bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

City of Mt. Healthy
Hamilton County, Ohio

Regular Audit

For the Year Ended December 31, 2018
Fiscal Year Audited Under GAGAS: 2018

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpagroup.com

OHIO AUDITOR OF STATE
KEITH FABER

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

Members of Council
City of Mt. Healthy
7700 Perry Street
Mt. Healthy, Ohio 45231

We have reviewed the *Independent Auditor's Report* of the City of Mt. Healthy, Hamilton County, prepared by BHM CPA Group, 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 Mt. Healthy is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 21, 2019

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City of Mt. Healthy

Basic Financial Statements

For the Fiscal Year Ended December 31, 2018

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bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

City of Mount Healthy
Hamilton County
7700 Perry Street
Mount Healthy, Ohio 45231

To Members of City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mount Healthy, Hamilton 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mount Healthy, Hamilton County, Ohio, as of December 31, 2018 and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* We did not modify our opinion regarding this matter.

Other Matters

Required Supplemental Information

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

Other Reporting Required by Government Auditing Standards

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
June 7, 2019

Management's Discussion and Analysis (MD&A) of the City of Mt. Healthy's financial performance provides an overview of the City's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

Financial Highlights

- The City's total net position decreased $125,246 from 2017.

- General revenues accounted for $3,462,296 of all governmental revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for $2,035,010 of total governmental revenues of $5,497,306.

- The City had $5,622,552 in expenses; $2,035,010 of these expenses were offset by program specific revenues in the form of charges for services and sales and grants and contributions.

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Mt. Healthy's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

One of the most important questions asked about the City is, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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 condition of the City has improved or diminished. However, the City's goal is to provide services to its citizens, not to generate profits as commercial entities do.

Reporting the City's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City Auditor, with the approval of Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The major funds for the City of Mt. Healthy are the General Fund, the Safety Tax Fund, the Economic Development Fund and the Capital Improvement Fund.

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

Fiduciary Funds – The City's fiduciary funds consist of three agency funds. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The City as a Whole

As stated previously, the Statement of Net Position looks at 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		
	2018	(Restated) 2017	Change
Assets:			
Current and Other Assets	$ 3,506,771	$ 3,119,470	$ 387,301
Nondepreciable Capital Assets	809,344	593,419	215,925
Depreciable Capital Assets, Net	7,032,734	7,240,899	(208,165)
Total Assets	11,348,849	10,953,788	395,061
Deferred Outflows of Resources	1,183,802	1,422,209	(238,407)
Liabilities:			
Current and Other Liabilities	593,150	547,182	45,968
Long-Term Liabilities:			
Due Within One Year	160,502	140,242	20,260
Due in More Than One Year	7,713,284	7,936,567	(223,283)
Total Liabilities	8,466,936	8,623,991	(157,055)
Deferred Inflows of Resources	1,166,788	727,833	438,955
Net Position:			
Net Investment in Capital Assets	5,855,393	5,842,204	13,189
Restricted	1,370,950	1,254,520	116,430
Unrestricted	(4,327,416)	(4,072,551)	(254,865)
Total Net Position	$ 2,898,927	$ 3,024,173	$ (125,246)

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this 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.

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 (asset) 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 had the effect of restating net position at December 31, 2017, from $5,280,664 to $3,024,173 for governmental activities.

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 computed under GASB 45. GASB 45 required recognizing pension 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.

Table 2 shows the changes in net position for the year ended December 31, 2018, compared to 2017.

