
2018 contractually required contribution	4,409	-
Adjusted 2018 program expenses	5,743,885	2,618,249
Total 2017 program expenses under GASB 45	7,486,959	3,088,707
Decrease in program expenses not related to GASB 75	$ (1,743,074)	$ (470,458)

Governmental Activities

The City's largest revenue source is municipal income tax. The City levies a municipal income tax of 1.5% on all salaries, wages, commissions and other compensation, and net profits earned within the City, as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 1% of the tax paid to another municipality.

Employers within the City are required to withhold municipal income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

In 2018, City municipal income tax revenue recorded by the governmental activities was $3,053,291, which was an increase of 9.35% from 2017.

Property and other local tax revenue recorded by the City for governmental activities is $481,900, which remained fairly consistent with the prior year. The full voted tax rate for 2018 was 8.7 mills. A mill is $1.00 for every $1,000 of assessed valuation. The annual property tax is calculated using the taxable value (market value multiplied by 35%) of the property effective tax rate levied by the City of Geneva.

Operating grants and contributions decreased $486,757 from the prior year due primarily to the City receiving $483,361 in CHIP grant funds during 2017, but this program was managed by Ashtabula County in 2018.

Expenses are categorized by programs. The largest program, security of persons and property which includes police, fire, and public safety was 51.75% of governmental expenses and increased $315,179, or 11.27%, from the prior year. The majority of the increase was due to increased OPEB expenses as a result of the actuarial estimate of the net OPEB liability for OP&F. Training plays a crucial role in keeping up with rapidly changing laws, practices and technology. Training among employees is performed in-house, attending seminars/conferences, continuing education classes, practice drills and watching training videos. The second largest program is general government, which covers the daily activity of the operations of the City. The general government expenditures were 22.91% of the governmental expenses and decreased $772,363, or 35.92%, from the prior year. Decrease was primarily a result of the City's loss on disposal of the West Main property in the prior year. The third largest program, transportation which covers the City's road maintenance and construction. Transportation expenses were 17.28% of governmental expenses and decreased $628,245, or 37.68%, from the prior year. Decrease related primarily to prior year losses on disposals which did not occur in the current year and lower repairs and maintenance costs.

Business-Type Activities

The business-type activities of the City, which include the City's wastewater and water operations, decreased the City's net position by $909,561. This decrease is mainly due to the reclassification of OPWC and OWDA loan obligations from governmental activities to business-type activities in the current year, as described further at Note 9.

The City's sanitary sewer and wastewater treatment system services not only the City, but a few surrounding communities. The Water Fund accounts for distribution of water to individuals and commercial users in various parts of the City.

The City's Funds

Governmental Funds

Information about the City's major funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting.

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

As of the end of the year, the City's governmental funds reported combined ending fund balances of $2,849,909. In 2018, the unassigned fund balance, which is available for spending at the government's discretion, is at $1,654,016.

The General Fund is the main operating fund of the City. At the end of 2018, total fund balance for the General Fund was $1,886,278, of which $1,654,016 was unassigned for financial reporting purposes.

General Fund Budgeting Highlights

The most significant budgeted fund is the General Fund. Over the course of the year, the City Council revised the City's General Fund budget to prevent budget overruns.

For the General Fund, the original budgeted revenues and other financing sources were $4,666,491. The final budgeted revenues and other financing sources were $4,113,099. The City actually received $4,283,002 in 2018. While the excess was a result of greater than anticipated revenues across several revenue types, the more significant variances were related to municipal income tax revenues and charge for services.

The original appropriations, including other financing uses for the General Fund were $5,100,585. The final appropriations, including other financing uses, were $5,172,330. Actual expenditures, including other financing uses ended $925,351 below the final budgeted amount primarily due to decreases in transfer and advance expenditures.

Business-Type Funds

The City's major enterprise funds consist of the Wastewater Fund and Water Fund. The basic financial statements for the major funds are included in this report.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the Wastewater and Water Funds. The basic proprietary fund financial statements can be found on page 27 through 30 of this report.

Capital Assets and Debt Administration

Capital Assets

At the end of 2018, the City of Geneva had net book value of $31,815,406 in a broad range of capital assets.

Table 3 shows fiscal 2018 balances of capital assets as compared to 2017:

Table 3
Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	$ 884,215	$ 884,215	$ -	$ -	$ 884,215	$ 884,215
Building and land improvements	5,072,261	5,047,086	4,493,101	4,493,101	9,565,362	9,540,187
Machinery and equipment	1,682,063	1,676,563	1,531,204	1,506,962	3,213,267	3,183,525
Vehicles	2,065,413	1,600,718	451,278	425,114	2,516,691	2,025,832
Infrastructure	25,467,125	25,238,581	17,919,233	15,282,545	43,386,358	40,521,126
Intangibles	-	-	38,831	38,831	38,831	38,831
Historical treasurers	46,378	46,378	-	-	46,378	46,378
Construction in progress	102,471	-	605,580	2,168,931	708,051	2,168,931
Less: accumulated depreciation	(20,003,912)	(19,056,174)	(8,539,835)	(7,967,468)	(28,543,747)	(27,023,642)
Total capital assets	$ 15,316,014	$ 15,437,367	$ 16,499,392	$ 15,948,016	$ 31,815,406	$ 31,385,383

The decrease in governmental activities capital assets was due to depreciation exceeding current year additions. The increase in business-type capital assets was due to the increase in infrastructure assets. Multiple projects are funded with loans from the Ohio Public Works Commission and Ohio Water Development Authority.

More detailed information about the City's capital assets is presented in Note 8 to the financial statements.

Debt and Other Long-Term Liabilities

At December 31, 2018, the City of Geneva had $19,955,728 in total debt and other long-term obligations outstanding with $1,125,203 due within one year. Table 4 summarizes the outstanding obligations of the City.

Table 4
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Totals	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
General obligation bonds	$ 1,515,768	$ 1,008,000	$ -	$ -	$ 1,515,768	$ 1,008,000
OPWC loans	806,315	896,795	688,286	589,753	1,494,601	1,486,548
OWDA loans	-	886,899	7,778,049	6,575,314	7,778,049	7,462,213
Capital leases	64,110	206,417	22,959	32,557	87,069	238,974
Accrued compensated absences	307,743	315,762	52,480	97,914	360,223	413,676
Net pension liability	4,089,352	4,832,880	728,875	1,097,016	4,818,227	5,929,896
Net OPEB liability	3,387,778	2,893,552	514,013	482,322	3,901,791	3,375,874
Total	$ 10,171,066	$ 11,040,305	$ 9,784,662	$ 8,874,876	$ 19,955,728	$ 19,915,181

The City is within all of its legal debt limitations. The Ohio Revised Code provides that the net debt (as defined by Ohio Revised Code) 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 un-voted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by the ratio of net debt to tax valuation and expressed in terms of percentage. The aggregate amount of the City's un-voted debt is also subject to overlapping debt restrictions within other political subdivisions. The actual aggregate amount of the City's un-voted debt, when added to that of other political subdivisions within the respective counties in which the City lies, is limited to ten mills. This millage is measured against the property values in each overlapping district.

More detailed information about the City's long-term liabilities is presented in Notes 9, 10, 11, and 12 to the financial statements.

Current Related Financial Activities

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget. The economy is one factor that is recognized in the challenging budget process along with basic operating costs of the City such as negotiated salary increases, benefits, and infrastructure.

The General Fund's expenditures are expected to increase during 2019 mainly with respect to benefits, fuel, and utilities. The City recognizes that declining tax revenue coupled with the cost of inflation and expenditure increases will require the City to continue a pattern of cost containment while pursuing new revenue sources. Current revenue sources include the City's participation in the Joint Economic Development District I, District II and District III with Harpersfield Township. The City has also been successful in obtaining grants from various sources to aid in capital projects.

Contacting the City of Geneva's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for all money it receives, spends, or invests. If you have any questions about this report or need additional financial information, contact Finance Director, Jennifer Cecil, City of Geneva, at 440-466-3316.

City of Geneva, Ohio

Statement of Net Position

December 31, 2018

	Governmental Activities	Business-Type Activities	Total	Component Unit Community Improvement Corporation of Geneva
Assets:				
Equity in pooled cash and cash equivalents	$ 2,627,372	$ 1,389,946	$ 4,017,318	$ 57,931
Cash held as fiscal agent	-	-	-	82,774
Materials and supplies inventory	9,612	52,353	61,965	-
Accounts receivable	107,737	453,571	561,308	-
Intergovernmental receivable	311,367	106,641	418,008	-
Prepaid items	109,259	23,223	132,482	-
Municipal income taxes receivable	730,167	-	730,167	-
Property taxes receivable	419,762	-	419,762	-
Special assessment receivable	289,620	116,615	406,235	-
Loans receivable	-	-	-	5,913
Non-depreciable capital assets	1,033,064	644,411	1,677,475	44,000
Depreciable capital assets, net	14,282,950	15,854,981	30,137,931	25,422
Net pension asset	32,142	16,929	49,071	-
Total assets	19,953,052	18,658,670	38,611,722	216,040
Deferred outflows of resources:				
Deferred loss on refunding	9,653	-	9,653	-
Pension	790,898	204,926	995,824	-
OPEB	349,196	37,826	387,022	-
Total deferred outflows of resources	1,149,747	242,752	1,392,499	-
Liabilities:				
Accounts payable	79,959	59,829	139,788	175
Accrued wages and benefits	160,356	35,192	195,548	-
Funds held as fiscal agent	-	-	-	82,774
Intergovernmental payable	38,255	47,873	86,128	1,038
Due to primary government	-	-	-	44,558
Accrued interest payable	7,875	314	8,189	-
Unearned revenue	30,283	40,500	70,783	-
Long-term liabilities:				
Due within one year	458,423	666,780	1,125,203	-
Due in more than one year:				
Other amounts due in more than one year	2,235,513	7,874,994	10,110,507	-
Net pension liability	4,089,352	728,875	4,818,227	-
Net OPEB liability	3,387,778	514,013	3,901,791	
Total liabilities	10,487,794	9,968,370	20,456,164	128,545
Deferred inflows of resources:				
Property taxes	410,602	-	410,602	-
Pension	487,494	202,296	689,790	-
OPEB	107,141	41,662	148,803	-
Payments in lieu of taxes	-	104,619	104,619	-
Total deferred inflows of resources	1,005,237	348,577	1,353,814	-
Net position:				
Net investment in capital assets	13,120,766	7,959,134	21,079,900	-
Restricted for:				
Capital projects	207,712	-	207,712	-
Other purposes	947,564	-	947,564	-
Unrestricted	(4,666,274)	625,341	(4,040,933)	87,495
Total net position	$ 9,609,768	$ 8,584,475	$ 18,194,243	$ 87,495

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

City of Geneva, Ohio

Statement of Activities

For the Year Ended December 31, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 1,377,992	$ 66,813	$ 17,057	$ 196,600
Security of persons and property	3,112,383	379,464	20	79,702
Leisure time activities	221,719	84,280	-	-
Community development	208,574	34,655	63,101	-
Transportation	1,038,940	9,656	270,530	82,920
Interest and fiscal charges	54,101	-	-	-
Total governmental activities	6,013,709	574,868	350,708	359,222
Business-type activities:				
Wastewater	1,405,476	1,424,247	26,194	105,487
Water	1,254,999	1,495,518	-	49,194
Total business-type activities	2,660,475	2,919,765	26,194	154,681
Total primary government	$ 8,674,184	$ 3,494,633	$ 376,902	$ 513,903
Component unit:				
Community Improvement Corporation of Geneva	$ 28,734	$ -	$ 31,179	$ -

