Rea & associates a brighter way

City of Uhrichsville
Tuscarawas County, Ohio

Audited Financial Statements

For the Year Ended
December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

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Members of Council
City of Uhrichsville
305 E. Second Street
P.O. Box 288
Uhrichsville, Ohio 44683

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

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

Keith Faber
Auditor of State
Columbus, Ohio

July 20, 2020

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Tuscarawas County, Ohio
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June 22, 2020

To the Members of Council,
City of Uhrichsville
Tuscarawas County, Ohio
305 E. Second Street, P.O. Box 288
Uhrichsville, OH 44683

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Uhrichsville, Tuscarawas County, Ohio, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of a Matter

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

In addition, as described in Note 23 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. As a direct result of COVID-19, the City has announced its water park will remained closed for the 2020 season. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management’s Discussion and Analysis, Schedules of the City’s Proportionate Share of the Net Pension Liability, Schedule of the City’s Contributions - Pension, Schedule of the City’s Proportionate Share of the Net OPEB Liability, and Schedule of the City’s Contributions - OPEB* 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 22, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rea & Associates, Inc.

New Philadelphia, Ohio

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

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position decreased $417,186 which represents an 8 percent decrease from 2017. Net position of governmental activities decreased $518,316. Net position of business-type activities increased $101,103.

- The City received a $442,783 AFG grant (assistance to firefighters grant) for the purchase of new fire equipment.

- Total capital assets decreased $419,343 during 2018. Capital assets of governmental activities decreased $331,723 and capital assets of business-type activities decreased $87,620

- Outstanding debt decreased from $5,563,335 to $5,285,785.

- The City implemented GASB 75, which reduced beginning net position as previously reported by $1,836,969 for governmental activities.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2018 and how they affected the operations of the City as a whole.

Reporting the City of Uhrichsville as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column. In the case of the City of Uhrichsville, the general fund is by far the most significant fund. Business-type funds consist of the water park fund.

A question typically asked about the City's finances "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting method 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.

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

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

- Governmental Activities - Most of the City's programs and services are reported here, including general government, security of persons and property, public health, community development, leisure time services and transportation.

- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water park fund is reported as business-type activities.

Reporting the City of Uhrichsville'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 safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, the street fund, the capital improvement fund, and the AFG grant fund.

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

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 of those funds are not available to support the City's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds.

The City of Uhrichsville as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2018 compared to 2017:

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2018	Restated 2017	Change	2018	2017	Change
Assets						
Current and Other Assets	$ 3,706,156	$ 3,626,030	$ 80,126	$ 328,119	$ 320,001	$ 8,118
Capital Assets	8,037,711	8,369,434	(331,723)	3,374,077	3,461,697	(87,620)
Total Assets	11,743,867	11,995,464	(251,597)	3,702,196	3,781,698	(79,502)
Deferred Outflows of Resources						
Pension & OPEB	637,202	645,187	(7,985)	0	0	0
Total Deferred Outflows of Resources	637,202	645,187	(7,985)	0	0	0
Liabilities						
Current and Other Liabilities	100,449	76,049	24,400	52,367	37,136	15,231
Long-Term Liabilities:						
Due within One Year	219,127	203,281	15,846	3,474,451	3,670,314	(195,863)
Due in More Than One Year:						
Net Pension Liability	2,449,022	2,708,701	(259,679)	0	0	0
Net OPEB Liability	2,175,411	1,844,257	331,154	0	0	0
Other Amounts	1,708,112	1,795,579	(87,467)	0	0	0
Total Liabilities	6,652,121	6,627,867	24,254	3,526,818	3,707,450	(180,632)
Deferred Inflows of Resources						
Property Taxes	531,756	517,780	13,976	0	0	0
Pension & OPEB	273,308	52,804	220,504	0	0	0
Total Deferred Inflows of Resources	805,064	570,584	234,480	0	0	0
Net Position						
Net Investment in Capital Assets	6,470,366	6,711,099	(240,733)	(100,374)	(193,303)	92,929
Restricted	1,723,688	1,554,273	169,415	0	0	0
Unrestricted	(3,270,170)	(2,823,172)	(446,998)	275,752	267,551	8,201
Total Net Position	$ 4,923,884	$ 5,442,200	$ (518,316)	$ 175,378	$ 74,248	$ 101,130

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

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

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

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

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

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

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

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $7,279,169 to $5,442,200 for governmental activities and there was no change for business-type activities.

At year end, capital assets represented 74 percent of total assets. Capital assets include land, buildings and improvements, equipment and machinery, vehicles and infrastructure. Net investment in capital assets was $6,369,992 at December 31, 2018, with $6,470,366 in governmental activities and ($100,374) in business-type activities. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. For further analysis refer to Table 3.

The City issued a Recreational Facilities Improvement Note to refund the improvement note previously used to finance the water park construction.

A portion of the City's net position, $1,723,688 represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit of $2,994,418.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2018	2017	Change	2018	2017	Change
Revenues						
Program Revenues:						
Charges for Services	$ 198,290	$ 305,440	$ (107,150)	$ 400,147	$ 394,842	$ 5,305
Operating Grants	778,306	295,981	482,325	0	0	0
Capital Grants	48	518,558	(518,510)	0	0	0
General Revenues:						
Property Taxes	538,638	532,098	6,540	0	0	0
Income Taxes	2,056,995	1,799,733	257,262	0	0	0
Grants and Entitlements	190,008	210,191	(20,183)	0	0	0
Miscellaneous	61,998	139,698	(77,700)	5,497	24,112	(18,615)
Investment Earnings	6,221	1,646	4,575	0	0	0
Total Revenues	3,830,504	3,803,345	27,159	405,644	418,954	(13,310)
Program Expenses						
General Government	910,553	750,182	160,371	0	0	0
Security of Persons and Property	2,332,991	1,385,564	947,427	0	0	0
Public Health	88,033	125,800	(37,767)	0	0	0
Leisure Time Services	22,676	35,018	(12,342)	0	0	0
Community Development	21,481	5,243	16,238	0	0	0
Transportation	804,846	569,086	235,760	0	0	0
Interest and Fiscal Charges	38,240	37,979	261	0	0	0
Enterprise Operations:						
Water Park	0	0	0	434,514	423,056	11,458
Total Program Expenses	4,218,820	2,908,872	1,309,948	434,514	423,056	11,458
Increase (Decrease) in Net Position	(388,316)	894,473	(1,282,789)	(28,870)	(4,102)	(24,768)
Transfers	(130,000)	(120,000)	(10,000)	130,000	120,000	10,000
Change in Net Position	(518,316)	774,473	(1,292,789)	101,130	115,898	(14,768)
Net Position Beginning of Year	5,442,200	6,504,696	(1,062,496)	74,248	(41,650)	115,898
Restatement - See Note 2	0	(1,836,969)	1,836,969	0	0	0
Net Position End of Year	$ 4,923,884	$ 5,442,200	$ (518,316)	$ 175,378	$ 74,248	$ 101,130

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 $7,288 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 $170,376. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities
Total 2018 Expenses under GASB 75	$ 4,218,820
OPEB Expense under GASB 75	(170,376)
2018 Contractually Required Contributions	3,894
Adjusted 2018 Expenses	4,052,338
Total 2017 Expenses under GASB 45	2,908,872
Increase/(Decrease) in Expenses not Related to OPEB	$ 1,143,466

The City's overall net position decreased $417,186 from the prior year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and charges for services.

General revenues include grants and entitlements, such as local government funds. With the combination of property tax, income tax and intergovernmental funding, all expenses in the governmental activities are fully funded. The City monitors its sources of revenues very closely for fluctuations.

The City's income tax is at a rate of 2 percent, increasing from 1.75 percent during 2017 due to an additional voter approved 0.25 percent benefiting the street fund. Both residents of the City and non-residents who work inside the City are subject to the income tax. However if residents work in a locality that has a municipal income tax, the City provides 100 percent credit up to 2 percent for those who pay income tax to another city. City Council could by Ordinance, choose to vary that income tax credit and create additional revenues for the City.

The City has seen a decline in income tax revenues over the past several years. This decline was offset in 2018 with the 0.25 percent increase described above.

Capital grants decreased due to a grant received in 2017 for the purchase of a fire truck, which was recorded in construction in progress in 2017 and capitalized in 2018.