Table 2 - Change in Net Position

	Governmental Activities		
		(Restated)	
	2018	2017	Change
Revenues			
Program Revenues			
Charges for Services and Sales	$ 1,136,883	$ 1,055,111	$ 81,772
Operating Grants and Contributions	322,685	314,789	7,896
Capital Grants and Contributions	575,442	1,721,171	(1,145,729)
Total Program Revenues	2,035,010	3,091,071	(1,056,061)
General Revenues			
Property Taxes	751,038	715,799	35,239
Income Taxes	2,463,372	2,139,749	323,623
Payment in Lieu of Taxes	59	87	(28)
Grants and Entitlements			
not Restricted for Specific Purposes	137,466	138,177	(711)
Unrestricted Interest	1,560	1,520	40
Other	108,801	105,940	2,861
Total General Revenues	3,462,296	3,101,272	361,024
Total Revenues	5,497,306	6,192,343	(695,037)
Program Expenses			
General Government	822,966	928,060	(105,094)
Security of Persons and Property	2,858,602	2,503,816	354,786
Public Works	939,802	481,347	458,455
Leisure Time Activities	277,866	323,883	(46,017)
Community Environment	102,202	128,841	(26,639)
Transportation	555,553	556,814	(1,261)
Interest and Fiscal Charges	65,561	68,010	(2,449)
Total Expenses	5,622,552	4,990,771	631,781
Change in Net Position	(125,246)	1,201,572	(1,326,818)
Net Position at Beginning of Year	3,024,173	1,822,601	1,201,572
Net Position at End of Year	$ 2,898,927	$ 3,024,173	$ (125,246)

Governmental Activities

Total program revenues decreased $1,056,061 during 2018 compared to 2017 as capital grants and contribution support for infrastructure projects was greater in 2017 than in 2018.

The 2.0 percent income tax is the largest source of revenue for the General Fund and the City of Mt. Healthy. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, police protection, capital improvements, debt service and other governmental functions when needed, as determined by Council.

General revenues for 2018 were up compared to 2017 as income tax revenues increased.

Total expenses increased in 2018 compared to 2017 by $631,781 – which was primarily related to increased police protection services, public works, roadway maintenance and repair and general government services.

The City's Funds

The City's major governmental funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of $5,330,045 and expenditures of $5,298,635. The General Fund's balance increased $77,515 which was the result of many minor income and expense variances for 2018 compared to 2017.

The Safety Tax Fund's balance decreased $15,832 in 2018, which is essentially flat compared to 2017.

The Capital Improvement Fund's balance increased $65,354 with project-related revenues and other financing sources exceeding project-related expenses in 2018.

The Economic Development Fund's balance was unchanged in 2018.

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 receipts and disbursements. The City's budget is adopted at the object level (personal services and other expenditures) within each department and fund by City Council in the form of an appropriations resolution.

Original General Fund revenues were $3,166,880 and Final General Fund budgeted revenues were $3,293,087. Actual revenues were $3,353,009 at year-end, which is a favorable variance of $59,922 compared to final budgeted revenues.

Original General Fund appropriations were $2,729,994 and final appropriations were $2,877,595 for an increase of $147,601. This increase was done to ensure that the City's budget was in line with rising expenditures throughout the year. The City's actual expenditures were $2,797,165 at year-end, which is a favorable variance of $80,430 from final budgeted expenditures due to the City closely monitoring the budget during the year.

Capital Assets and Debt Administration

Capital Assets

At the end of 2018, the City had $7,842,078 of net capital assets of governmental activities, an increase of $7,760 from the prior year. The increase in capital assets is primarily due to current year infrastructure additions related to street projects during 2018.

See Note 7 of the notes to the basic financial statements for more detailed information on capital assets.

Debt

At December 31, 2018, the City had $1,255,000 in general obligation bonds, $400,000 in notes and $692,780 in loans outstanding. The City's long-term obligations also included compensated absences of $130,100, capital leases of $10,849, and police pension liability of $35,803.

See Notes 14 and 15 of the notes to the basic financial statements for more detailed information related to debt.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors, and investors 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 the City of Mt. Healthy, 7700 Perry Street, Mt. Healthy, Ohio 45231.