General revenues:
- Property and other local taxes levied for:
  - General purposes
  - Other purposes
- Municipal income taxes levied for:
  - General purposes
- Cable franchise tax
- Grants and entitlements not restricted to specific programs
- Investment income
- Miscellaneous income

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, restated

Net position at end of year

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

Governmental Activities	Business-Type Activities	Total	Component Unit Community Improvement Corp. of Geneva
Net (Expense) Revenue and Changes in Net Position			
Primary Government			
$ (1,097,522)	$ -	$ (1,097,522)	$ -
(2,653,197)	-	(2,653,197)	-
(137,439)	-	(137,439)	-
(110,818)	-	(110,818)	-
(675,834)	-	(675,834)	-
(54,101)	-	(54,101)	-
(4,728,911)	-	(4,728,911)	-
-	150,452	150,452	-
-	289,713	289,713	-
-	440,165	440,165	-
(4,728,911)	440,165	(4,288,746)	-
-	-	-	2,445
307,499	-	307,499	-
174,401	-	174,401	-
3,053,291	-	3,053,291	-
101,734	-	101,734	-
325,484	-	325,484	-
9,133	11,903	21,036	12
178,910	-	178,910	3,925
1,361,629	(1,361,629)	-	-
5,512,081	(1,349,726)	4,162,355	3,937
783,170	(909,561)	(126,391)	6,382
8,826,598	9,494,036	18,320,634	81,113
$ 9,609,768	$ 8,584,475	$ 18,194,243	$ 87,495

City of Geneva, Ohio

Balance Sheet
Governmental Funds

December 31, 2018

	General	Street Construction, Maintenance, and Repair	Vehicle and Major Equipment	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	$ 1,548,253	$ 129,535	$ 155,292	$ 794,292	$ 2,627,372
Materials and supplies inventory	-	9,612	-	-	9,612
Accounts receivable	107,737	-	-	-	107,737
Interfund receivable	111,376	-	-	-	111,376
Intergovernmental receivable	156,946	128,356	-	26,065	311,367
Prepaid items	90,416	18,343	-	500	109,259
Municipal income taxes receivable	730,167	-	-	-	730,167
Property taxes receivable	266,024	-	-	153,738	419,762
Special assessments receivable	31,541	-	-	258,079	289,620
Total assets	$ 3,042,460	$ 285,846	$ 155,292	$ 1,232,674	$ 4,716,272
Liabilities, deferred inflows of resources, and fund balances:					
Liabilities:					
Accounts payable	$ 17,659	$ 14,435	$ -	$ 47,865	$ 79,959
Accrued wages and benefits	141,015	19,341	-	-	160,356
Interfund payable	-	-	-	111,376	111,376
Intergovernmental payable	30,430	6,039	-	1,786	38,255
Unearned revenue	30,283	-	-	-	30,283
Total liabilities	219,387	39,815	-	161,027	420,229
Deferred inflows of resources:					
Property taxes	259,770	-	-	150,832	410,602
Unavailable revenues	677,025	82,350	-	276,157	1,035,532
Total deferred inflows of resources	936,795	82,350	-	426,989	1,446,134
Fund balances:					
Nonspendable	90,416	27,955	-	500	118,871
Restricted	-	135,726	-	644,158	779,884
Committed	-	-	155,292	-	155,292
Assigned	141,846	-	-	-	141,846
Unassigned	1,654,016	-	-	-	1,654,016
Total fund balances	1,886,278	163,681	155,292	644,658	2,849,909
Total liabilities, deferred inflows of resources, and fund balances	$ 3,042,460	$ 285,846	$ 155,292	$ 1,232,674	$ 4,716,272

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

City of Geneva, Ohio

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

December 31, 2018

Total governmental funds balances			$ 2,849,909
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			15,316,014
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
	Property and other taxes	$ 9,160	
	Municipal income taxes	498,905	
	Special assessments	289,620	
	Charges for services	70,500	
	Intergovernmental	167,347	
	Total		1,035,532
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.			(7,875)
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.			
	General obligation bonds	(1,515,768)	
	OPWC loans	(806,315)	
	Deferred loss on refunding	9,653	
	Capital leases	(64,110)	
	Accrued compensated absences	(307,743)	
	Total		(2,684,283)
The net pension asset/liability are not due in the current period; therefore, the asset/liability and related deferred outflows/inflows are not reported in the governmental funds:			
	Net pension asset	32,142	
	Deferred outflows	790,898	
	Net pension liability	(4,089,352)	
	Deferred inflows	(487,494)	
	Total		(3,753,806)

(Continued)

City of Geneva, Ohio

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities (continued)

December 31, 2018

The net OPEB liability is not due in the current period; therefore, the liability and related deferred outflows/inflows are not reported in governmental funds.

Deferred outflows	349,196	
Net OPEB liability	(3,387,778)	
Deferred inflows	(107,141)	
Total		(3,145,723)
Net position of governmental activities		$ 9,609,768

City of Geneva, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Year Ended December 31, 2018

	General	Street Construction, Maintenance, and Repair	Vehicle and Major Equipment	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and other local taxes	$ 310,991	$ -	$ -	$ 174,401	$ 485,392
Municipal income taxes	3,085,184	-	-	-	3,085,184
Intergovernmental	273,972	290,661	-	280,266	844,899
Charges for services	400,679	-	-	-	400,679
Licenses, permits and fees	189,005	39,324	-	8,702	237,031
Special assessments	-	-	-	227,433	227,433
Investment income	7,815	-	-	1,318	9,133
Miscellaneous income	144,363	9,656	-	119,574	273,593
Total revenues	4,412,009	339,641	-	811,694	5,563,344
Expenditures:					
Current operations and maintenance:					
General government	1,080,273	-	-	217,311	1,297,584
Security of persons and property	2,061,321	-	-	554,206	2,615,527
Leisure time activities	208,538	-	-	-	208,538
Community development	131,651	-	-	66,777	198,428
Transportation	-	586,671	-	11,498	598,169
Capital outlay	-	-	461,965	289,314	751,279
Debt service:					
Principal retirement	6,301	51,278	182,203	95,000	334,782
Interest and fiscal charges	2,178	-	15,721	50,857	68,756
Total expenditures	3,490,262	637,949	659,889	1,284,963	6,073,063
Excess of revenues over (under) expenditures	921,747	(298,308)	(659,889)	(473,269)	(509,719)
Other financing sources (uses):					
Sale of capital assets	583	-	-	-	583
Issuance of bonds	-	-	617,062	819,903	1,436,965
Loan proceeds	-	-	-	50,000	50,000
Payment to refunded bond escrow agent	-	-	-	(797,653)	(797,653)
Transfers – in	-	298,601	186,554	1,069,424	1,554,579
Transfers – out	(772,267)	-	-	(144)	(772,411)
Total other financing sources (uses)	(771,684)	298,601	803,616	1,141,530	1,472,063
Net change in fund balances	150,063	293	143,727	668,261	962,344
Fund balances at beginning of year	1,736,215	163,388	11,565	(23,603)	1,887,565
Fund balances at end of year	$ 1,886,278	$ 163,681	$ 155,292	$ 644,658	$ 2,849,909

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

City of Geneva, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds			$	962,344
Amounts reported for governmental activities in the Statement of Activities are different because:				
Governmental funds report capital outlay as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.				
Capital outlay	$	826,385		
Depreciation		(947,738)		
Total				(121,353)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.				
Property and other local taxes		(3,492)		
Municipal income taxes		(31,893)		
Special assessments		(81,125)		
Charges for services		(15,667)		
Intergovernmental		3,500		
Total				(128,677)
Repayments of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.				1,132,435
Debt proceeds for a capital project that relates to wastewater activity that is being assumed by the Wastewater Fund.				976,101
Other financing sources in the governmental funds that increase long-term liabilities in the Statement of Net Position.				
Issuance of general obligation bonds		(1,436,965)		
Loan proceeds		(50,000)		
Total				(1,486,965)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				
Accrued compensated absences		8,019		
Accrued interest on debt		14,655		
Total				22,674

(continued)

City of Geneva, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (continued)

For the Year Ended December 31, 2018

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		352,486
Except for amounts reported as deferred outflows/inflows, changes in the net position liability are reported as pension/OPEB expense in the Statement of Activities.		(925,875)
Change in net position of governmental activities	$	783,170

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

City of Geneva, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund

For the Year Ended December 31, 2018

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and other local taxes	$ 285,391	$ 325,112	$ 315,673	$ (9,439)
Municipal income taxes	3,812,585	2,974,500	3,050,513	76,013
Intergovernmental	115,267	164,936	185,886	20,950
Charges for services	260,846	373,244	420,653	47,409
Licenses, permits and fees	106,297	152,100	171,420	19,320
Investment income	4,846	6,934	7,815	881
Miscellaneous income	80,897	115,756	130,459	14,703
Total revenues	4,666,129	4,112,582	4,282,419	169,837
Expenditures:				
Current operations and maintenance:				
General government	1,255,469	1,224,289	1,147,366	76,923
Security of persons and property	2,239,396	2,183,780	2,046,571	137,209
Leisure time activities	221,142	215,649	202,100	13,549
Community development	80,761	78,755	73,807	4,948
Debt service	5,327	5,194	4,868	326
Total expenditures	3,802,095	3,707,667	3,474,712	232,955
Excess of revenues over (under) expenditures	864,034	404,915	807,707	402,792
Other financing sources (uses):				
Sale of capital assets	362	517	583	66
Advances – out	(200,000)	(200,000)	-	200,000
Transfers – out	(1,098,490)	(1,264,663)	(772,267)	492,396
Total financing sources (uses)	(1,298,128)	(1,464,146)	(771,684)	692,462
Net change in fund balance	(434,094)	(1,059,231)	36,023	1,095,254
Prior year encumbrances appropriated	31,159	31,159	31,159	-
Fund balance at beginning of year	1,433,241	1,433,241	1,433,241	-
Fund balance at end of year	$ 1,030,306	$ 405,169	$ 1,500,423	$ 1,095,254

City of Geneva, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget
(Non-GAAP Budgetary Basis) and Actual – Street Construction, Maintenance and Repair Fund

For the Year Ended December 31, 2018

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 402,564	$ 394,344	$ 288,035	$ (106,309)
Licenses, permits and fees	54,960	53,838	39,324	(14,514)
Miscellaneous income	13,645	13,367	9,763	(3,604)
Total revenues	471,169	461,549	337,122	(124,427)
Expenditures:				
Current operations and maintenance:				
Transportation	848,164	759,113	602,330	156,783
Debt service	54,528	54,528	54,528	-
Total expenditures	902,692	813,641	656,858	156,783
Excess of revenues over (under) expenditures	(431,523)	(352,092)	(319,736)	32,356
Other financing sources (uses):				
Transfers – in	417,332	408,810	298,601	(110,209)
Net change in fund balance	(14,191)	56,718	(21,135)	(77,853)
Prior year encumbrances appropriated	32,553	32,553	32,553	-
Fund balance at beginning of year	113,118	113,118	113,118	-
Fund balance at end of year	$ 131,480	$ 202,389	$ 124,536	$ (77,853)