Police and fire represent the largest expense of the governmental activities. The City received an Assistant to Firefighters Grant (AFG). The grant was used by the City to purchase new fire equipment, which increased Security of Persons and Property expense. The individual items did not meet the criteria of a capital asset and were expensed. The police and fire departments operate primarily out of the general fund.

The City's Street Maintenance and Repair Department provides the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping and alley profiling. The increase in transportation was due to road paving projects in 2018.

Business-Type Activities

Business-type activities are limited to the water park operations. The revenues are generated primarily from charges for services. In 2018 charges for services accounted for 99 percent of the business type revenues. The total expenses for the water park had no significant change. Net Position increased due to a transfer in.

The City's Funds

Governmental Funds

As noted earlier, the City's governmental funds are accounted for using the modified accrual method of accounting. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

The general fund's net change in fund balance for 2018 was a decrease of $178,444. This is due to the City spending more on security of persons and property with the hiring of an additional firefighter and police officer.

The streets fund's net change in fund balance for 2018 was a decrease of $19,581.

The capital improvement fund's net change in fund balance for 2018 was an increase of $144,556 primarily due to timing differences between revenues and projects, including debt payments on the related capital projects and transfers to the water fund.

The AFG grant fund's net change in fund balance for 2018 was $0 due to the city receiving and expending the grant within the year purchasing new fire equipment.

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

Unrestricted net position of the water park fund at the end of the year amounted to $275,752. The total increase in net position for this fund was $101,130. Activity in this fund can fluctuate from year to year due to various factors, the primary one being weather.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

Original Budget Compared to Final Budget During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain employee benefits such as pensions and other postemployment benefits. Generally, the movement of the appropriations between departments was not significant.

Final Budget Compared to Actual Results The most significant differences between estimated revenues and actual revenues were as follows:

The City saw an unexpected increase in income taxes due to a more stable economy and an increase in taxes rates that was implemented in 2017.

A review of actual expenditures compared to the appropriations in the final budget yields no significant variances.

Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal year 2018 balances compared with 2017.

Table 3
Capital Assets at December 31
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 1,151,026	$ 1,151,026	$ 0	$ 0	$ 1,151,026	$ 1,151,026
Construction in Progress	0	801,321	0	0	0	801,321
Buildings and Improvements	419,065	431,078	3,368,908	3,455,589	3,787,973	3,886,667
Equipment and Machinery	300,750	294,165	5,169	6,108	305,919	300,273
Vehicles	1,152,644	633,252	0	0	1,152,644	633,252
Infrastructure	5,014,226	5,058,592	0	0	5,014,226	5,058,592
Total	$ 8,037,711	$ 8,369,434	$ 3,374,077	$ 3,461,697	$ 11,411,788	$ 11,831,131

The $331,723 decrease in capital assets of governmental activities was primarily attributable to a disposal of a fire truck and current year depreciation exceeding additions. The $87,620 decrease in capital assets of business-type activities is due to current year depreciation. See Note 9 for additional information about the capital assets of the City.

Debt

Table 4 summarizes outstanding debt. See Note 10 and 11 for additional details.

Table 4
Outstanding Debt, at December 31

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
OWDA Loans	$ 919,660	$ 854,829	$ 0	$ 0	$ 919,660	$ 854,829
OPWC Loans	345,214	371,263	0	0	345,214	371,263
Police and Fire Pension	225,382	234,686	0	0	225,382	234,686
Notes Payable	0	0	3,455,000	3,655,000	3,455,000	3,655,000
Unamortized Premium on Note	0	0	19,451	15,314	19,451	15,314
Capital Leases	321,078	432,243	0	0	321,078	432,243
Total	$ 1,811,334	$ 1,893,021	$ 3,474,451	$ 3,670,314	$ 5,285,785	$ 5,563,335

Economic Factors

During 2018, the City continued to monitor their monies very closely.

- Re-financed the Water Park debt through the State of Ohio's OMAP program
- Hired an additional firefighter and police officer
- Paved the downtown area roads with the money from an additional income tax increase designated for the street fund
- Finalized plans to begin Eastport Avenue Phase 2 Storm Sewer Project in 2019
- Installed a new basketball court at the park
- Due to the COVID-19 pandemic, the City decided its water park will remain closed for the 2020 season.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Julie Pearch, Auditor at the City of Uhrichsville, 305 East 2nd Street, Uhrichsville, Ohio 44683, (740) 922-9344.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$ 1,771,409	$ 328,119	$ 2,099,528
Cash and Cash Equivalents in Segregated Accounts	177,378	0	177,378
Accounts Receivable	4,751	0	4,751
Intergovernmental Receivable	227,678	0	227,678
Property Taxes Receivable	586,037	0	586,037
Income Taxes Receivable	850,373	0	850,373
Special Assessments Receivable	7,889	0	7,889
Prepaid Items	56,401	0	56,401
Materials and Supplies Inventory	24,240	0	24,240
Non-Depreciable Capital Assets	1,151,026	0	1,151,026
Depreciable Capital Assets, Net	6,886,685	3,374,077	10,260,762
Total Assets	11,743,867	3,702,196	15,446,063
Deferred Outflows of Resources			
Pension	412,428	0	412,428
OPEB	224,774	0	224,774
Total Deferred Outflows of Resources	637,202	0	637,202
Liabilities			
Accounts Payable	36,642	0	36,642
Accrued Wages	23,485	0	23,485
Intergovernmental Payable	40,322	542	40,864
Accrued Interest Payable	0	51,825	51,825
Long-Term Liabilities:			
Due Within One Year	219,127	3,474,451	3,693,578
Due In More Than One Year:			
Net Pension Liability	2,449,022	0	2,449,022
Net OPEB Liability	2,175,411	0	2,175,411
Other Amounts Due in More Than One Year	1,708,112	0	1,708,112
Total Liabilities	6,652,121	3,526,818	10,178,939
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	531,756	0	531,756
Pension	220,494	0	220,494
OPEB	52,814	0	52,814
Total Deferred Inflows of Resources	805,064	0	805,064
Net Position			
Net Investment in Capital Assets	6,470,366	(100,374)	6,369,992
Restricted for:			
Capital Outlay	1,126,871	0	1,126,871
Other Purposes	596,817	0	596,817
Unrestricted	(3,270,170)	275,752	(2,994,418)
Total Net Position	$ 4,923,884	$ 175,378	$ 5,099,262

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Activities
For the Year Ended December 31, 2018

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants, Contributions and Interest	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental Activities							
General Government	$ 910,553	$ 64,696	$ 0	$ 0	$ (845,857)	$ 0	$ (845,857)
Security of Persons and Property	2,332,991	48,900	484,689	0	(1,799,402)	0	(1,799,402)
Public Health	88,033	84,694	8,302	0	4,963	0	4,963
Leisure Time Services	22,676	0	1,879	0	(20,797)	0	(20,797)
Community Development	21,481	0	22,189	0	708	0	708
Transportation	804,846	0	261,247	48	(543,551)	0	(543,551)
Interest and Fiscal Charges	38,240	0	0	0	(38,240)	0	(38,240)
Total Governmental Activities	4,218,820	198,290	778,306	48	(3,242,176)	0	(3,242,176)
Business-Type Activities							
Water Park	434,514	400,147	0	0	0	(34,367)	(34,367)
Total Primary Government	$ 4,653,334	$ 598,437	$ 778,306	$ 48	(3,242,176)	(34,367)	(3,276,543)

	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Property Taxes Levied for:			
General Purposes	264,074	0	264,074
Capital Projects	95,531	0	95,531
Parks and Recreation	25,621	0	25,621
Ambulance	123,316	0	123,316
Police and Fire Pension	30,096	0	30,096
Income Taxes Levied for:			
General Purposes	1,414,183	0	1,414,183
Capital Projects	385,687	0	385,687
Streets	257,125	0	257,125
Grants and Entitlements not Restricted to Specific Programs	190,008	0	190,008
Miscellaneous	61,998	5,497	67,495
Investment Earnings	6,221	0	6,221
Total General Revenues	2,853,860	5,497	2,859,357
Transfers	(130,000)	130,000	0
Change in Net Position	(518,316)	101,130	(417,186)
Net Position Beginning of Year (Restated, see Note 2)	5,442,200	74,248	5,516,448
Net Position End of Year	$ 4,923,884	$ 175,378	$ 5,099,262