City of Mt. Healthy
Hamilton County, Ohio
Statement of Net Position
December 31, 2018

	Primary Government	Component Unit
	Governmental Activities	Mt. Healthy Community Improvement Corporation
Assets		
Equity in Pooled Cash and Cash Equivalents	$ 1,531,444	$ 30,823
Accounts Receivable	142,481	-
Income Taxes Receivable	800,000	-
Intergovernmental Receivable	206,428	-
Property Taxes Receivable	826,418	-
Nondepreciable Capital Assets	809,344	-
Depreciable Capital Assets, Net	7,032,734	-
Total Assets	11,348,849	30,823
Deferred Outflows of Resources		
Deferred Charge on Refunding	44,664	-
Pension	895,330	-
OPEB	243,808	-
Total Deferred Outflows of Resources	1,183,802	-
Liabilities		
Accounts Payable	55,948	-
Accrued Wages and Benefits Payable	132,089	-
Accrued Interest Payable	5,113	-
Note Payable	400,000	-
Long-Term Liabilities:		
Due Within One Year	160,502	-
Due in More Than One Year	7,713,284	-
Total Liabilities	8,466,936	-
Deferred Inflows of Resources		
Property Taxes Levied For Next Year	715,000	-
Pension	356,308	-
OPEB	95,480	-
Total Deferred Inflows of Resources	1,166,788	-
Net Position		
Net Investment in Capital Assets	5,855,393	-
Restricted for:		
Capital Outlay	735,474	-
Transportation	301,696	-
Security of Persons and Property	293,421	-
Leisure Time Activities	8,538	-
Other Purposes	31,821	-
Unrestricted	(4,327,416)	30,823
Total Net Position	$ 2,898,927	$ 30,823

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Statement of Activities
For the Year Ended December 31, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
Function/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Mt. Healthy Community Improvement Corporation
Governmental Activities						
General Government	$ 822,966	$ 306,105	$ -	$ -	$ (516,861)	$ -
Security of Persons and Property	2,858,602	270,693	26,059	-	(2,561,850)	-
Public Works	939,802	443,979	-	-	(495,823)	-
Leisure Time Activities	277,866	47,113	2,564	-	(228,189)	-
Community Environment	102,202	68,883	5,327	-	(27,992)	-
Transportation	555,553	110	288,735	575,442	308,734	-
Interest and Fiscal Charges	65,561	-	-	-	(65,561)	-
Total Governmental Activities	$ 5,622,552	$ 1,136,883	$ 322,685	$ 575,442	(3,587,542)	-
Component Unit						
Mt. Healthy Community Improvement Corporation	$ -	$ -	$ -	$ -	-	-
General Revenues:						
Taxes:						
Property Taxes Levied for:						
General Purposes					319,869	-
Capital Outlay					99,235	-
Security of Persons and Property					331,934	-
Income Taxes					2,463,372	-
Payment in Lieu of Taxes					59	-
Grants and Entitlements not Restricted to Specific Programs					137,466	-
Unrestricted Interest					1,560	28
Other					108,801	-
Total General Revenues					3,462,296	28
Change in Net Position					(125,246)	28
Net Position at Beginning of Year, Restated					3,024,173	30,795
Net Position at End of Year					$ 2,898,927	$ 30,823

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Balance Sheet
Governmental Funds
December 31, 2018

	General	Safety Tax	Capital Improvement	Economic Development	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$ 447,731	$ 13,154	$ 461,667	$ 87,576	$ 521,316	$ 1,531,444
Accounts Receivable	135,667	4,742	-	-	2,072	142,481
Intergovernmental Receivable	43,292	16,500	5,000	-	141,636	206,428
Income Taxes Receivable	600,000	-	-	-	200,000	800,000
Property Taxes Receivable	346,642	369,914	109,862	-	-	826,418
Total Assets	$1,573,332	$ 404,310	$ 576,529	$ 87,576	$ 865,024	$ 3,506,771
Liabilities						
Accounts Payable	$ 40,345	$ 4,408	$ 10,248	$ -	$ 947	$ 55,948
Accrued Wages and Benefits Payable	87,779	24,849	-	-	19,461	132,089
Note Payable	-	-	-	400,000	-	400,000
Total Liabilities	128,124	29,257	10,248	400,000	20,408	588,037
Deferred Inflows of Resources						
Property Taxes Levied for Next Year	300,000	320,000	95,000	-	-	715,000
Unavailable Property Taxes	46,642	49,914	14,862	-	-	111,418
Unavailable Income Taxes	528,000	-	-	-	176,000	704,000
Unavailable Intergovernmental Revenue	63,812	21,242	5,000	-	117,108	207,162
Total Deferred Inflows of Resources	938,454	391,156	114,862	-	293,108	1,737,580
Fund Balances						
Restricted						
Security of Persons and Property	-	-	-	-	62,368	62,368
Streets and Transportation	-	-	-	-	184,588	184,588
Capital Improvement	-	-	451,419	-	264,193	715,612
Other	-	-	-	-	40,359	40,359
Total Restricted	-	-	451,419	-	551,508	1,002,927
Assigned						
Next Year's Budget	27,917	-	-	-	-	27,917
Total Assigned	27,917	-	-	-	-	27,917
Unassigned	478,837	(16,103)	-	(312,424)	-	150,310
Total Fund Balances	506,754	(16,103)	451,419	(312,424)	551,508	1,181,154
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,573,332	$ 404,310	$ 576,529	$ 87,576	$ 865,024	$ 3,506,771