City of Geneva, Ohio

Statement of Fund Net Position –
Proprietary Funds

December 31, 2018

	Wastewater Fund	Water Fund	Total Business-Type Activities
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	$ 765,898	$ 624,048	$ 1,389,946
Materials and supplies inventory	6,333	46,020	52,353
Accounts receivable	273,528	180,043	453,571
Intergovernmental receivable	106,641	-	106,641
Prepaid items	17,602	5,621	23,223
Special assessments receivable	109,642	6,973	116,615
Total current assets	1,279,644	862,705	2,142,349
Noncurrent assets:			
Non-depreciable capital assets	359,874	284,537	644,411
Depreciable capital assets, net	8,342,135	7,512,846	15,854,981
Net pension asset	11,041	5,888	16,929
Total noncurrent assets	8,713,050	7,803,271	16,516,321
Total assets	9,992,694	8,665,976	18,658,670
Deferred outflows of resources:			
Pension	133,372	71,554	204,926
OPEB	24,669	13,157	37,826
Total deferred outflows of resources	158,041	84,711	242,752
Liabilities:			
Current liabilities:			
Accounts payable	48,980	10,849	59,829
Accrued wages and benefits	22,095	13,097	35,192
Intergovernmental payable	7,183	40,690	47,873
Accrued interest payable	167	147	314
Unearned revenue	40,500	-	40,500
OWDA loans payable	223,214	348,851	572,065
OPWC loan payable	29,138	23,579	52,717
Capital leases payable	1,838	13,238	15,076
Accrued compensated absences	11,013	15,909	26,922
Total current liabilities	384,128	466,360	850,488
Long-term liabilities (net of current portion):			
OWDA loans payable	2,395,656	4,810,328	7,205,984
OPWC loan payable	375,394	260,175	635,569
Capital leases payable	7,883	-	7,883
Accrued compensated absences	22,760	2,798	25,558
Net pension liability	475,353	253,522	728,875
Net OPEB liability	335,226	178,787	514,013
Total long-term liabilities	3,612,272	5,505,610	9,117,882
Total liabilities	3,996,400	5,971,970	9,968,370
Deferred inflows of resources:			
Pension	126,768	75,528	202,296
OPEB	27,171	14,491	41,662
Payments in lieu of taxes	104,619	-	104,619
Total deferred inflows of resources	258,558	90,019	348,577
Net position:			
Net investment in capital assets	5,628,569	2,330,565	7,959,134
Unrestricted	267,208	358,133	625,341
Total net position	$ 5,895,777	$ 2,688,698	$ 8,584,475

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

City of Geneva, Ohio

Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds

For the Year Ended December 31, 2018

	Wastewater Fund	Water Fund	Total Business-Type Activities
Operating revenues:			
Charges for services	$ 1,424,147	$ 1,495,318	$ 2,919,465
Miscellaneous income	100	200	300
Total operating revenues	1,424,247	1,495,518	2,919,765
Operating expenses:			
Personal services	644,037	405,806	1,049,843
Supplies and materials	92,940	28,668	121,608
Contractual services	316,722	344,927	661,649
Depreciation	303,894	268,473	572,367
Total operating expenses	1,357,593	1,047,874	2,405,467
Operating income	66,654	447,644	514,298
Non-operating revenues (expenses):			
Intergovernmental	2,352	73,036	75,388
Investment income	5,784	6,119	11,903
Interest and fiscal charges	(47,883)	(207,125)	(255,008)
Payments in lieu of taxes	105,487	-	105,487
Assumption of OPWC and OWDA loans	(976,101)	-	(976,101)
Total non-operating revenues (expenses)	(910,361)	(127,970)	(1,038,331)
Income before transfers and contributed capital	(843,707)	319,674	(524,033)
Transfers – out	(782,168)	-	(782,168)
Contributed capital	285,746	110,894	396,640
Change in net position	(1,340,129)	430,568	(909,561)
Net position at beginning of year, restated	7,235,906	2,258,130	9,494,036
Net position at end of year	$ 5,895,777	$ 2,688,698	$ 8,584,475

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

City of Geneva, Ohio

Statement of Cash Flows –
Proprietary Funds

For the Year Ended December 31, 2018

	Wastewater Fund	Water Fund	Total Business-type Activities
Increase in cash and cash equivalents:			
Cash flows from operating activities:			
Cash received from customers	$ 1,436,785	$ 1,491,147	$ 2,927,932
Cash payments for personal services	(627,035)	(341,033)	(968,068)
Cash payments for contractual services	(352,375)	(650,404)	(1,002,779)
Cash payments for vendors for supplies and materials	(91,841)	(41,804)	(133,645)
Other operating revenues	100	200	300
Net cash provided by operating activities	365,634	458,106	823,740
Cash flows from non-capital financing activities:			
Grant proceeds	2,352	-	2,352
Cash flows from capital and related financing activities:			
Proceeds from OWDA loan	979,101	-	979,101
Proceeds from OPWC loan	60,798	923	61,721
Capital contributions and grants	105,487	49,194	154,681
Principal paid on OWDA loans	(341,005)	(324,557)	(665,562)
Principal paid on OPWC loan	(27,888)	(23,579)	(51,467)
Principal paid on capital leases	(7,016)	(12,747)	(19,763)
Interest paid on OWDA loans	(40,675)	(183,319)	(223,994)
Interest paid on capital leases	(330)	(870)	(1,200)
Acquisition of capital assets	(310,862)	(398,202)	(709,064)
Transfers – out	(782,168)	-	(782,168)
Net cash used by capital and related financing activities	(364,558)	(893,157)	(1,257,715)
Cash flows from investing activities:			
Interest received	5,807	6,119	11,926
Net increase (decrease) in cash and cash equivalents	9,235	(428,932)	(419,697)
Cash and cash equivalents at beginning of year	756,663	1,052,980	1,809,643
Cash and cash equivalents at end of year	$ 765,898	$ 624,048	$ 1,389,946

(Continued)

City of Geneva, Ohio

Statement of Cash Flows –
Proprietary Funds (continued)

For the Year Ended December 31, 2018

	Wastewater Fund	Water Fund	Total Business-type Activities
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 66,654	$ 447,644	$ 514,298
Adjustments:			
Depreciation	303,894	268,473	572,367
(Increase) decrease in assets and deferred outflows:			
Accounts receivable	54,859	(521)	54,338
Intergovernmental receivable	2,203	1,004	3,207
Prepaid items	(1,105)	(1,289)	(2,394)
Materials and supplies inventory	1,433	(11,385)	(9,952)
Special assessment receivable	(40,508)	(3,731)	(44,239)
Net pension asset	(9,055)	(4,780)	(13,835)
Deferred outflows – pension	173,265	99,490	272,755
Deferred outflows – OPEB	(20,300)	(10,827)	(31,127)
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	(37,925)	4,390	(33,535)
Accrued wages and benefits	(8,023)	180	(7,843)
Matured compensated absences	(24,563)	-	(24,563)
Accrued compensated absences	(39,578)	2,798	(36,780)
Intergovernmental payable	5,768	(291,111)	(285,343)
Net pension liability	(228,853)	(139,288)	(368,141)
Net OPEB liability	20,668	11,023	31,691
Deferred inflows – pension	119,629	71,545	191,174
Deferred inflows – OPEB	27,171	14,491	41,662
Net cash provided by operating activities	$ 365,634	$ 458,106	$ 823,740
Supplemental schedule of non-cash capital and related financing activities:			
Loan interest capitalized to principal	$ 3,061	$ -	$ 3,061
Contributed capital	285,746	110,894	396,640
Capital assets purchased on account	40,317	10,647	50,964
Loan received by Capital Projects Fund assumed by Wastewater Fund	976,101	-	976,101
Capital assets financed with capital lease	10,165	-	10,165
OWDA loan subsidy	-	764	764

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

City of Geneva, Ohio

Statement of Fiduciary Assets and Liabilities –
Fiduciary Funds

December 31, 2018

		Agency
Assets:		
Equity in pooled cash and cash equivalents	$	21,929
Property taxes receivable		24,183
Intergovernmental receivable		1,662
Total assets	$	47,774
Liabilities:		
Due to others	$	23,591
Deferred inflows of resources:		
Property taxes		24,183
Total liabilities and deferred inflows of resources	$	47,774

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

Note 1: The Reporting Entity

The City of Geneva (the "City") is a home rule municipal corporation duly organized and existing under the constitution and laws of the State of Ohio. The City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws. The City was incorporated as a city in 1958. The City operates under its own charter and is governed by a City Manager-Council form of government, which was adopted on November 2, 1957. Members of Council are elected to four-year staggered terms.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that 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. For the City of Geneva, this includes police protection, firefighting and prevention, street construction, maintenance and repairs, building inspection, parks and recreation, wastewater, water distribution, and the community center.

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; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes.

A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separated from the City.

The Community Improvement Corporation of Geneva (CIC) is a legally separate, non-profit organization, served by a fifteen-member board composed of City officials and community representatives. Charged with the responsibilities of advancing, encouraging and promoting the industrial, economic, commercial, and civic development of the Geneva area, the CIC is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. Due to the nature and significance of the CIC's relationship to the City, the CIC is presented as a component unit of the City. Separately issued financial statements can be obtained from the City of Geneva.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component unit is presented in Note 19.

The City is associated with two jointly governed organizations, the Ashtabula County General Health District and the Geneva Union Cemeteries District, a regional council of governments, Northeast Ohio Public Energy Council and three joint economic development districts (JEDD), JEDD-I, JEDD-II and JEDD-III. These organizations are presented in Note 18 to the basic financial statements.

Note 2: Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (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. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal activity 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 of the City. 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 not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

Note 2: Summary of Significant Accounting Policies (continued)

B. 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 liabilities and deferred inflows of resources is reported as fund balance.

The following are the City's major governmental funds:

> *General Fund* – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio.
>
> *Street Construction, Maintenance and Repair Fund* – The Street Construction, Maintenance and Repair Special Revenue Fund (SCMR) accounts for the portion of the state gasoline tax and motor vehicle registration fees restricted for maintenance of streets within the City.
>
> *Vehicle and Major Equipment Fund* – The Vehicle and Major Equipment Fund accounts for debt proceeds and fund transfers received for the purchase of vehicles and equipment for the City.

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

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. The City has no internal service funds.

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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

> *Wastewater Fund* – The Wastewater Fund accounts for the wastewater service provided to residential and commercial users within the City.
>
> *Water Fund* – The Water Fund accounts for the provision of water distribution to residential and commercial users within the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has eleven agency funds: JEDD-I District Board Fund, JEDD-II District Board Fund, JEDD-III District Board Fund, JEDD-I Harpersfield Township Fund, JEDD-II Harpersfield Township Fund, JEDD-III Harpersfield Township Fund, JEDD-I Sanitary Sewer Fund, Fire Fund, Wireless Telecommunications Fund, the Geneva Union Cemetery Fund and Milwood Subdivision Phase II Fund. The JEDD-I, JEDD-II and JEDD III District Board Funds, JEDD-I, JEDD-II and JEDD III Harpersfield Township Funds, and JEDD-I Sanitary Sewer Fund account for municipal income tax collected by the City for these JEDDs. The Fire Fund accounts for the money insurance companies must deposit with the City for repair, removal, or securing of buildings in the event of a fire. Once the project is complete, the funds are returned. The Wireless Telecommunications Fund accounts for wireless network deposits held on escrow by the City for the use of cell towers. The funds will be returned when the network no longer utilizes the cell tower. The Geneva Union Cemetery Fund accounts for property taxes collected by the City on behalf of the Cemetery. These funds are then disbursed to the Cemetery. The Millwood Subdivision Phase II Fund was created for sanitary sewer manhole repairs that become necessary in the Millwood Subdivision Phase II development area. The repairs are funded by deposits made by the Lake Erie Land Company upon the sale of each lot in the Millwood Subdivision Phase II. Any monies remaining in the fund on March 1, 2022 shall be returned to the Lake Erie Land Company without interest.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position, except for fiduciary funds. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Note 2: Summary of Significant Accounting Policies (continued)

C. Measurement Focus (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 and current liabilities and deferred inflows of resources 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities 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.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows – unavailable revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned.

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

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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 non-exchange 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: municipal income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and entitlements, and rentals.