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Balance Sheet
Governmental Funds
December 31, 2018

	General	Street Fund	Capital Improvement	AFG Grant	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$ 579,267	$ 118,113	$ 439,150	$ 0	$ 634,879	$ 1,771,409
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	177,378	177,378
Accounts Receivable	4,751	0	0	0	0	4,751
Intergovernmental Receivable	82,174	102,407	0	0	43,097	227,678
Property Taxes Receivable	288,322	0	0	0	297,715	586,037
Income Taxes Receivable	584,631	106,297	159,445	0	0	850,373
Special Assessments Receivable	0	0	0	0	7,889	7,889
Prepaid Items	56,401	0	0	0	0	56,401
Materials and Supplies Inventory	10,760	13,480	0	0	0	24,240
Total Assets	$ 1,606,306	$ 340,297	$ 598,595	$ 0	$ 1,160,958	$ 3,706,156
Liabilities						
Accounts Payable	$ 31,923	$ 1,083	$ 0	$ 0	$ 3,636	$ 36,642
Accrued Wages	21,209	2,276	0	0	0	23,485
Intergovernmental Payable	36,642	3,157	0	0	523	40,322
Total Liabilities	89,774	6,516	0	0	4,159	100,449
Deferred Inflows of Resources						
Property Taxes Levied for the Next Year	261,311	0	0	0	270,445	531,756
Unavailable Revenue	469,660	138,973	104,645	0	71,447	784,725
Total Deferred Inflows of Resources	730,971	138,973	104,645	0	341,892	1,316,481
Fund Balances						
Nonspendable	67,161	13,480	0	0	0	80,641
Restricted	0	181,328	493,950	0	774,546	1,449,824
Committed	0	0	0	0	40,361	40,361
Assigned	430,264	0	0	0	0	430,264
Unassigned	288,136	0	0	0	0	288,136
Total Fund Balances	785,561	194,808	493,950	0	814,907	2,289,226
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,606,306	$ 340,297	$ 598,595	$ 0	$ 1,160,958	$ 3,706,156

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2018

Total Governmental Fund Balances		$ 2,289,226
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.		8,037,711
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	$ 54,281	
Income Tax	558,106	
Intergovernmental	164,449	
Special Assessments	7,889	784,725
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	412,428	
Deferred Outflows - OPEB	224,774	
Net Pension Liability	(2,449,022)	
Net OPEB Liability	(2,175,411)	
Deferred Inflows - Pension	(220,494)	
Deferred Inflows - OPEB	(52,814)	(4,260,539)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
OPWC Loans	(345,214)	
OWDA Loans	(919,660)	
Police and Fire Pension	(225,382)	
Capital Leases	(321,078)	
Compensated Absences	(115,905)	(1,927,239)
Net Position of Governmental Activities		$ 4,923,884

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Street Fund	Capital Improvement	AFG Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$ 264,838	$ 0	$ 0	$ 0	$ 275,299	$ 540,137
Income Taxes	1,350,400	245,527	368,291	0	0	1,964,218
Special Assessments	0	0	0	0	138,385	138,385
Charges for Services	25,697	0	0	0	44,485	70,182
Licenses and Permits	59,814	0	0	0	0	59,814
Fines and Forfeitures	10,787	0	0	0	275	11,062
Intergovernmental	190,410	204,035	0	442,783	118,154	955,382
Interest	6,221	0	48	0	0	6,269
Contributions and Donations	0	0	0	0	12,167	12,167
Other	30,701	0	21,638	0	9,659	61,998
Total Revenues	1,938,868	449,562	389,977	442,783	598,424	3,819,614
Expenditures						
Current:						
General Government	765,122	0	0	0	0	765,122
Security of Persons and Property	1,221,294	0	0	6,495	243,812	1,471,601
Public Health	1,802	0	0	0	9,755	11,557
Leisure Time Services	0	0	0	0	21,469	21,469
Community Development	0	0	0	0	21,481	21,481
Transportation	101,449	469,143	12,045	0	44,341	626,978
Capital Outlay	8,465	0	80,789	444,248	152,117	685,619
Debt Service:						
Principal Retirement	9,304	0	18,435	0	173,115	200,854
Interest and Fiscal Charges	9,876	0	4,152	0	24,212	38,240
Total Expenditures	2,117,312	469,143	115,421	450,743	690,302	3,842,921
Excess of Revenues Over (Under) Expenditures	(178,444)	(19,581)	274,556	(7,960)	(91,878)	(23,307)
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	0	0	0	0	65,000	65,000
Issuance of OWDA Loans	0	0	0	0	119,167	119,167
Transfers In	0	0	0	7,960	0	7,960
Transfers Out	0	0	(130,000)	0	(7,960)	(137,960)
Total Other Financing Sources (Uses)	0	0	(130,000)	7,960	176,207	54,167
Net Change in Fund Balance	(178,444)	(19,581)	144,556	0	84,329	30,860
Fund Balance Beginning of Year	964,005	214,389	349,394	0	730,578	2,258,366
Fund Balance End of Year	$ 785,561	$ 194,808	$ 493,950	$ 0	$ 814,907	$ 2,289,226

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, 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		$ 30,860
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 165,321	
Current Year Depreciation	(297,110)	(131,789)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(199,934)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(1,499)	
Income Tax	92,777	
Intergovernmental	1,211	
Charges for Services	(5,905)	
Licenses, Fees and Permits	(21,557)	
Special Assessments	(54,137)	10,890
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
OPWC Loans	26,049	
OWDA Loans	54,336	
Police and Fire Pension	9,304	
Capital Lease	111,165	200,854
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
OWDA Loans		(119,167)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	219,619	
OPEB	3,894	223,513
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(353,101)	
OPEB	(170,376)	(523,477)
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.		
Compensated Absences		(10,066)
Change in Net Position of Governmental Activities		$ (518,316)

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property Taxes	$ 250,000	$ 250,000	$ 264,838	$ 14,838
Income Taxes	1,150,000	1,150,000	1,355,942	205,942
Charges for Services	30,000	30,000	25,697	(4,303)
Licenses and Permits	53,600	53,600	55,063	1,463
Fines and Forfeitures	13,800	13,800	10,787	(3,013)
Intergovernmental	167,400	167,400	190,597	23,197
Interest	4,000	4,000	6,221	2,221
Rent	1,100	1,100	0	(1,100)
Other	11,327	11,327	30,701	19,374
Total Revenues	1,681,227	1,681,227	1,939,846	258,619
Expenditures				
Current:				
General Government	845,590	865,390	766,748	98,642
Security of Persons and Property	1,244,400	1,283,300	1,208,784	74,516
Public Health	1,000	2,000	1,802	198
Transportation	83,000	115,000	99,988	15,012
Capital Outlay	0	1,400	1,395	5
Debt Service:				
Principal Retirement	9,424	9,424	9,304	120
Interest and Fiscal Charges	9,876	9,876	9,876	0
Total Expenditures	2,193,290	2,286,390	2,097,897	188,493
Excess of Revenues Over (Under) Expenditures	(512,063)	(605,163)	(158,051)	447,112
Net Change in Fund Balance	(512,063)	(605,163)	(158,051)	447,112
Fund Balance Beginning of Year	737,318	737,318	737,318	0
Fund Balance End of Year	$ 225,255	$ 132,155	$ 579,267	$ 447,112

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Income Taxes	$ 144,000	$ 200,658	$ 246,535	$ 45,877
Intergovernmental	170,000	218,342	210,350	(7,992)
Other	1,000	1,000	0	(1,000)
Total Revenues	315,000	420,000	456,885	36,885
Expenditures				
Current:				
Transportation	424,000	491,500	480,740	10,760
Total Expenditures	424,000	491,500	480,740	10,760
Excess of Revenues Over (Under) Expenditures	(109,000)	(71,500)	(23,855)	47,645
Net Change in Fund Balance	(109,000)	(71,500)	(23,855)	47,645
Fund Balance Beginning of Year	141,968	141,968	141,968	0
Fund Balance End of Year	$ 32,968	$ 70,468	$ 118,113	$ 47,645

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2018

		Water Park
Assets		
Current Assets:		
Equity in Pooled Cash and Investments	$	328,119
Non-Current Assets:		
Depreciable Capital Assets, Net		3,374,077
Total Assets		3,702,196
Liabilities		
Current Liabilities:		
Intergovernmental Payable		542
Accrued Interest Payable		51,825
Notes Payable		3,474,451
Total Liabilities		3,526,818
Net Position		
Net Investment in Capital Assets		(100,374)
Unrestricted		275,752
Total Net Position	$	175,378

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2018

	Water Park
Operating Revenues	
Charges for Services	$ 393,937
Rent	6,210
Other	5,497
Total Operating Revenues	405,644
Operating Expenses	
Personal Services	126,529
Fringe Benefits	2,371
Contractual Services	102,740
Materials and Supplies	39,897
Depreciation	87,620
Total Operating Expenses	359,157
Operating Income	46,487
Non-Operating Revenues (Expense)	
Interest and Fiscal Charges	(75,357)
Income (Loss) Before Transfers	(28,870)
Transfers In	130,000
Change in Net Position	101,130
Net Position Beginning of Year	74,248
Net Position End of Year	$ 175,378

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2018

		Water Park
Cash Flows from Operating Activities		
Cash Received from Customers	$	393,937
Cash Received from Rent		6,210
Cash Received from Other Operating Receipts		5,497
Cash Payments to Suppliers for Goods and Services		(39,897)
Cash Payments to Employees for Services and Benefits		(128,358)
Cash Payments for Contractual Services		(103,326)
Net Cash Provided by (Used for) Operating Activities		134,063
Cash Flows from Capital and Related Financing Activities		
Issuance of Note		3,455,000
Transfers In for Capital Debt Retirement		130,000
Premium on Debt Issuance		38,903
Principal Payments on Debt		(3,655,000)
Interest Payments on Debt		(94,848)
Net Cash Provided by (Used for) Capital and Related Financing Activities		(125,945)
Net Increase (Decrease) in Cash and Investments		8,118
Cash and Investments Beginning of Year		320,001
Cash and Investments End of Year	$	328,119

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities

Operating Income (Loss)	$	46,487
Adjustments:		
Depreciation		87,620
Increase (Decrease) in Liabilities and Deferred Inflows:		
Accounts Payable		(586)
Intergovernmental Payable		542
Net Cash Provided by (Used For) Operating Activities	$	134,063

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2018

		Agency Fund
Assets		
Equity in Pooled Cash and Investments	$	1,072
Liabilities		
Undistributed Monies	$	1,072

See accompanying notes to the basic financial statements.

Note 1 – Description of the City and Reporting Entity

The City of Uhrichsville (the "City") is located in Tuscarawas County, Ohio, approximately 40 miles southeast of the City of Canton and has a population of approximately 5,401. The City was incorporated as a Village on August 13, 1866, and began operating as a City on February 21, 1921. The City is a home rule municipal corporation regulated by Article XVIII of the Ohio Constitution and by Title 7 of the Ohio Revised Code. The City operates as a statutory city with the decision making process being directed by an elected eight member City Council and Mayor.

Reporting Entity

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 Uhrichsville, this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, and general administrative services. The City's departments include a public safety department, a street maintenance department, a park and recreation department, a planning and zoning department, and staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process. Sewer and water services are provided by the Twin City Water and Sewer District.

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. The City has no component units.

The City participates in the Community Improvement Corporation of Tuscarawas County, the Uhrichsville-Dennison-Mill Union Cemetery, the Tuscarawas County Tax Incentive Review Council and a Joint Economic Development District, which are defined as jointly governed organizations, the Twin City Water and Sewer District, which is defined as a joint venture, the Public Entities Pool of Ohio, which is a risk sharing pool and the Ohio Municipal League Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 18, 19 and 20 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Uhrichsville 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 more 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 assets 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 fiduciary funds. These statements distinguish between those activities of the City that are governmental and those that are considered business-type.

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 activity 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 which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program or business activity revenues identifies the extent to which each governmental program 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. Non-major funds are aggregated and presented in a single column.

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 utilized by the City: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources 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 general laws of Ohio.
>
> ***Street Fund*** The street fund is used to account for grants and income taxes used to maintain and improve roadways within the city.
>
> ***Capital Improvement Fund*** The capital improvement capital projects fund is used to account for financial resources to be used for various capital improvements.
>
> ***AFG Grant Fund*** The AFG Grant fund is used to account for grant monies received through the assistance to firefighters grant program to be used for purchase of City fire equipment.

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Type 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's only proprietary fund is an enterprise fund:

> ***Enterprise Funds*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has one major enterprise fund.
>
> > ***Water Park Fund*** This fund accounts for the operations and maintenance of the City's water park.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has one agency fund which is used to account for monies held for individuals and organizations for income taxes.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources 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 a 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 deferred outflows and resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its enterprise activities.

The agency fund is not reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the 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. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 8). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue may include delinquent property taxes, income taxes, special assessments, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 14 and 15).

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. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and investments."

Investments are reported at fair value, with the exception of nonparticipating investment contracts, such as certificates of deposit and repurchase agreements, which are reported at cost. During 2018, investments were limited to non-negotiable certificates of deposit.

Under existing Ohio statutes, the City has, by resolution, identified the general fund and the water park enterprise fund to receive an allocation of interest. Interest revenue credited to the general fund during 2018 amounted to $6,221, which includes $4,061 assigned from other City funds.

Investments of the cash management pool and investments with original maturities of three months or less are presented on the financial statements as "equity in pooled cash and investments." Investments with an original maturity of more than three months that are not made from the pool are reported as "investments."

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the statement of net position and the balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City's treasury.

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

G. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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 enterprise fund is reported both in the business-type activity column of the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of $5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Buildings and Improvements	50 years
Equipment and Machinery	5-25 years
Infrastructure	40 years
Vehicles	15 years

During 2004, the City reported general infrastructure assets for the first time which consists of roads and storm sewers. Only general infrastructure assets acquired or improved since 2004 have been reported.

H. 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. The City records a liability for all accumulated unused vacation time when earned for employees with more than one year of service in the police department and street department when approved.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination payments and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for all accumulated unused sick leave benefits time when earned for all employees with more than five years of service.

I. 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, 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 fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

J. Pension/Other Postemployment Benefits (OPEB)

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

K. Net Position

Net position represents the difference between assets and deferred outflows of resources 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 borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

L. Fund Balance

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

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 Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted 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 policies of the City. The City Council has by resolution authorized the City Auditor to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is 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 amounts in any of the unrestricted fund balance classifications could be used.

M. 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 the water park. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

N. Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

O. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method. The straight-line method of amortization is not materially different from the effective-interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2018.

Q. 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.

R. Budgetary Process

All 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 resolution, 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 Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund, function, and object level. Any budgetary modifications at this level may only be made by resolution of City Council.

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

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

Note 3 – Implementation of New Accounting Principles

For the fiscal year ended December 31, 2018, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments.*

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See below for the effect on net position as previously reported.

	Governmental Activities
Net Position, December 31, 2017	$ 7,279,169
Adjustments:	
Net OPEB Liability	(1,844,257)
Deferred Outflow-Payments Subsequent to Measurement Date	7,288
Restated Net Position, December 31, 2017	$ 5,442,200

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

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

Note 4 – Budgetary Basis of Accounting

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

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

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

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and street fund.

Net Change in Fund Balance

	General	Street
GAAP Basis	$ (178,444)	$ (19,581)
Net Adjustment for Revenue Accruals	978	7,323
Net Adjustment for Expenditure Accruals	12,345	(11,597)
Funds Budgeted Elsewhere *	7,070	0
Budget Basis	$ (158,051)	$ (23,855)

* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the clay museum fund.

Note 5 – Deposits and Investments

State statutes classify monies held by the City into two categories, active and inactive.

Active monies 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 monies are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must 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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies to 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 or interest by the United States;

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

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

4. Bonds and any other obligations 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); and

7. Bankers' acceptances and commercial paper for a period not to exceed one hundred eighty days and two hundred and seventy days, respectively, in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

***Segregated Cash* -** The CHIP grant fund and a portion of the storm sewer assessment fund are maintained separately from the City's deposits. The carrying amount of the deposits is reported as "Cash and Cash Equivalents in Segregated Accounts."