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2018, the City had deferred outflows of resources for deferred loss on refunding, pension and OPEB plans reported in the government-wide Statement of Net Position and the proprietary funds Statement of Fund Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the financial statements may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be a recognized as inflow of resources (revenue) until that time.

For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue and amounts for pension and OPEB plans. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, special assessments and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position and in the proprietary funds Statement of Fund Net Position.

The deferred outflows and inflows of resources related to pension and OPEB plans are explained in Note 11 and Note 12.

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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.

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount City Council may appropriate. The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of budgetary control has been established by City Council at the personal services and other expenditure object levels within each department for all funds. Budgetary modifications for each fund may only be made by ordinance of the City Council.

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

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

F. Cash and Cash Equivalents

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

During 2018, investments were limited to STAR Ohio.

Note 2: Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents (continued)

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 the City has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The City measures their 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 a NAV per share that approximates fair value.

For the year ended 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 amounted to $7,815, of which, $1,697 was from other funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

G. Materials and Supplies Inventory

Inventories are stated at cost, on the first-in, first-out basis. At December 31, 2018, the Street Construction, Maintenance and Repair Fund, Wastewater Fund, and Water Fund maintained the only significant inventory. The costs of governmental fund type inventories are recorded as expenditures in the fund when used. The nonspendable fund balance for inventory accounts indicate that a portion of the fund balance is not available for future expenditures. For proprietary funds, inventory is expended when consumed.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Note 2: Summary of Significant Accounting Policies (continued)

I. 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 fixed assets are reported at acquisition value. The City maintains a capitalization threshold of $5,000. The City's infrastructure consists of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Improvements that add to the value of the asset or materially extend the life of an asset 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. Interest incurred during the construction of capital assets is also capitalized.

All capital assets are depreciated except for land, construction in progress, historical treasurers, and intangibles. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings/land improvements	50 years
Equipment	3-20 years
Vehicles	6-20 years
Infrastructure	50 years

J. Payables, 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. Bonds and long-term loans are recognized as a liability on the fund financial statements when due.

Note 2: Summary of Significant Accounting Policies (continued)

K. Compensated Absences

The liability for compensated absences is based on the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31st 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 fiscal year-end, taking into consideration any limits specified in the City's termination policy.

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

L. 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City Council's Resolutions). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Note 2: Summary of Significant Accounting Policies (continued)

L. Fund Balance (continued)

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be re-deployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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 or 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 the City Council or a City official delegated that authority by the City Council. The Finance Director is the City's delegated official.

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 used only to report a deficit 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 either restricted or unrestricted (committed, assigned, and unassigned), amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

M. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for streets, grants, police, and fire.

The City applies restricted resources 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)

N. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivable/payable". Interfund loans which do not represent available expendable resources are offset by nonspendable fund balance accounts. Interfund balance amounts are eliminated in the Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater and water. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

P. 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 non-operating 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 financial statements.

Q. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liabilities and asset, deferred outflows of resources and deferred inflows of resources related to 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 positon have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

R. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2: Summary of Significant Accounting Policies (continued)

S. *Capital Contributions*

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction and from contributions from governmental funds. These are shown as transfers on the Statement of Activities. During 2018, the Wastewater Fund and Water Fund received contributions of capital in the amount of $285,746 and $110,894, respectively, from governmental activities.

T. *Deferred Loss on Refunding*

The difference between the reacquisition price (funds required to refund the old debt) of various refunding bonds and the net carrying amount of the old debt, the deferred loss on refunding, is being amortized as a component of interest expense over the remaining life of the new debt. On fund financial statements, the deferred loss on refunding decreases the fund balance in the year the refunding bonds are issued.

Note 3: Change in Accounting Principles

In 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 81, *Irrevocable Split-Interest Agreements*, Statement No. 86, *Certain Debt Extinguishment Issues*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

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

GASB 81 seeks to improve accounting and financial reporting for irrevocable split-interest agreements created through trusts or other legally enforceable agreements whereby a donor irrevocably transfers resources to an intermediary. The City is not a beneficiary of any irrevocable split-interest agreements and thus implementation of this standard has had no effect on the City's financial statements or disclosures.

GASB 86, seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions involved in the extinguishment of debt including, prepaid insurance and note disclosures for in-substance defeasance of debt. Implementation of this standard has had no effect on the City's financial statements or disclosures.

GASB 89, establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's financial statements; however, there was no effect on beginning net position.

Note 3: Change in Accounting Principles (continued)

For the year ended December 31, 2018, the City implemented the Governmental Accounting Standards Board, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense.

The implementation of this pronouncement had the following effect on beginning net position as reported as of December 31, 2017:

	Governmental Activities	Business-Type Activities	Total
Net position at December 31, 2017, as previously reported	$ 11,702,497	$ 9,969,659	$ 21,672,156
Deferred outflow – payments subsequent to measurement date	17,653	6,699	24,352
Net OPEB liability	(2,893,552)	(482,322)	(3,375,874)
Restated net position at December 31, 2017	$ 8,826,598	$ 9,494,036	$ 18,320,634

	Wastewater Fund	Water Fund	Enterprise Total
Net position at December 31, 2017, as previous reported	$ 7,546,095	$ 2,423,564	$ 9,969,659
Deferred outflow – payments subsequent to measurement date	4,369	2,330	6,699
Net OPEB liability	(314,558)	(167,764)	(482,322)
Restated net position at December 31, 2017	$ 7,235,906	$ 2,258,130	$ 9,494,036

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.

GASB Statements and guidance to be implemented in future reporting periods include GASB Statement No. 83, *Certain Asset Retirement Obligations,* GASB Statement No. 84, *Fiduciary Activities,* GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, and GASB Statement No. 87, *Leases.* The City is currently evaluating the impact that these Statements will have on its financial statements and disclosures.

Note 4: 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 Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the GAAP basis are identified as follows:

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

(b) Expenditures/Expenses are recorded when paid in cash (budgetary 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, encumbrances are recorded as the equivalent of an expenditure (budgetary basis) as opposed to an assigned, committed, or restricted fund balance for governmental funds (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Street Construction, Maintenance and Repair Fund.

Net Change in Fund Balance

	General	Street Construction, Maintenance and Repair
GAAP basis	$ 150,063	$ 293
Increase (decrease) due to:		
Revenue accruals	(56,924)	(2,519)
Expenditure accruals	(8,671)	(13,910)
Outstanding encumbrances	(41,139)	(4,999)
Funds budgeted elsewhere	(7,306)	-
Budgetary basis	$ 36,023	$ (21,135)

Note 5: Fund Balances

Fund balances are 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 the resources in the governmental funds. The constraints placed on a fund for the major governmental funds and all other governmental funds are presented below:

	General	Street Construction, Maintenance, and Repair	Vehicle and Major Equipment	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	$ -	$ 9,612	$ -	$ -	$ 9,612
Prepaid items	90,416	18,343	-	500	109,259
Total nonspendable	90,416	27,955	-	500	118,871
Restricted:					
Streets and highways	-	135,726	-	49,735	185,461
Police	-	-	-	43,361	43,361
Law enforcement trust and education	-	-	-	41,409	41,409
Community development	-	-	-	110,268	110,268
Street lighting	-	-	-	191,673	191,673
Capital projects	-	-	-	207,712	207,712
Total restricted	-	135,726	-	644,158	779,884
Committed:					
Capital projects	-	-	155,292	-	155,292
Assigned:					
Appropriations for 2019	93,374	-	-	-	93,374
Other purposes	31,866	-	-	-	31,866
Community development	16,606	-	-	-	16,606
Total assigned	141,846	-	-	-	141,846
Unassigned	1,654,016	-	-	-	1,654,016
Total fund balances	$ 1,886,278	$ 163,681	$ 155,292	$ 644,658	$ 2,849,909

Note 6: Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Interim monies may be deposited or invested in the following securities:

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

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% 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, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

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

6. The State Treasurer's investment pool (STAR Ohio);

Note 6: Deposits and Investments (continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40% of the interim monies available for investment at any one time if training requirements have been met; and

8. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short-selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

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 risk beyond the requirements of State statute. Ohio law requires that deposits be either insured, be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by establishing and pledging to the Treasurer of State a single pool of collateral for the benefit of every public depositor. The total market value of the securities pledged must meet either of the following:

One hundred two percent of the total amount of all uninsured public deposits; or

An amount determined by rules adopted by the Treasurer of State that set forth the criteria for determining the aggregate market value of the pool of eligible securities pledged by a public depository.

At year-end, the carrying amount of the City's deposits was $3,685,136 and the bank balance was $3,999,372. Of the bank balance $634,932 was covered by the Federal Depository Insurance Corporation and $3,364,440 was uninsured and collateralized through the Ohio Pooled Collateral System.

At December 31, 2018, the City had $1,500 in cash on hand.

Note 6: Deposits and Investments (continued)

Investments

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

		Value	Weighted Average Maturity (Days)
STAR Ohio	$	352,611	44.9

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City had no investments categorized within the fair value hierarchy. STAR Ohio is valued at amortized cost, which approximates fair value.

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 requiring that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The City's investment policy also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow. To date, no investments have been purchased with a life greater than one year.

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed.

Credit Risk is addressed by the City's investment policy by the requirements that all investments are authorized by the Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer. The City's investment in STAR Ohio carries an "AAAm" money market rating by Standard & Poor's.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy places no limit on the amount the City may invest in one issuer.

Note 7: Receivables

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the state statute at 35% of appraised market value. Real property taxes are payable semiannually. The first payment is due in February with the remainder payable by June unless extended.

Public utility real 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. Certain public utility property currently is assessed at 25% of its true value. 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 Geneva. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2018 was $8.70 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

	Assessed Value
Category:	
Real estate	$ 91,772,750
Public utility	2,750,550
Total	$ 94,523,300

B. Municipal Income Taxes

The City levies municipal income tax of 1.5% on all salaries, wages, commissions and other compensation, and net profits earned within the City, as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 1.0% of the tax paid to another municipality.

Employers within the City are required to withhold municipal income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Municipal income tax collections are received by the General Fund.

C. Intergovernmental Receivables

Receivables at December 31, 2018, primarily consisted of taxes, accounts (billings for user charged services), intergovernmental receivables, entitlement or shared revenues, special assessments and loans receivable. All receivables are considered fully collectible.