***Deposits* –** At year-end, $1,794,548 of the City's bank balance of $2,294,548 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

***Custodial Credit Risk* -** Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in 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 either be insured or protected by:

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 6 – Receivables

Receivables at December 31, 2018, consisted primarily of taxes, accounts (billings for user charged services), special assessments, and intergovernmental receivables arising from grants, entitlements and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property taxes and special assessments, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Note 7 – Property Tax

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of the 2017 taxes.

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statue permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was $11.75 per $1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	$ 54,136,140
Public Utilities - Real	55,020
Public Utilities - Personal	2,583,310
Total Assessed Value	$ 56,774,470

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Note 8 – Income Tax

The City levies a municipal income tax of 2.0 percent on gross salaries, wages and other personal service compensation earned by residents of the City and on the earnings of nonresidents working within the City, which is an increase of 0.25 percent for the street fund effective July 1, 2017. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a credit up to the full amount owed for taxes paid to other municipalities.
Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations are required to pay their estimated tax quarterly and file a declaration annually.

The City's income tax of 2.0 percent is comprised of 1 percent credited to the general fund, 0.75 percent equally distributed between the general fund and capital improvement fund, and 0.25 percent credited to the street fund. The 0.25 percent is voted income tax restricted for road paving, road construction, and road maintenance.

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Note 9 – Capital Assets

A summary of changes in capital assets during 2018 follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$1,151,026	$ 0	$ 0	$1,151,026
Construction in Progress	801,321	0	(801,321)	0
Total Capital Assets, Not Being Depreciated	1,952,347	0	(801,321)	1,151,026
Capital Assets, Being Depreciated:				
Buildings and Improvements	626,676	0	0	626,676
Equipment and Machinery	748,454	48,321	0	796,775
Vehicles	1,771,108	801,321	(499,835)	2,072,594
Infrastructure:				
Storm Sewers	3,000,570	117,000	0	3,117,570
Roads	3,395,588	0	0	3,395,588
Total Capital Assets, Being Depreciated	9,542,396	966,642	(499,835)	10,009,203
Less Accumulated Depreciation:				
Buildings and Improvements	(195,598)	(12,013)	0	(207,611)
Equipment and Machinery	(454,289)	(41,736)	0	(496,025)
Vehicles	(1,137,856)	(81,995)	299,901	(919,950)
Infrastructure:				
Storm Sewers	(542,062)	(76,476)	0	(618,538)
Roads	(795,504)	(84,890)	0	(880,394)
Total Accumulated Depreciation	(3,125,309)	(297,110)	299,901	(3,122,518)
Total Capital Assets Being Depreciated, Net	6,417,087	669,532	(199,934)	6,886,685
Total Governmental Activity Capital Assets, Net	$8,369,434	$ 669,532	$(1,001,255)	$8,037,711

Depreciation expense was charged to governmental functions as follows:

General Government	$ 15,386
Security of Persons and Property	75,886
Transportation	128,155
Public Health Services	76,476
Leisure Time Services	1,207
Total Depreciation Expense	$ 297,110

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Buildings and Improvements	$4,276,981	$ 0	$ 0	$4,276,981
Equipment and Machinery	38,961	0	0	38,961
Total Capital Assets, Being Depreciated	4,315,942	0	0	4,315,942
Less Accumulated Depreciation:				
Buildings and Improvements	(821,392)	(86,681)	0	(908,073)
Equipment and Machinery	(32,853)	(939)	0	(33,792)
Total Accumulated Depreciation	(854,245)	(87,620)	0	(941,865)
Total Business-Type Capital Assets, Net	$3,461,697	$(87,620)	$ 0	$3,374,077

Note 10 – Long-Term Obligations

Changes in long-term obligations of the City during the year ended December 31, 2018, were as follows:

	Restated Balance 12/31/2017	Additions	(Reductions)	Balance 12/31/2018	Due in One Year
Governmental Activities:					
Newport Area Storm Sewer OPWC Loan	$ 199,359	$ 0	$ (14,767)	$ 184,592	$ 14,767
Newport Area Storm Sewer OWDA Loan	170,068	0	(16,254)	153,814	16,417
East 2nd Street Storm Sewer OPWC Loan	64,125	0	(4,750)	59,375	4,750
East 2nd Street Storm Sewer OWDA Loan	96,701	0	(7,300)	89,401	7,372
West Side Storm Sewer OWDA Loan	326,070	0	(20,253)	305,817	20,455
West Side Storm Sewer OPWC Loan	107,779	0	(6,532)	101,247	6,532
Eastport Avenue Storm Sewer OWDA Loan	261,990	0	(10,529)	251,461	11,376
Eastport Avenue Phase 2 OWDA Loan	0	119,167	0	119,167	0
Police and Fire Pension	234,686	0	(9,304)	225,382	9,703
Net Pension/OPEB Liability					
Pension	2,708,701	0	(259,679)	2,449,022	0
OPEB	1,844,257	331,154	0	2,175,411	0
Compensated Absences	105,839	20,022	(9,956)	115,905	13,702
Capital Leases	432,243	0	(111,165)	321,078	114,053
Total Governmental Activities	$ 6,551,818	$ 470,343	$ (470,489)	$ 6,551,672	$ 219,127

In 2010, the City finalized a loan with the Ohio Public Works Commission (OPWC) for the Newport area storm sewer project in the amount of $295,347. The City pays no interest on this loan and it will be fully repaid in 2030. This loan will be paid from the storm sewer assessment fund.

In 2007, the City was awarded a loan from the Ohio Water Development Authority (OWDA) in the amount of $323,990 for the Newport area storm sewer improvement project. The loan has an interest rate of 1 percent and will be fully repaid in 2028. This loan will be paid from the storm sewer assessment fund.

In 2010, the City was awarded a loan from OPWC in the amount of $95,000 for the East Second Street storm sewer improvement project. The loan is interest free and matures in 2031. This loan will be paid from the storm sewer assessment fund.

In 2011, the City was awarded a loan from the OWDA in the amount of $149,191 for the East Second Street area storm sewer improvement project. The loan has an interest rate of 1 percent and will be fully repaid in 2030. This loan will be paid from the storm sewer assessment fund.

In 2011, the City was awarded a loan from OWDA in the amount of $424,360 for the West Side storm sewer improvement project. The loan has an interest rate of 1 percent and will be fully repaid in 2033. This loan will be paid from the storm sewer assessment fund.

In 2013, the City was awarded a loan from OPWC in the amount of $130,641 for the West Side storm sewer improvement project. The loan is interest free and will be fully repaid in 2034. This loan will be paid from the storm sewer assessment fund.

In 2015, the City was awarded a loan from OWDA in the amount of $273,432 for the Eastport Avenue storm sewer improvement project phase 1. The loan has an interest rate of 2.06 to 2.46 percent and will be fully repaid in 2036. This loan will be paid from the storm sewer assessment fund.

In 2018, the City was awarded a loan from OWDA in the amount of $123,088 for the Eastport Avenue storm sewer improvement project phase 2. The loan has an interest rate of 3.39 percent. This loan will be paid from the storm sewer assessment fund. No amortization schedule is available. Therefore, it has been excluded from the schedule below.

The police and fire pension liability will be paid from taxes receipted in the general fund. The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967.

Compensated absences will be paid from the general and street funds. There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and street fund. For additional information related to the net pension liability and net OPEB liability see Notes 14 and 15.