Note 7: Receivables (continued)

C. Intergovernmental Receivables (continued)

A summary of intergovernmental receivables follows:

Governmental activities:	
Homestead and rollback	$ 26,776
Local government	80,908
State grants	16,010
Federal grants	884
Court and drug fines	7,631
Auto registration, licenses, and gasoline tax	132,526
Permissive tax	5,769
Bed tax	5,060
Tonwship fire contract	16,500
Miscellaneous reimbursements	19,303
Total governmental activities	311,367
Business-type activities:	
Geneva area schools WWTP management services	2,022
Payments in lieu of taxes	104,619
Total business-type activities	106,641
Total	$ 418,008

Note 8: Capital Assets

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

	Balances 12/31/17	Additions	Deletions	Balances 12/31/18
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 884,215	$ -	$ -	$ 884,215
Construction in progress	-	102,471	-	102,471
Historical treasures	46,378	-	-	46,378
Total non-depreciable capital assets	930,593	102,471	-	1,033,064
Capital assets being depreciated:				
Building and land improvements	5,047,086	25,175	-	5,072,261
Machinery and equipment	1,676,563	5,500	-	1,682,063
Vehicles	1,600,718	464,695	-	2,065,413
Infrastructure	25,238,581	228,544	-	25,467,125
Total capital assets being depreciated	33,562,948	723,914	-	34,286,862
Less accumulated depreciation:				
Building and land improvements	(2,560,587)	(127,505)	-	(2,688,092)
Machinery and equipment	(1,080,536)	(164,302)	-	(1,244,838)
Vehicles	(1,199,276)	(116,805)	-	(1,316,081)
Infrastructure	(14,215,775)	(539,126)	-	(14,754,901)
Total accumulated depreciation	(19,056,174)	(947,738)	-	(20,003,912)
Net capital assets being depreciated	14,506,774	(223,824)	-	14,282,950
Governmental activities capital assets, net	$ 15,437,367	$ (121,353)	$ -	$ 15,316,014

Depreciation expense was charged to governmental activities as follows:

General government	$ 176,786
Security of persons and property	138,220
Leisure time activities	25,502
Transportation	607,230
Total	$ 947,738

City of Geneva, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2018

Note 8: Capital Assets (continued)

Capital asset activity for business-type activities for the year ended December 31, 2018, was as follows:

	Balances 12/31/17	Additions	Deletions	Balances 12/31/18
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	$ 2,168,931	$ 827,353	$ (2,390,704)	$ 605,580
Intangibles	38,831	-	-	38,831
Total non-depreciable capital assets	2,207,762	827,353	(2,390,704)	644,411
Capital assets being depreciated:				
Building and land improvements	4,493,101	-	-	4,493,101
Machinery and equipment	1,506,962	24,242	-	1,531,204
Vehicles	425,114	26,164	-	451,278
Infrastructure	15,282,545	2,636,688	-	17,919,233
Total capital assets being depreciated	21,707,722	2,687,094	-	24,394,816
Less accumulated depreciation:				
Building and land improvements	(2,831,789)	(79,203)	-	(2,910,992)
Machinery and equipment	(645,860)	(87,133)	-	(732,993)
Vehicles	(288,143)	(42,078)	-	(330,221)
Infrastructure	(4,201,676)	(363,953)	-	(4,565,629)
Total accumulated depreciation	(7,967,468)	(572,367)	-	(8,539,835)
Net capital assets being depreciated	13,740,254	2,114,727	-	15,854,981
Total business-type activities capital assets, net	$ 15,948,016	$ 2,942,080	$ (2,390,704)	$ 16,499,392

Note 9: Long-Term Obligations

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2018 was as follows:

	Restated Balance 12/31/17	Additions	Deletions	Balance 12/31/18	Due in One Year
Governmental activities:					
General obligation bonds:					
5.25% 2009 Various purpose, maturing 2029	$ 843,000	$ -	$ (843,000)	$ -	$ -
4% 2011 Municipal facility improvement, maturing 2021	165,000	-	(40,000)	125,000	40,000
3.16% 2018 Refunded various purpose, maturing 2029	-	815,000	-	815,000	70,000
3.16% 2018 Various purpose, maturing 2028	-	160,000	-	160,000	10,000
2.75% 2018 Fire truck acquisition, maturing 2028	-	461,965	(46,197)	415,768	23,098
Total general obligation bonds	1,008,000	1,436,965	(929,197)	1,515,768	143,098
0% Ohio Public Works Commission loans:					
2010 E. Tibbitts, maturing 2021	17,500	-	(5,000)	12,500	5,000
2010 Ansel, maturing 2032	136,958	-	(9,445)	127,513	9,445
2011 Lockwood, maturing 2021	5,196	-	(1,299)	3,897	1,299
2012 Sherman/Chestnut, maturing 2033	486,493	-	(28,617)	457,876	28,617
2014 Grant Bridge, maturing 2034	89,613	-	(5,121)	84,492	5,121
2018 N. Avenue Bridge, maturing 2038	71,833	-	(1,796)	70,037	3,592
2018 E. Main Street, maturing 2039	-	50,000	-	50,000	1,250
2018 State Route 534, maturing 2038	89,202	-	(89,202)	-	-
Total Ohio Public Works Commission loans	896,795	50,000	(140,480)	806,315	54,324
Ohio Water Development Authority (OWDA) loan:					
1% OWDA, series 2018, maturing 2038	886,899	-	(886,899)	-	-
Other long-term obligations:					
Capital leases payable	206,417	-	(142,307)	64,110	50,551
Accrued compensated absences	315,762	202,811	(210,830)	307,743	210,450
Net pension liability	4,832,880	-	(743,528)	4,089,352	-
Net OPEB liability	2,893,552	494,226	-	3,387,778	-
Total other long-term obligations	8,248,611	697,037	(1,096,665)	7,848,983	261,001
Total governmental long-term liabilities	$ 11,040,305	$ 2,184,002	$ (3,053,241)	$ 10,171,066	$ 458,423

Note 9: Long-Term Obligations (continued)

	Restated Balance 12/31/17	Additions	Deletions	Balance 12/31/18	Due in One Year
Business-type activities:					
Ohio Water Development Authority (OWDA) loans:					
4.56% OWDA, series 2004, maturing 2030	$ 4,187,585	$ -	$ (269,052)	$ 3,918,533	$ 281,461
2.01% OWDA, Harpersfield booster station, maturing 2031	230,889	-	(14,928)	215,961	15,358
1.68% OWDA advanced metering infrastructure, maturing 2032	227,180	-	(3,623)	223,557	15,523
1.60% OWDA, Elm Street improvements, maturing 2037	497,898	-	(20,000)	477,898	22,389
1.35% OWDA, North Broadway waterline, maturing 2037	405,304	-	(18,300)	387,004	18,548
1% OWDA, State Route 534, maturing 2038	-	1,610,115	(82,468)	1,527,647	28,864
1% OWDA Elm Street sub-basin sewer rehabilitation, maturing 2030	148,563	-	(11,215)	137,348	11,328
1% OWDA laboratory building, maturing 2030	212,100	-	(16,012)	196,088	16,172
7.5% OWDA Phase III - Southerly sewer, maturing 2018	109,266	-	(109,266)	-	-
1% OWDA WW Collection system study, maturing 2019	34,090	-	(16,960)	17,130	17,130
1% OWDA, WW Facilities plan, maturing 2023	9,681	134,886	-	144,567	39,463
3.06% OWDA, Secondary sludge tank, maturing 2023	-	63,747	(1,860)	61,887	-
0% OWDA, W Main Street sewer, maturing 2024	-	60,313	-	60,313	-
3% OWDA, series 2007, maturing 2022	460,604	-	(97,090)	363,514	100,025
4.49% OWDA Geneva-on-the-Lake sanitary sewer outfall, maturing 2026	52,154	-	(5,552)	46,602	5,804
Total Ohio Water Development Authority loans	6,575,314	1,869,061	(666,326)	7,778,049	572,065
0% Ohio Public Works Commission loans:					
2008 Nearing Circle, maturing 2019	7,500	-	(5,000)	2,500	2,500
2010 W. Liberty, maturing 2030	34,870	-	(2,583)	32,287	2,583
2010 Ansel – WW, maturing 2031	148,625	-	(10,250)	138,375	10,250
2010 Ansel – Water, maturing 2031	33,350	-	(2,300)	31,050	2,300
2013 Van Epps – Water, maturing 2024	37,032	-	(4,938)	32,094	4,938
2016 Meter – Water, maturing 2032	328,376	-	(22,646)	305,730	22,646
2018 State Route 534, maturing 2038	-	150,000	(3,750)	146,250	7,500
Total Ohio Public Works Commission loans	589,753	150,000	(51,467)	688,286	52,717
Other long-term obligations:					
Capital leases payable	32,557	10,165	(19,763)	22,959	15,076
Accrued compensated absences	97,914	7,062	(52,496)	52,480	26,922
Net pension liability	1,097,016	-	(368,141)	728,875	-
Net OPEB liability	482,322	31,691	-	514,013	-
Total other long-term obligations	1,709,809	48,918	(440,400)	1,318,327	41,998
Total business-type long-term liabilities	$ 8,874,876	$ 2,067,979	$ (1,158,193)	$ 9,784,662	$ 666,780

Note 9: Long-Term Obligations (continued)

At December 31, 2018, the City received partial proceeds for the Ohio Public Works Commission (OPWC) State Route 534 project and the Ohio Water Development Authority (OWDA) State Route 534, Wastewater Facilities Plan, Secondary Sludge Tank, and West Main Street Sewer projects. The loans will be repaid in semi-annual installments. The City has not collected the total proceeds of the loans, and as a result, the debt maturity schedules below do not reflect any amounts for principal or interest as the future maturities are not known at December 31, 2018.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31,2018 were as follows:

	Governmental Activities				
	General Obligation Bonds		OPWC Loans	Total	
Year	Principal	Interest	Principal	Principal	Interest
2019	$ 143,098	$ 34,338	$ 54,324	$ 197,422	$ 34,338
2020	171,197	42,163	55,574	226,771	42,163
2021	176,197	36,606	53,074	229,271	36,606
2022	131,197	30,850	49,275	180,472	30,850
2023	136,197	26,894	49,275	185,472	26,894
2024-2028	682,882	71,804	246,375	929,257	71,804
2029-2033	75,000	2,370	232,213	307,213	2,370
2034-2038	-	-	64,955	64,955	-
2039-2043	-	-	1,250	1,250	-
	$ 1,515,768	$ 245,025	$ 806,315	$ 2,322,083	$ 245,025

	Business-Type Activities				
	OWDA Loans		OPWC Loans	Total	
Year	Principal	Interest	Principal	Principal	Interest
2019	$ 503,738	$ 211,688	$ 52,717	$ 556,455	$ 211,688
2020	504,334	193,844	50,217	554,551	193,844
2021	522,786	175,403	50,217	573,003	175,403
2022	486,900	156,208	50,217	537,117	156,208
2023	449,312	138,716	50,217	499,529	138,716
2024-2028	2,498,523	418,265	233,799	2,732,322	418,265
2029-2033	835,675	42,427	167,152	1,002,827	42,427
2034-2038	182,367	5,472	33,750	216,117	5,472
	$ 5,983,635	$ 1,342,023	$ 688,286	$ 6,671,921	$ 1,342,023

Note 9: Long-Term Obligations (continued)

General obligation bonds are direct obligations of the City and will be paid from the Debt Service Fund using property tax revenues. Compensated absences will be paid from the fund from which the employees' salaries are paid. All OWDA loan obligations are of the Wastewater and Water Funds and will be paid from the operating revenue of those funds. See Note 10 for detail on capital leases. The City has several loans with the OPWC. The governmental activities OPWC loans are obligations of the Street Construction, Maintenance and Repair (SCMR) Fund and are paid from transfers from the General Fund. The business-type activities OPWC loans are an obligation of the Water and Wastewater Funds.

In 2017, the City received OPWC and OWDA loan proceeds into a capital projects fund for the State Route 534 project. The City's original plan was to repay the loans with tax proceeds from governmental activities. In 2018, after assessing the size of the wastewater part of the project it was decided that the loans would be repaid with operating revenues from the Wastewater Fund. Therefore, these loans were reclassified from governmental activities to business-type activities.

In October 2018, the City issued $975,000 in various purpose improvement and refunding bonds, for the purpose of financing the purchase of City vehicles and to refund the outstanding 2009 various purpose general obligation bond previously issued. The bonds mature on February 1, 2029 and August 1, 2029, respectively, and have an interest rate of 3.16%. Proceeds of $815,000 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the general obligation bonds. The remaining proceeds of $160,000 were receipted by the City for the purchase of City vehicles. The refunded bonds were called and redeemed in full in October 2018. The City decreased its total debt service payments by $84,823 as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of $70,419.

The City has pledged future revenues, net of operating expenses other than depreciation expense, to repay OPWC and OWDA loans in the Wastewater Fund. The debt is payable solely from net revenues and are payable through 2031. The total principal and interest remaining to be paid on the debt is $1,287,003. Principal and interest paid for the current year and total net revenues were $409,568 and $370,548, respectively.

The City has pledged future revenues, net of operating expenses other than depreciation expense plus interest and fiscal charges, to repay OPWC and OWDA loans in the Water Fund. The debt is payable solely from net revenues and are payable through 2037. The total principal and interest remaining to be paid on the debt is $6,726,941. Principal and interest paid for the current year and total net revenues were $531,928 and $716,117, respectively.

Compensated absences will be paid from the fund from which the employees' salaries are paid.

Note 10: Leases

The City has entered into lease agreements as lessee for financing the acquisition of copiers and various vehicles for the police, street, water and wastewater departments. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of inception dates. These lease agreements are secured by the related property.

	Governmental Activities	Business-Type Activities
Assets:		
Vehicles	$ 249,430	$ 92,234
Equipment	255,834	10,165
Less: accumulated depreciation	(419,262)	(52,776)
Total	$ 86,002	$ 49,623

Amortization of capital leases is included in depreciation expense.

The following is a schedule of the future long-term minimum lease payments required under the capital leases, operating leases and the present value of the minimum lease payments for the capital lease payments.

	Capital Leases		
Year	Governmental Activities	Business-Type Activities	Operating Leases
2019	$ 52,979	$ 15,952	$ 2,376
2020	11,494	2,335	2,376
2021	2,832	2,335	2,376
2022	79	2,335	2,376
2023	-	1,751	2,372
Total minimum lease payments	67,384	24,708	$ 11,876
Less: amount representing interest	(3,274)	(1,749)	
Present value of minimum lease payments	$ 64,110	$ 22,959	

Lease payments are made from the General Fund, Vehicle and Major Equipment Fund, Water Fund and Wastewater Fund. The lease payment amounts will be paid with current, available resources that have accumulated in the respective fund.

Rental expense related to operating leases for equipment totaled $1,269 for the year ended December 31, 2018.

Note 11: Defined Benefit Pension Plans

A. Net Pension Liability

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

The net pension/OPEB liabilities represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/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 this estimate annually.

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

GASB 68 and 75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits including primarily health care. In most cases, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium.

State statute requires the retirement systems to amortize unfunded pension/OPEB liabilities within 30 years. If the pension/OPEB amortization period exceeds 30 years, each retirement system's board must propose corrective action to the state legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Note 11: Defined Benefit Pension Plans (continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police, 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, substantially all employee members are in OPERS' Traditional or Combined plans; therefore, the following disclosure focuses on the Traditional and Combined plans.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional and Combined plans. 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 614-222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Final average salary (FAS) represents the average of the three highest years of earnings over the member's career for Groups A and B. Group C is based on the average of the five highest years of earning 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.

The Traditional plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and FAS. Pension benefits are funded by both member and employer contributions and investment earnings on those contributions.

Note 11: Defined Benefit Pension Plans (continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

The following table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the Traditional plan (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
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

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 retiring under the Traditional pension plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided on the member's defined benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%. Additionally, a death benefit of $500-$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional pension plan.

The Combined plan is a defined benefit plan with elements of a defined contribution plan. Members earn a formula benefit similar to, but at a factor less than the Traditional plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement, the member may choose a defined contribution distribution that is equal to the member's contributions to the plan and investment earnings (or losses). Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Benefits in the Combined plan consist of both an age-and-service formula benefit (the defined benefit element) and a defined contribution element. Eligibility regarding age and years of service in the Combined plan is the same as the Traditional plan.

Note 11: Defined Benefit Pension Plans (continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

The subsequent table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the Combined plan (see OPERS CAFR referenced above for additional information):

Group A	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
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: 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Formula:** 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Formula:** 1.0% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS Board. Both Member-Directed plan and Combined plan members who have met the 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. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. 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. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10% of covered payroll for members in the state and local classifications.

Note 11: Defined Benefit Pension Plans (continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2018. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. In 2018, the City's contractually required contribution, net of postemployment health care benefits, was \$257,411. Of this amount, \$29,698 is reported as accrued wages and benefits at December 31, 2018.

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

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

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living 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.

Note 11: Defined Benefit Pension Plans (continued)

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

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

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living 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.

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.

Note 11: Defined Benefit Pension Plans (continued)

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 19.5% of covered payroll for police employer units and 24.0% for fire employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 12.25% of covered payroll for police and fire. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0.5% for 2018. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

In 2018, the City's contractually required contribution, net of postemployment health care benefits, was $179,472. Of this amount, $24,564 is reported as accrued wages and benefits at December 31, 2018.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional	OPERS Combined	OP&F	Total
Proportion of the net pension liability (asset) prior measurement date	0.014079%	0.016204%	0.041667%	
Proportion of the net pension liability (asset) current measurement date	0.013462%	0.036048%	0.042569%	
Change in proportionate share	(0.000617%)	0.019844%	0.000902%	
Proportionate share of the net pension liability	$ 2,112,681	$ -	$ 2,705,546	$ 4,818,227
Proportionate share of the net pension asset	$ -	$ 49,071	$ -	$ 49,071
Pension expense	$ 485,926	$ 6,556	$ 329,917	$ 822,399

Note 11: Defined Benefit Pension Plans (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

	OPERS Traditional	OPERS Combined	OP&F	Total
Deferred outflow of resources				
Differences between expected and actual experience	$ 2,157	$ -	$ 39,649	$ 41,806
Change in assumptions	252,389	4,288	113,847	370,524
Differences in employer contributions and change in proportionate share	78,182	-	68,429	146,611
City contribution subsequent to the measurement date	239,210	18,201	179,472	436,883
Total deferred outflow of resources	$ 571,938	$ 22,489	$ 401,397	$ 995,824
Deferred inflow of resources				
Differences between expected and actual experience	$ 41,619	$ 14,619	$ 4,726	$ 60,964
Net difference between projected and actual earnings on pension plan investments	453,403	7,742	90,378	551,523
Differences in employer contributions and change in proportionate share	66,179	11,124	-	77,303
Total deferred inflow of resources	$ 561,201	$ 33,485	$ 95,104	$ 689,790

The $436,883 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional	OPERS Combined	OP&F	Total
Fiscal Year Ending December 31:				
2019	$ 226,825	$ (3,827)	$ 80,740	$ 303,738
2020	(69,334)	(4,039)	56,979	(16,394)
2021	(199,655)	(5,774)	(36,631)	(242,060)
2022	(186,309)	(5,591)	(21,130)	(213,030)
2023	-	(2,872)	37,873	35,001
2024-2027	-	(7,094)	8,990	1,896
	$ (228,473)	$ (29,197)	$ 126,821	$ (130,849)

Note 11: Defined Benefit Pension Plans (continued)

E. 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 active member population which consists of members in the Traditional and Combined plans is assumed to remain constant. For purposes of financing the unfunded actuarial accrued liabilities, total payroll is assumed to grow at the wage inflation rate indicated below.

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	OPERS Traditional Plan	OPERS Combined Plan
Valuation Date	December 31, 2017	December 31, 2017
Experience Study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Wage Inflation	3.25%	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%	3.25 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple	3% Simple though 2018 then 2.15% Simple

OPERS conducts an experience study every five years in accordance with Ohio Revised Code Section 145.22. The study for the five-year period ended December 31, 2015 and methods and assumptions were approved and adopted by the OPERS Board of Trustees.

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010.

Note 11: Defined Benefit Pension Plans (continued)

E. Actuarial Assumptions – OPERS (continued)

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

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 of the Traditional plan, the defined benefit component of the Combined plan and the annuitized accounts of the Member-Directed plan. The money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for 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 Board 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%

Note 11: Defined Benefit Pension Plans (continued)

E. Actuarial Assumptions – OPERS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates, 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 was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5%) or one-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability – Traditional	$ 3,750,244	$ 2,112,681	$ 746,064
City's proportionate share of the net pension asset – Combined	$ 26,676	$ 49,071	$ 64,526

Changes between Measurement Date and Report Date In October 2018, the OPERS Board voted to lower the investment return assumption for its defined benefit fund from 7.5% to 7.2%. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net position is not known.

F. 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.

Note 11: Defined Benefit Pension Plans (continued)

F. Actuarial Assumptions – OP&F (continued)

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:

Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Salary increases	3.75% - 10.50%
Payroll growth	Inflation rate of 2.75% plus productivity increase rate of 0.5%
Cost of living adjustments	3.00% simple; 2.2% simple for increases based on the lesser of the increase in CPI and 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%

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.

Note 11: Defined Benefit Pension Plans (continued)

F. Actuarial Assumptions – OP&F (continued)

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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of 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%	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
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36

*Levered 2x

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

Discount Rate The total pension liability was calculated using the discount rate of 8.00%. 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.

Note 11: Defined Benefit Pension Plans (continued)

F. Actuarial Assumptions – OP&F (continued)

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%)	Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$ 3,621,820	$ 2,705,546	$ 1,789,582

Note 12: Postemployment Benefits

A. 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 postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional pension and the Combined plans.

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.

Note 12: Postemployment Benefits (continued)

A. Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution 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% percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. In 2018, the City did not make any contributions to the health care plans.

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

Plan Description – the City's full-time police and fire participate in the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined postemployment health care plan administered by 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.

Note 12: Postemployment Benefits (continued)

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

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% of covered payroll for police and 24.0% of covered payroll for fire. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The City's contractually required contribution to OP&F was $4,409 for 2018. Of this amount, $603 is reported as accrued wages and benefits at December 31, 2018.

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of 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.

Note 12: Postemployment Benefits (continued)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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	0.013841%	0.041667%	
Proportion of the net OPEB liability current measurement date	0.013720%	0.042569%	
Change in Proportionate Share	(0.000121%)	0.000902%	
Proportionate share of the net OPEB liability	$ 1,489,892	$ 2,411,899	$ 3,901,791
OPEB expense	$ 122,395	$ 194,064	$ 316,459

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

	OPERS	OP&F	Total
Deferred outflow of resources			
City contributions subsequent to the measurement date	$ -	$ 4,409	$ 4,409
Differences in employer contributions and change in proportionate share	-	37,623	37,623
Difference between expected and actual experience	1,160	-	1,160
Change in assumptions	108,480	235,350	343,830
Total deferred outflow of resources	$ 109,640	$ 277,382	$ 387,022
Deferred inflow of resources			
Difference between expected and actual experience	$ -	$ 12,165	$ 12,165
Differences in employer contributions and change in proportionate share	9,776	-	9,776
Net difference between projected and actual earnings on OPEB plan investments	110,986	15,876	126,862
Total deferred inflow of resources	$ 120,762	$ 28,041	$ 148,803

Note 12: Postemployment Benefits (continued)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The $4,409 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 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Fiscal Year Ending December 31:			
2019	$ 19,999	$ 34,161	$ 54,160
2020	19,999	34,161	54,160
2021	(23,373)	34,161	10,788
2022	(27,747)	34,161	6,414
2023	-	38,130	38,130
2024-2025	-	70,158	70,158
	$ (11,122)	$ 244,932	$ 233,810

D. 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:

Health Care Costs Trend Rate	7.5%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	6.50%
Municipal Bond Rate	3.31%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25% to 10.75%
Single Discount Rate:	
Current measurement date	3.85%
Prior measurement date	4.23%

Note 12: Postemployment Benefits (continued)

D. Actuarial Assumptions – OPERS (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% 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.

Note 12: Postemployment Benefits (continued)

D. Actuarial Assumptions – OPERS (continued)

The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

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

Discount Rate A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23% 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% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	$ 1,979,384	$ 1,489,892	$ 1,093,896

Note 12: Postemployment Benefits (continued)

D. Actuarial Assumptions – OPERS (continued)

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

	1% Decrease	Cost Trend Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 1,425,508	$ 1,489,892	$ 1,556,397

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

Changes between Measurement Date and Report Date In October 2018, the OPERS Board voted to lower the investment return assumption for its health care investment portfolio from 6.5% to 6.0%. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net position is not known.