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

	Governmental Activities							
	OWDA Loans		OPWC Loans	Police and Fire Pension		Total	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2019	$ 55,620	$ 11,315	$ 26,049	$ 9,703	$ 9,476	91,372	20,791
2020	56,332	10,502	22,783	10,120	9,060	89,235	19,562
2021	57,056	9,639	26,049	10,554	8,625	93,659	18,264
2022	57,790	8,902	26,049	11,008	8,172	94,847	17,074
2023	58,534	8,155	26,049	11,480	7,699	96,063	15,854
2024-2028	286,285	29,973	130,247	65,235	30,663	481,767	60,636
2029-2033	179,305	12,967	81,455	80,501	15,397	341,262	28,364
2034-2035	49,571	2,057	6,533	26,781	2,250	82,885	4,307
Total	$ 800,493	$ 93,510	$ 345,214	$ 225,382	$ 91,342	$ 1,371,090	$ 184,852

Note 11 – Notes Payable

Changes in short-term notes of the City during the year ended December 31, 2018, were as follows:

	Balance 12/31/2017	Additions	(Reductions)	Balance 12/31/2018	Due in One Year
Business-Type Activities:					
Recreational Facilities Improvement Note	$ 3,655,000	$ 3,455,000	$ (3,655,000)	$ 3,455,000	$3,455,000
Unamortized Premium on Note	15,314	38,903	(34,766)	19,451	19,451
Total Business-Type Activities	$ 3,670,314	$ 3,493,903	$ (3,689,766)	$ 3,474,451	$3,474,451

On June 29, 2018, the City issued a Recreational Facilities Improvement Note in the amount of $3,455,000 to refund the improvement note previously used to finance the water park construction. The note matures in June 2019 and has an interest rate of 3.0 percent and will be paid from the water park enterprise fund with user charges to the extent monies are available. Additional monies will be transferred in from the capital improvement fund as needed.

Note 12 – Capital Leases Payable

In 2016, the City entered into a capitalized lease for the acquisition of a police cruiser. This lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee.

The police cruiser acquired by the lease has been capitalized in the governmental activities in the amount of $40,138, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was $4,014 as of December 31, 2018, leaving a current book value of $36,124. A corresponding liability is recorded and is reduced for each required principal payment. This lease will be paid from the capital improvement fund.

In 2017, the City entered into a capitalized lease for the acquisition of a police cruiser, a dump truck, and a ladder truck. These leases meet the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee.

The police cruiser acquired by the lease has been capitalized in the governmental activities in the amount of $40,138, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was $4,014 as of December 31, 2018, leaving a current book value of $36,124. A corresponding liability is recorded and is reduced for each required principal payment. This lease will be paid from the capital improvement fund.

The dump truck acquired by the lease has been capitalized in the governmental activities in the amount of $98,558, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was $9,855 as of December 31, 2018, leaving a current book value of $88,702. A corresponding liability is recorded and is reduced for each required principal payment. This lease will be paid from the storm sewer assessment fund.

In 2017, the City entered into a lease in the amount of $801,321 for the acquisition of a new fire ladder truck. This lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee.

The fire ladder truck acquired by the lease has been capitalized in the governmental activities equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was $26,711 as of December 31, 2018, leaving a current book value of $774,610. A corresponding liability is recorded and is reduced for each required principal payment. This lease will be paid from the fire truck levy fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2018:

		Governmental Activities Capital Leases
Year ending December 31,	2019	$ 125,303
	2020	114,009
	2021	102,714
Minimum lease payments		342,026
Less: amount representing interest at the City's incremental borrowing rate of interest		(20,948)
Present value of net minimum lease payments		$ 321,078

Note 13 – Risk Management

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2018 (the latest information available), PEP retained $350,000 for casualty claims and $100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2018 and 2017 (the most recent available):

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

At December 31, 2018 and 2017, respectively, the liabilities above include approximately $13.0 million and $11.8 million of estimated incurred claims payable. The assets above also include approximately $11.8 million and $11.3 million of unpaid claims to be billed. The Pool's membership increased to 538 members in 2018. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the City's share of these unpaid claims collectible in future years is approximately $65,700.

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

Contributions to PEP	
2017	$ 57,283
2018	69,933

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

The City participates in the Ohio Municipal League Group Rating Plan (OML) for workers' compensation. The intent of the OML is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the OML. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OML. Each participant pays its workers' compensation premium o the State based on the rate for the OML rather than its individual rate. Participation in the OML is limited to cities that can meet the OML's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the OML.

Note 14 – Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term ***net pension liability*** on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in ***intergovernmental payable*** on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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 and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at three percent.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	0.00 %
Total Employer	14.00 %
Employee	10.00 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $53,950 for 2018. Of this amount, $4,325 is reported as an intergovernmental payable.

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

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

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members 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-W) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	Police	Firefighters
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-Employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $165,669 for 2018. Of this amount, $16,130 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2018, the specific liability of the City was $225,383 payable in semi-annual payments through the year 2035.

Pension Liabilities, Pension Expense, and Deferred Outflows/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	OPF	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.002821%	0.032692%	
Prior Measurement Period	0.002920%	0.032297%	
Change in Proportion	-0.000099%	0.000395%	
Proportionate Share of the Net Pension Liability	$ 442,553	$ 2,006,469	$ 2,449,022
Pension Expense	$ 117,884	$ 235,217	$ 353,101

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OPF	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 453	$ 30,449	$ 30,902
Changes of Assumptions	52,887	87,432	140,319
Changes in Proportionate Share	0	21,588	21,588
City Contributions Subsequent to the Measurement Date	53,950	165,669	219,619
Total Deferred Outflows of Resources	$ 107,290	$ 305,138	$ 412,428
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 8,721	$ 3,629	$ 12,350
Net Difference between Projected and Actual Earnings on Pension Plan Investments	95,012	69,408	164,420
Changes in Proportionate Share	10,343	33,381	43,724
Total Deferred Inflows of Resources	$ 114,076	$ 106,418	$ 220,494

$219,619 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:

Year Ending December 31:	OPERS	OPF	Total
2019	$ 34,349	$ 44,279	$ 78,628
2020	(14,204)	26,031	11,827
2021	(41,839)	(45,861)	(87,700)
2022	(39,042)	(23,755)	(62,797)
2023	0	26,109	26,109
Thereafter	0	6,248	6,248
	$ (60,736)	$ 33,051	$ (27,685)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017 are presented below.

Valuation Date	December 31, 2017
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Investment Rate of Return	7.50 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

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 table.

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

The long-term expected 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 Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's Proportionate Share of the Net Pension Liability	$ 785,862	$ 442,553	$ 156,337

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

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 (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Increases	3.25 percent (inflation plus productivity increase)
Inflation Assumptions	2.75 percent
Cost-of-Living Adjustments	3.00 percent simple; 2.20 percent simple for increases based on lesser of the increase in CPI and 3.00 percent

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return 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 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	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Domestic Equity	16.00 %	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income*	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
U.S. Inflation Linked Bonds*	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
Total	120.00 %		

Note: Assumptions are geometric.
* Levered 2x
** Numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall total portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the total portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's Proportionate Share of the Net Pension Liability	$ 2,781,474	$ 2,006,469	$ 1,374,358

Note 15 – Defined Benefit OPEB Plans

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's had no contractually required contribution for 2018.

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

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

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was $3,894 for 2018. Of this amount, $379 is reported as an intergovernmental payable.

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

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

	OPERS		OPF		Total
Proportion of the Net OPEB Liability:					
Current Measurement Period		0.002976%		0.032692%		
Prior Measurement Period		0.003081%		0.032297%		
Change in Proportion		-0.000105%		0.000395%		
Proportionate Share of the Net OPEB Liability	$	323,117	$	1,852,294	$	2,175,411
OPEB Expense	$	23,155	$	147,221	$	170,376

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

		OPERS		OPF		Total
Deferred Outflows of Resources						
Differences between Expected and Actual Experience	$	252	$	0	$	252
Changes of Assumptions		23,526		180,744		204,270
Changes in Proportionate Share		0		16,358		16,358
City Contributions Subsequent to the Measurement Date		0		3,894		3,894
Total Deferred Outflows of Resources	$	23,778	$	200,996	$	224,774
Deferred Inflows of Resources						
Differences between Expected and Actual Experience	$	0	$	9,342	$	9,342
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		24,070		12,193		36,263
Changes in Proportionate Share		7,209		0		7,209
Total Deferred Inflows of Resources	$	31,279	$	21,535	$	52,814

$3,894 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:

Year Ending December 31:	OPERS	OPF	Total
2019	$ 1,904	$ 24,402	$ 26,306
2020	1,904	24,402	26,306
2021	(5,293)	24,402	19,109
2022	(6,016)	24,401	18,385
2023	0	27,450	27,450
Thereafter	0	50,510	50,510
	$ (7,501)	$ 175,567	$ 168,066

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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

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

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

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

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

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

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's Proportionate Share of the Net OPEB Liability	$ 429,275	$ 323,117	$ 237,237

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

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

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	$ 309,154	$ 323,117	$ 337,541

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Single discount rate:	
Currrent measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.20 percent simple for increased based on the lesser of the increase in CPI and 3.00 percent

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

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

Note: Assumptions are geometric.
* Levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on 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 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's Proportionate Share of the Net OPEB Liability	$ 2,315,376	$ 1,852,294	$ 1,495,953

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

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

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	$ 1,438,887	$ 1,852,294	$ 2,409,401

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 NOL is not known.