E. 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.

Note 12: Postemployment Benefits (continued)

E. Actuarial Assumptions – OP&F (continued)

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:

Actuarial cost method	Entry age normal
Single discount rate:	
Current measurement date	3.24%
Prior measurement date	3.79%
Investment rate of return	8.00%
Salary increases	3.75% - 10.50%
Payroll growth	Inflation rate of 2.75% plus productivity increase rate of 0.5%
Cost of living adjustments	3.00% simple; 2.2% simple for increases based on the lesser of the increase in CPI and 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%

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.

Note 12: Postemployment Benefits (continued)

E. Actuarial Assumptions – OP&F (continued)

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%	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
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36

*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 the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24%. 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 8.00%. 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% at December 31, 2017 and 3.71% at December 31, 2016, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.24%. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade 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.

Note 12: Postemployment Benefits (continued)

E. Actuarial Assumptions – OP&F (continued)

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

	1% Decrease (2.24%)	Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	$ 3,014,904	$ 2,411,899	$ 1,947,915

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 health care 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 Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 1,873,607	$ 2,411,899	$ 3,137,336

Note 12: Postemployment Benefits (continued)

E. Actuarial Assumptions – OP&F (continued)

Changes between Measurement Date and Report Date In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place 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 impact to the City's net OPEB liability is not known.

Note 13: Risk Management

The City is exposed to various risk of loss related to torts, theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage with private insurance carriers for real property, building contents, vehicle and general liability insurance, and police professional liability insurance.

The City continues to carry health insurance through a private carrier. There were no reductions in insurance coverage from the previous year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

Note 14: Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. All full-time employees may carry over 40 vacation hours for use during the first six months of the following year. City employees are paid for earned, unused vacation leave at the time of termination of employment if the employees have acquired at least one year of service to the City.

Sick leave is earned at the rate of 10 hours to 14 hours for each month worked. The total amount of accumulated sick leave shall not exceed 960 hours to 1,344 hours, depending upon the employment contract. Each employee upon retirement, with a minimum of 15 years of employment, is paid at a rate of one-half (1/2) of the employee's earned unused sick leave balances up to a maximum of one-half (1/2) of 960 hours.

Note 15: Significant Commitments

A. Contracts

The City has the following outstanding contractual commitments for various construction projects at December 31, 2018:

Contractor	Contract	Amount Expended	Amount Remaining
Facilities Plan - Headworks	$ 4,609,000	$ 554,818	$ 4,054,182
Salmonella Elimination/Sludge Tank Improvements	1,094,400	102,081	992,319
Water Street Waterline/Bridge Improvements	1,204,400	601,766	602,634
Elm Street Infrastructure Improvements	792,811	119,797	673,014
	$ 7,700,611	$ 1,378,462	$ 6,322,149

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds:	Amount
Other Governmental	$ 15,660

Note 16: Contingencies/Pending Litigation

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements and is 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 adverse effect on the overall financial position of the City at December 31, 2018.

B. Litigation

The City is party to various litigation, claims, and inquiries most of which are routine to the nature of a municipality. It is the opinion of the City's management that the disposition of such litigation will not have a material effect on the overall financial position of the City at December 31, 2018.

Note 17: Interfund Transactions

A. Interfund Balances

Interfund receivables and payables for the year ended December 31, 2018 consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 111,376

The interfund receivable and payable results from a difference in the timing of when expenses are recognized in accordance with generally accepted accounting principles and when the related interfund subsidies are budgeted for payment on a cash basis. All are expected to be repaid within one year.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2018, consisted of the following:

	Transfer from			
Transfer to:	General Fund	Other Governmental Funds	Wastewater Fund	Total
SCMR Fund	$ 298,601	$ -	$ -	$ 298,601
Vehicle and Major Equipment Fund	186,554	-	-	186,554
Other Governmental Funds	287,112	144	782,168	1,069,424
	$ 772,267	$ 144	$ 782,168	$ 1,554,579

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 and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The City had no transfers that either do not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer. The $144 transfer from Other Governmental Funds to Other Governmental Funds was to move remaining funds from the closure of the 2015 CHIP CDBG Grant Fund. This transfer was in compliance with the Ohio Revised Code Section 5705.14(d). The transfer from the Wastewater Fund to Other Governmental Funds was to provide resources for a capital project and was in accordance with Ohio Revised Code Section 5705.13(c).

Note 18: Jointly Governed Organizations, Regional Council of Governments and Joint Economic Development District

A. Ashtabula County General Health District

The Ashtabula County General Health District (District), a jointly governed organization, provides health services to the citizens with the county. The Board of Health which consists of a representative from each of the participating governments oversees the operation of the District. Twenty-seven townships, seven villages, and the City of Geneva participate in the District. The City contributed $45,991 during 2018 for the operation of the District.

B. Geneva Union Cemeteries District

The Geneva Union Cemeteries District (the "Cemetery"), a jointly governed organization, is a political subdivision governed by a Board of Trustees, which possesses its own contracting and budgeting authority. The Board of Trustees consists of a representative from each of the participating governments: The City of Geneva, the Village of Geneva-on-the-Lake, and Geneva Township. The members serve staggered three-year terms. In 2018, 0.30 mills of the tax valuation was paid to the Cemetery.

C. Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council (NOPEC), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of 200 communities who have been authorized by ballot to purchase electricity on behalf of their citizens.

The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Geneva did not contribute to NOPEC during 2018. Financial information can be obtained by contacting 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Note 18: Jointly Governed Organizations, Regional Council of Governments and Joint Economic Development District (continued)

D. JEDD-I, JEDD-II, and JEDD-III

The City of Geneva and Harpersfield Township (Township) have formed three Joint Economic Development Districts (JEDD) (JEDD-I, JEDD-II, and JEDD-III) which were formed under Chapter 715.72 through 715.83 of the Ohio Revised Code. JEDD-I was formed in 1996, JEDD-II was formed in 2005, and JEDD-III was formed in 2014 to provide sanitary sewers to each JEDD District. The purpose of each JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the county, the Township, the City, and the JEDD's served. The JEDD's are administered by a Board of locally appointed officials and local business leaders.

The City acts as the fiscal agent for the JEDD-I, JEDD-II, and JEDD-III Districts. In 2018, JEDD-I distributed $32,654 to the City, $11,874 to the Township, $2,969 to the JEDD Board and $11,874 to the Geneva-area Recreation, Education and Athletic Trust (GaREAT). JEDD-II distributed $198,749 to the City, $53,000 to the Township and $13,250 to the JEDD Board. JEDD-III distributed $19,167 to the City, $16,190 to the township, and $1,861 to the JEDD Board.

Note 19: Component Unit

A. Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Community Improvement Corporation of Geneva (CIC).

Nature of Activities

The CIC was incorporated in July 1997 by the City of Geneva under Section 1724.01 et seq. of the Ohio Revised Code. The CIC is a separate body politic having power to act as an individual entity to carry out powers given to it under state statute. The CIC is a legally separate, not-for-profit organization, served by a 15-member board composed of City officials and community representatives.

The CIC was created to advance, encourage, and promote the industrial, economic, commercial, and civic development of Geneva and the territory surrounding Geneva in whatever way and by such means as will improve the normal growth, employment opportunities, and stability of employment in existing industries. The CIC is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

Basis of Presentation

The CIC prepares its financial statements in accordance with the not-for-profit entity related provisions of the standards set by the Financial Accounting Standards Board (FASB) which established the FASB Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America.

Note 19: Component Unit (continued)

A. Summary of Significant Accounting Policies (continued)

The CIC is required to report information regarding its financial position and activities according to two classes of net assets: (i) net assets without donor restrictions; and (ii) net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions. The CIC does not have any net assets with donor restrictions as of December 31, 2018.

Basis of Accounting

The financial statements of the CIC have been prepared on the accrual basis of accounting. Due to the nature and significance of the CIC's relationship to the City, the CIC is presented as a component unit of the City.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the CIC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Funds Held as Fiscal Agent

Funds held as fiscal agent represent funds held by the CIC for multiple City organizations for which the CIC is serving as a fiscal agent.

Loans Receivable

The CIC has loaned money to two City businesses. Payments of principal and interest are due monthly and are not secured. The loans range in interest rates from 3.25% to 3.50%. When a loan payment is outstanding sixty days after its scheduled payment date, management deems the loan to be delinquent. At December 31, 2018, there were two loans that were delinquent, subsequent payments have been made in regard to these loans.

Note 19: Component Unit (continued)

A. Summary of Significant Accounting Policies (continued)

The carrying amount of loans receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews loans receivable balances that are not current and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. At December 31, 2018, management has determined that the loans receivable are all collectable and do not require an allowance for doubtful accounts.

Capital Assets

All purchased capital assets and other property are stated at cost. Donated property is capitalized at estimated fair value at the date of donation based on non-recurring Level 2 fair value measurements under FASB's fair value hierarchy.

The CIC capitalizes asset purchases having a cost of $500 or more. The CIC depreciates capital assets other than land using the straight-line method based on the estimated useful lives of the assets ranging from five to ten years.

Income Taxes

The CIC has qualified for a tax exemption under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

Income taxes are accounted for under the provisions of the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. As of December 31, 2018, the CIC has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

Adopted Accounting Pronouncements

The FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in August 2016. This ASU changes the current reporting requirements for nonprofit organizations and their required disclosures. The changes include: (a) requiring the presentation of only two classes of net assets, entitled "net assets without donor restriction" and "net assets with donor restrictions," (b) modifying the presentation and disclosures of underwater endowment funds, (c) requiring the use of the placed in service approach to recognize the releases from restriction for gifts utilized to acquire or construct long-lived assets, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes to the financial statements and to summarize the allocation methodologies utilized to allocate the costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity, and (f) modifying other financial statement reporting requirements and disclosures to enhance the usefulness of nonprofit financial statements. This ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The CIC's financial statements have been updated to reflect the implementation of this standard. There was no impact on beginning net assets as a result of this implementation.

Note 19: Component Unit (continued)

A. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The objective of this ASU is to recognize lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption of this ASU is permitted. Management is currently evaluating the impact of this ASU on its financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which clarifies the presentation of restricted cash as included in the cash balances in the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption of this ASU is permitted. Management is currently evaluating the impact of this ASU on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange transactions subject to the guidance issued under ASU 2014-09. This ASU gives further guidance related to when a contribution is deemed to be conditional such that recognition of revenue should be delayed until conditions are substantially met. This ASU is effective for fiscal years beginning after December 15, 2018 for recipients of funds and for fiscal years beginning after December 15, 2019 for resource providers. Early adoption is permitted. Management is currently evaluating the impact of this ASU on its financial statements.

Functional Expenses

The statement of functional expenses presents expenses by functional and natural classification. Expenses directly attributable to program services, general and administrative, and fundraising are reported as expenses of that functional area. Management estimates that there are no material indirect costs requiring allocation across functional categories.

Note 19: Component Unit (continued)

B. Concentrations

At December 31, 2018, the carrying amount of CIC's deposits was $140,705 and the bank balance was $145,203, which was covered by federal depository insurance.

Contributions from one grantor represented 53% of the CIC's total public support and revenues for 2018.

C. Related Parties

Five of the 15 trustees serving the CIC are elected or appointed officials of the City of Geneva as mandated by the Ohio Revised Code with only the City Manager being specified.

The CIC owes $44,558 to the City of Geneva for three parcels of land that are being held for sale.