Note 16 – Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn three to six weeks of vacation per year depending on length of service. Employees may use accumulated vacation after the completion of one year of service with the City. Upon termination of service, an employee is entitled to receive payment for any unused vacation time plus accrued vacation time earned during the year but not yet credited to vacation leave balance.

Employees earn sick leave at a rate of 4.6 hours per eighty hours of service. Unused sick leave accumulates without limit. Upon retirement or death, street employees with five years of service but less than ten years of service can be paid one-fourth of the outstanding sick leave accumulation up to a maximum payment of $13,500. Street employees with more than ten years of service can be paid one-half of the outstanding sick leave accumulation up to a maximum payment of $27,000. Upon retirement or death, firefighters with five years of service but less than ten years of service can be paid one day's pay for every four days of accumulated sick leave, not to exceed payment of 1,080 hours. Firefighters with more than ten years of service can be paid one day's pay for every two days of accumulated sick leave, not to exceed payment of 2,160 hours. Police employees with five years of service but less than ten years of service can be paid one-third of the outstanding sick leave accumulation up to a maximum payment of 60 days. Police employees with more than ten years of service can be paid one-half of the outstanding sick leave accumulation up to a maximum payment of 120 days.

B. Health Insurance

The City provides medical/surgical benefits and prescription drug coverage to employees through Aultcare. Dental insurance is provided by the City for employees through Delta Dental. Vision insurance is provided by the City for employees through Vision Service Plan. The premiums vary with employee depending on the terms of their contracts.

C. Life and Accidental Death and Dismemberment Insurance

The City provides life insurance and accidental death and dismemberment insurance to all eligible full-time union firefighters in the amounts of $27,500 and $22,500, respectively; to all eligible full-time union police employees in the amounts of $25,000 and $25,000, respectively, and to all eligible full-time non-union employees in the amounts of $25,000 and $25,000, respectively, through the Standard Life Insurance Company.

Note 17 – Contingencies

Grants

The City received financial assistance from State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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.

Note 18 – Jointly Governed Organizations

A. Community Improvement Corporation of Tuscarawas County (Corporation)

The sole purpose of the Corporation is to advance, encourage and promote the industrial, economic, commercial and civic development of the area. The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugar Creek and Gnadenhutten. It is controlled by 25 trustees consisting of the three County Commissioners, the mayor of each participating city and fifteen elected trustees. The board exercises total control over the operations of the Corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. During 2018, no monies were contributed by the City.

B. Uhrichsville-Dennison-Mill Union Cemetery (Cemetery)

The Cemetery is a jointly governed organization organized under Ohio Revised Code Section 759.27, and is directed by an appointed three-member board. Uhrichsville, Dennison and Union Township each appoint one member to the board. The continued existence of the Cemetery is not dependent on the City's participation. The Cemetery provides burial services and the upkeep of the grounds at the cemetery. During 2018, no monies were contributed by the City.

C. Tuscarawas County Tax Incentive Review Council (TCTIRC)

TCTIRC was created as a regional council of governments pursuant to State statutes. TCTIRC has 48participants, consisting of 3 members appointed by the County Commissioners, 18 members appointed by municipal corporations, 16 members appointed by township trustees, 1 member from the County Auditor's Office and 10 members appointed by boards of education located within the County. The TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. The body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the TCTIRC can make written recommendations to the legislative body that approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent upon the City's continued participation and no measurable equity interest exists.

The City does not retain an on-going financial interest or an ongoing financial responsibility with this organization. During 2018, no monies were contributed by the City.

D. Joint Economic Development District (JEDD)

(JEDD) is a not for profit community improvement Corporation formed under Chapter 715.72 through 715.83 of the Ohio Revised Code. The JEDD was formed in 2013 and was designated as the economic development agent for the City of Uhrichsville and Rush Township. The purpose of the 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 Township, the City and the District served. The JEDD is administered by a Board of locally appointed officials and local business leaders.

Note 19 – Joint Venture

Twin City Water and Sewer District (District)

The District is a joint venture organized under Ohio Revised Code Section 6119.01, and is established to supply water and to provide for the collection, treatment and disposal of waste water within the Uhrichsville-Dennison district, or beyond with additional fees. The cities of Uhrichsville and Dennison each appoint two of the five District's board members. The fifth board member is appointed by the other four board members. Continued existence of the District is dependent on the City's continued participation; however, the City does not have an equity interest in the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. During 2018, no monies were received from the City.

Note 20 – Public Entity Risk Pools

A. Risk Sharing Pool

The Public Entities Pool of Ohio (the Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors. Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to the annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6797 North High Street, Suite 131, Worthington, Ohio 43085.

B. Insurance Purchasing Pool

The City is a participant in the Ohio Municipal League Group Rating Program (OML), an insurance purchasing pool for workers' compensation. The OML's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance officers, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the Program.

Note 21 – Interfund Transfers

The fire truck and fire uniform and equipment funds transferred $7,000 and $960, respectively to the AFG grant fund during 2018 to contribute to the purchase of new equipment per the grant agreement. The capital improvement fund transferred $130,000 to the water park fund to pay debt payments.

Note 22 – Fund Balance

Fund balance can be 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 governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General Fund	Street Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable for:					
Materials and Supplies Inventory	$ 10,760	$ 13,480	$ 0	$ 0	$ 24,240
Prepaid Items	56,401	0	0	0	56,401
Total Nonspendable	67,161	13,480	0	0	80,641
Restricted for:					
Capital Outlay	0	0	493,950	503,148	997,098
Street	0	181,328	0	16,120	197,448
Community Development	0	0	0	67,332	67,332
Parks and Recreation	0	0	0	28,351	28,351
Ambulance Services	0	0	0	97,197	97,197
Police and Fire Pension	0	0	0	11,881	11,881
Other Purposes	0	0	0	50,517	50,517
Total Restricted	0	181,328	493,950	774,546	1,449,824
Committed for:					
Police and Fire					
Uniforms and Equipment	0	0	0	40,361	40,361
Assigned:					
Subsequent Year Appropriations	430,264	0	0	0	430,264
Unassigned	288,136	0	0	0	288,136
Total Fund Balance	$ 785,561	$ 194,808	$ 493,950	$ 814,907	$ 2,289,226

Note 23 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The investments of the pension and other employee benefit plan in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. As a direct result of COVID-19, the City has announced its water park will remained closed for the 2020 season.

Historically, the City annually refinances the Water Park debt into a recreational facilities improvement note in June each year. The City issued a recreational facilities improvement note on June 20, 2019 to refinance $3,255,000 of Water Park debt. The note was issued with an interest rate of 3% and matures on June 19, 2020. The City then issued a recreational facilities improvement note on June 18, 2020 to refinance $2,955,000 of the 2019 note payable. The note was issued with an interest rate of 1.5% and matures on June 17, 2021.

In April 2020, voters approved a 2.85 mill levy that will be used to fund City emergency medical services and a 2 mill levy for the purchase of fire trucks and fire equipment.

City of Uhrichsville
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Five Years (1)

	2018	2017	2016	2015	2014
Ohio Public Employees' Retirement System (OPERS)					
City's Proportion of the Net Pension Liability	0.002821%	0.002920%	0.002583%	0.002590%	0.002590%
City's Proportionate Share of the Net Pension Liability	$ 442,553	$ 663,019	$ 447,408	$ 312,383	$ 305,327
City's Covered Payroll	$ 372,793	$ 377,433	$ 340,300	$ 317,450	$ 241,531
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.71%	175.67%	131.47%	98.40%	126.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%
Ohio Police and Fire Pension Fund (OPF)					
City's Proportion of the Net Pension Liability	0.032692%	0.032297%	0.032226%	0.033533%	0.033533%
City's Proportionate Share of the Net Pension Liability	$ 2,006,469	$ 2,045,682	$ 2,073,121	$ 1,737,134	$ 1,633,148
City's Covered Payroll	$ 712,042	$ 693,250	$ 650,321	$ 667,957	$ 745,448
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	281.79%	295.09%	318.78%	260.07%	219.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	72.20%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

City of Uhrichsville
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - Pension
Last Ten Years

	2018	2017	2016	2015
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ 53,950	$ 48,463	$ 45,292	$ 40,836
Contributions in Relation to the Contractually Required Contribution	(53,950)	(48,463)	(45,292)	(40,836)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
City's Covered Payroll	$ 385,357	$ 372,793	$ 377,433	$ 340,300
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%
Ohio Police and Fire Pension Fund (OPF)				
Contractually Required Contribution	$ 165,669	$ 151,161	$ 146,992	$ 138,254
Contributions in Relation to the Contractually Required Contribution	(165,669)	(151,161)	(146,992)	(138,254)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
City's Covered Payroll	$ 778,858	$ 712,042	$ 693,250	$ 650,321
Contributions as a Percentage of Covered Payroll	21.27%	21.23%	21.20%	21.26%

(n/a) Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$ 38,094	$ 31,399	n/a	n/a	n/a	n/a
(38,094)	(31,399)	n/a	n/a	n/a	n/a
$ 0	$ 0	n/a	n/a	n/a	n/a
$ 317,450	$ 241,531	n/a	n/a	n/a	n/a
12.00%	13.00%	n/a	n/a	n/a	n/a
$ 140,332	$ 133,078	$ 126,697	$ 109,611	$ 102,390	$ 96,568
(140,332)	(133,078)	(126,697)	(109,611)	(102,390)	(96,568)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 667,957	$ 745,448	$ 865,130	$ 729,994	$ 689,101	$ 645,058
21.01%	17.85%	14.64%	15.02%	14.86%	14.97%

See accompanying notes to the required supplementary information.

City of Uhrichsville
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Last Two Years (1)

		2018		2017
Ohio Public Employees' Retirement System (OPERS)				
City's Proportion of the Net OPEB Liability		0.002976%		0.003081%
City's Proportionate Share of the Net OPEB Liability	$	323,117	$	311,191
City's Covered Payroll	$	372,793	$	377,433
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll		86.67%		82.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		54.14%		54.04%
Ohio Police and Fire Pension Fund (OPF)				
City's Proportion of the Net OPEB Liability		0.032692%		0.032297%
City's Proportionate Share of the Net OPEB Liability	$	1,852,294	$	1,533,066
City's Covered Payroll	$	712,042	$	693,250
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll		260.14%		221.14%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		14.13%		15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

City of Uhrichsville
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - OPEB
Last Ten Years

	2018	2017	2016	2015
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ 0	$ 3,728	$ 7,549	n/a
Contributions in Relation to the Contractually Required Contribution	0	(3,728)	(7,549)	n/a
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	n/a
City's Covered Payroll (1)	$ 385,357	$ 372,793	$ 377,433	n/a
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%	n/a
Ohio Police and Fire Pension Fund (OPF)				
Contractually Required Contribution	$ 3,894	$ 3,560	$ 3,466	$ 3,252
Contributions in Relation to the Contractually Required Contribution	(3,894)	(3,560)	(3,466)	(3,252)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
City's Covered Payroll	$ 778,858	$ 712,042	$ 693,250	$ 650,321
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

2014	2013	2012	2011	2010	2009
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
$ 3,760	$ 19,293	$ 39,778	$ 49,274	$ 46,515	$ 43,542
(3,760)	(19,293)	(39,778)	(49,274)	(46,515)	(43,542)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 667,957	$ 745,448	$ 865,130	$ 729,994	$ 689,101	$ 645,058
0.60%	2.59%	4.60%	6.75%	6.75%	6.75%

See accompanying notes to the required supplementary information.

Note 1 - Net Pension Liability

Changes in Assumptions – OPERS

Amounts reported in calendar year 2017 reflect an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 8.00 percent to 7.50 percent
- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

Changes in Assumptions – OP&F

For 2017, the single discount rate changed from 8.25 percent to 8.00 percent.

Note 2 - Net OPEB Liability

Changes in Assumptions - OPERS

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions – OPF

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

June 22, 2020

To the Members of Council
City of Uhrichsville
Tuscarawas County, Ohio
305 E. Second Street, P.O. Box 288
Uhrichsville, OH 44683

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Uhrichsville, Tuscarawas County, Ohio (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2020, in which we noted the City restated beginning net position balances to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* In addition, we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City.

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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompany *Schedule of Findings & Responses*, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying *Schedule of Findings & Responses* as item 2018-001 to be a material weakness.

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. We consider the deficiency described in the accompanying *Schedule of Findings & Responses* as item 2018-002 to be a significant deficiency.

Compliance and Other Matters

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

The City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings & Responses*. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Rea & Associates, Inc.

New Philadelphia, Ohio

Finding Number: 2018-001

Material Weakness – Internal Controls over Financial Reporting

Criteria: The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. AU-C 265 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, AU-C 265 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Condition: There were material audit adjustments and reclassifications made to the financial statements presented for audit. Misstatements identified during the audit and posted to the financial statements presented for audit include:

- Intergovernmental receivables of $24,321 were improperly reported in the Street Fund instead of the Permissive Motor Vehicle Tax Fund.
- A misclassification of $65,000 in proceeds from the sale of capital assets which was originally classified as other revenue in other governmental funds.
- A misclassification of Cash in Segregated Accounts of $177,378 which was originally classified as Equity in Pooled Cash and Cash Equivalents in other governmental funds.

Cause: The design of internal controls does not include provisions for departments to review actual transactions to the general ledger. The internal controls over the final review of the financial statements did not identify potential misstatements.

Effect: The financial statements presented for audit contained material misstatements.

Recommendation: To ensure the City's financial statements and notes to the financial statements are complete and accurate, the City should adopt policies and procedures, including a final review of the statements and notes by the City Auditor to identify and correct errors and omissions. We further recommend management implement procedures to ensure receipts and disbursements are posted to the proper funds and line item classification within the funds to accurately report the nature of the transaction.

Management's Response: Procedures have been put in place to facilitate the accurate presentation of the financial statements.

Finding: 2018 – 002

Significant Deficiency – Internal Control – Payroll

Criteria: Payroll is the largest expense incurred by the City. The City's management is responsible for designing, implementing and maintaining sound internal controls over the payroll process to ensure that payroll is for actual time worked and to ensure that payroll is paid from the fund for which the work was performed.

Condition: During our review of internal controls over the payroll process and payroll testing we noted the following issues;

- Inconsistent supervisory approval of timecards and leave requests.
- Lack of segregation of duties in the payroll process. The City Auditor processes payroll with very little oversight or monitoring. We did not note anything improper in our testing but lack of proper monitoring controls increases risk for errors or improper payments.
- We noted the City does not have any sick and vacation leave policies that detail when, or if, balances will be paid out as well as when balances can be rolled over into the subsequent year. The City operates in accordance with negotiated agreements but there can be confusion in regards to employees not covered by a negotiated agreement.

Cause: The factors that resulted in the control failures were a lack of oversight and authorization over the payroll process.

Effect: This could cause inaccurate reporting of time to go undetected which could lead to errors in the payroll process.

Recommendation: We recommend the City re-evaluate the design, implementation and maintenance of internal controls over the payroll process. Internal controls should be sufficient to ensure that payroll expenses are for actual time work and evidence is maintained to support supervisory approval.

Management's Response: The payroll process will be revised to address deficiencies. Management will be informed of the importance of internal controls and their role in the process. We will continue to work on developing the necessary policies.

City of Uhrichsville
Tuscarawas County, Ohio
Summary Schedule of Prior Audit Findings
December 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Significant Deficiency – Internal Control - Payroll	Repeated as Finding Number 2018-002	Formal action was taken in 2018 for pay rates of water park employees. The pay rate section of the prior year finding was corrected.
2017-002	Significant Deficiency – Purchasing Policies and Procedures	Partially Corrected	There were improvements noted in the documentation retained to support invoice approval, issue downgraded to management letter comment.

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF UHRICHSVILLE

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 8/4/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370