The City of Geneva paid $6,030 for accounting and auditing services for the CIC during the year ended December 31, 2018, and $900 in contributions received by the CIC during the year ended December 31, 2018 were transferred to the City of Geneva.

The CIC paid $1,800 in bookkeeping services to the Board Treasurer.

D. Capital Assets and Property Held for Sale or Development

The CIC's capital assets and property held for sale or development, net of accumulated depreciation, consist of the following at December 31, 2018:

Property held for sale or development	$	44,000
Equipment and land improvement		40,431
Less: accumulated depreciation		(15,009)
Capital assets and property held for sale or development, net of accumulated depreciation	$	69,422

The majority of CIC's land was donated by the City of Geneva and outside donors.

E. Liquidity and Availability of Resources

The CIC's financial assets available within one year of December 31, 2018 for general expenditures are as follows:

Cash and cash equivalents	$	57,931
Loans receivable, current		5,913
Total financial assets available within one year	$	63,844

All financial assets are without donor restriction. Additionally, no Board designations are present.

Note 19: Component Unit (continued)

E. Liquidity and Availability of Resources (continued)

The CIC maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employee Retirement System – Traditional Plan

For the Last Five Years (1)

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
City's proportion of the net pension liability	0.013462%	0.014079%	0.012316%	0.012494%	0.012494%
City's proportionate share of the net pension liability	$ 2,112,681	$ 3,197,856	$ 2,134,042	$ 1,506,916	$ 1,472,880
City's covered payroll	$ 1,777,890	$ 1,832,052	$ 1,541,030	$ 1,491,358	$ 1,510,626
City's proportionate share of the net pension liability as a percentage of its covered payroll	118.83%	174.51%	138.48%	101.04%	97.50%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available. Amounts presented for each fiscal year were determined as of the City's measurement date which is December 31 of the prior year.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Asset
Ohio Public Employee Retirement System – Combined Plan

For the Last Five Years (1)

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
City's proportion of the net pension asset	0.036048%	0.016204%	0.012960%	0.012424%	0.012424%
City's proportionate share of the net pension asset	$ 49,071	$ 9,018	$ 6,307	$ 4,784	$ 1,304
City's covered payroll	$ 147,559	$ 63,539	$ 46,942	$ 42,058	$ 47,514
City's proportionate share of the net pension asset as a percentage of its covered payroll	33.26%	14.19%	13.44%	11.37%	2.74%
Plan fiduciary net position as a percentage of the total pension asset	137.28%	116.55%	116.90%	114.83%	104.33%

(1) Information prior to 2014 is not available. Amounts presented for each fiscal year were determined as of the City's measurement date which is December 31 of the prior year.

See Accompanying Note to the Required Supplementary Information.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund

For the Last Five Years (1)

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
City's proportion of the net pension liability	0.042569%	0.041667%	0.043111%	0.042740%	0.042740%
City's proportionate share of the net pension liability	$ 2,705,546	$ 2,732,040	$ 2,773,363	$ 2,214,085	$ 2,081,548
City's covered payroll	$ 987,297	$ 979,629	$ 903,727	$ 887,302	$ 870,550
City's proportionate share of the net pension liability as a percentage of its covered payroll	274.04%	278.89%	306.88%	249.53%	239.11%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	68.36%	66.77%	71.71%	73.00%

(1) Information prior to 2014 is not available. Amounts presented for each fiscal year were determined as of the City's measurement date which is December 31 of the prior year.

See Accompanying Note to the Required Supplementary Information.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employee Retirement System – Traditional Plan

For the Last Ten Years

	2018	2017	2016	2015	2014
Contractually-required contribution	$ 239,210	$ 231,126	$ 219,846	$ 184,924	$ 178,963
Contributions in relation to the contractually-required contribution	(239,210)	(231,126)	(219,846)	(184,924)	(178,963)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,708,644	$ 1,777,890	$ 1,832,052	$ 1,541,030	$ 1,491,358
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%	12.00%

	2013	2012	2011	2010	2009
Contractually-required contribution	$ 196,381	$ 149,877	$ 152,130	$ 130,429	$ 118,540
Contributions in relation to the contractually-required contribution	(196,381)	(149,877)	(152,130)	(130,429)	(118,540)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,510,626	$ 1,498,766	$ 1,521,300	$ 1,449,210	$ 1,394,585
Contributions as a percentage of covered payroll	13.00%	10.00%	10.00%	9.00%	8.50%

See Accompanying Note to the Required Supplementary Information.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employee Retirement System – Combined Plan

For the Last Ten Years

	2018	2017	2016	2015	2014
Contractually-required contribution	$ 18,201	$ 19,183	$ 7,625	$ 5,633	$ 5,047
Contributions in relation to the contractually-required contribution	(18,201)	(19,183)	(7,625)	(5,633)	(5,047)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 130,006	$ 147,559	$ 63,539	$ 46,942	$ 42,058
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%	12.00%

	2013	2012	2011	2010	2009
Contractually-required contribution	$ 6,177	$ 4,714	$ 4,785	$ 4,102	$ 3,728
Contributions in relation to the contractually-required contribution	(6,177)	(4,714)	(4,785)	(4,102)	(3,728)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 47,514	$ 47,141	$ 47,850	$ 45,583	$ 43,864
Contributions as a percentage of covered payroll	13.00%	10.00%	10.00%	9.00%	8.50%

See Accompanying Note to the Required Supplementary Information.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund

For the Last Ten Years

	2018	2017	2016	2015	2014
Contractually-required contribution	$ 179,472	$ 200,180	$ 198,919	$ 183,594	$ 180,616
Contributions in relation to the contractually-required contribution	(179,472)	(200,180)	(198,919)	(183,594)	(180,616)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 881,710	$ 987,297	$ 979,629	$ 903,727	$ 887,302
Contributions as a percentage of covered payroll	20.36%	20.28%	20.31%	20.32%	20.36%

	2013	2012	2011	2010	2009
Contractually-required contribution	$ 149,500	$ 121,189	$ 127,167	$ 124,521	$ 120,292
Contributions in relation to the contractually-required contribution	(149,500)	(121,189)	(127,167)	(124,521)	(120,292)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 870,550	$ 866,103	$ 908,826	$ 889,915	$ 859,692
Contributions as a percentage of covered payroll	17.17%	13.99%	13.99%	13.99%	13.99%

See Accompanying Note to the Required Supplementary Information.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Public Employee Retirement System

For the Last Two Years

	2018 (1)	2017 (1)
City's proportion of the net OPEB liability	0.013720%	0.013841%
City's proportionate share of the net OPEB liability	$ 1,489,892	$ 1,398,035
City's covered-employee payroll	$ 1,941,564	$ 1,925,436
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	76.74%	72.61%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	N/A

(1) Information prior to 2017 is not available. Amounts presented for each fiscal year were determined as of the City's measurement date which is December 31 of the prior fiscal year.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Police and Fire Pension Fund

For the Last Two Years

	2018 (1)	2017 (1)
City's proportion of the net OPEB liability	0.042569%	0.041667%
City's proportionate share of the net OPEB liability	$ 2,411,899	$ 1,977,839
City's covered-employee payroll	$ 987,297	$ 979,629
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	244.29%	201.90%
Plan fiduciary net position as a percentage of the total OPEB liability	14.13%	N/A

(1) Information prior to 2017 is not available. Amounts presented for each fiscal year were determined as of the City's measurement date which is December 31 of the prior fiscal year.

See Accompanying Note to the Required Supplementary Information.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's OPEB Contributions
Ohio Public Employee Retirement System

For the Last Three Years (1)

	2018	2017	2016
Contractually-required contribution	$ -	$ 19,416	$ 38,509
Contributions in relation to the contractually-required contribution	-	(19,416)	(38,509)
Contribution deficiency (excess)	$ -	$ -	$ -
City's covered payroll	$ 1,857,221	$ 1,941,564	$ 1,925,436
Contributions as a percentage of covered payroll	0.00%	1.00%	2.00%

(1) Information prior to 2016 is not available.

See Accompanying Note to the Required Supplementary Information.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's OPEB Contributions
Ohio Police and Fire Pension Fund

For the Last Ten Years

	2018	2017	2016	2015	2014
Contractually required contribution	$ 4,409	$ 4,936	$ 4,898	$ 4,519	$ 4,437
Contributions in relation to the contractually required contribution	(4,409)	(4,936)	(4,898)	(4,519)	(4,437)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 881,710	$ 987,297	$ 979,629	$ 903,727	$ 887,302
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%

	2013	2012	2011	2010	2009
Contractually required contribution	$ 31,514	$ 58,462	$ 61,346	$ 60,069	$ 58,059
Contributions in relation to the contractually required contribution	(31,514)	(58,462)	(61,346)	(60,069)	(58,059)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 870,550	$ 866,103	$ 908,826	$ 889,915	$ 859.692
Contributions as a percentage of covered payroll	3.62%	6.75%	6.75%	6.75%	6.75%

See Accompanying Note to the Required Supplementary Information.

City of Geneva, Ohio

Notes to Required Supplementary Information

For the Year Ended December 31, 2018

Note 1: Change in Assumptions – OPERS Traditional and Combined Plans

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	2017	2016 and Prior
Wage Inflation	3.25%	3.75%
Future Salary Increases, Including Inflation	3.25-10.75% (including wage inflation at 3.25%)	4.25-10.05% (including wage inflation)
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018 then 2.15% Simple	3.00% Simple through 2018 then 2.8% Simple
Investment Rate of Return	7.50%	8.00%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

Note 2: Change in Assumptions – Ohio Police and Fire Pension Plan

Amounts reported in 2018 reflect changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, for the defined benefit investments.

Note 3: Change in Assumptions – OPERS OPEB Plan

For 2018, the single discount rate changed from 4.23% to 3.85%. In October 2018, the OPERS Board voted to lower the investment return assumption for its health care investment portfolio from 6.5% to 6.0%.

Note 4: Change in Assumptions – OP&F OPEB Plan

For 2018, the single discount rate changed from 3.79% to 3.24%.

Ciuni &
Panichi
CPAs and Business Advisors

Where Relationships Count.

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*

To the Members of City Council
City of Geneva, Ohio

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, the aggregated discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Geneva, 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 27, 2019, wherein we noted that the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and as a result restated the December 31, 2017 net position of the governmental activities, business-type activities, and Wastewater and Water Enterprise Funds as disclosed in Note 3.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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.

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Geneva Group International

To the Members of City Council
City of Geneva, Ohio

Compliance and Other Matters

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

Purpose of this Report

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

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 27, 2019

City of Geneva, Ohio

Schedule of Findings

For the year ended December 31, 2018

1. Summary of Auditor's Results

Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
Was there any material noncompliance reported at the financial statement level (GAGAS)?	No

2. Finding Related to the Financial Statements Required to be Reported in Accordance With GAGAS

None noted.

City of Geneva, Ohio

Schedule of Prior Audit Findings

For the year ended December 31, 2018

Finding No.	Finding Summary	Fully Corrected	Explanation
2017-001	***Material Weakness in internal control over financial reporting*** City personnel should gain a better understanding of the nuances of the new accounting system and expenditures should match the period in which the checks are written in order to provide financial statements that are complete and accurate. Furthermore, the City should implement a review process to make sure information used to convert the cash-basis accounting system to GAAP is proper. The Finance Department will perform an additional verification when processing payables at year end to ensure the system year coincides with the year the check issued. This will ensure that liabilities are reported as expenses in the proper year. They will also perform additional review over the accrual entries required to convert the City's cash basis information to GAAP as part of the financial reporting process in accordance with Ohio Revised Code Section 117.38. The Finance Department will also contact its financial software provider for additional training needs to ensure a better understanding of the effects of multiple year transaction processes.	Yes	No issues noted in the current year.

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF GENEVA

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 27, 2019