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2018

Total Governmental Fund Balances		$ 1,181,154
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. These assets consist of:		
Land	581,919	
Construction in Process	227,425	
Other Capital Assets	11,358,033	
Accumulated depreciation	(4,325,299)	
		7,842,078
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds.		
Income Taxes	704,000	
Delinquent Property Taxes	111,418	
Intergovernmental and Other Revenues	207,162	
		1,022,580
In the statement of net position interest payable is accrued when incurred whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(5,113)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Premium on Bonds	(28,056)	
Deferred Charge on Bond Refunding	44,664	
Capital Lease Obligations	(10,849)	
Bonds	(1,255,000)	
Loans	(692,780)	
Police Pension	(35,803)	
Compensated Absences	(130,100)	
		(2,107,924)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	895,330	
Deferred Outflows - OPEB	243,808	
Deferred Inflows - Pension	(356,308)	
Deferred Inflows - OPEB	(95,480)	
Net Pension Liability	(3,114,021)	
Net OPEB Liability	(2,607,177)	
		(5,033,848)
Net Position of Governmental Activities		$ 2,898,927

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Safety Tax	Capital Improvement	Economic Development	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$ 300,204	$ 311,463	$ 93,041	$ -	$ -	$ 704,708
Income Taxes	1,811,848	-	-	-	516,524	2,328,372
Payment in Lieu of Taxes	25	26	8	-	-	59
Charges for Services and Sales	840,646	10,632	-	-	110	851,388
Fees, Licenses and Permits	72,673	-	-	-	-	72,673
Fines and Forfeitures	194,975	-	-	-	10,346	205,321
Intergovernmental	96,475	33,279	582,829	-	291,271	1,003,854
Interest	1,560	-	-	-	-	1,560
Other	89,042	46,059	-	-	27,009	162,110
Total Revenues	3,407,448	401,459	675,878	-	845,260	5,330,045
Expenditures						
Current:						
General Government	687,126	-	-	-	45,016	732,142
Security of Persons and Property	1,291,919	745,611	-	-	516,124	2,553,654
Public Works	526,819	-	412,983	-	-	939,802
Leisure Time Activities	190,796	-	-	-	1,297	192,093
Community Environment	108,721	-	-	-	2,061	110,782
Transportation	-	-	106,453	-	275,157	381,610
Capital Outlay	4,682	-	215,926	-	-	220,608
Debt Service:						
Principal Retirement	5,865	11,680	15,662	-	70,478	103,685
Interest and Fiscal Charges	205	-	-	-	64,054	64,259
Total Expenditures	2,816,133	757,291	751,024	-	974,187	5,298,635
Excess of Revenues Over (Under) Expenditures	591,315	(355,832)	(75,146)	-	(128,927)	31,410
Other Financing Sources (Uses)						
Proceeds From Loans	-	-	100,500	-	-	100,500
Transfers In	-	340,000	40,000	-	133,800	513,800
Transfers Out	(513,800)	-	-	-	-	(513,800)
Total Other Financing Sources (Uses)	(513,800)	340,000	140,500	-	133,800	100,500
Net Change in Fund Balances	77,515	(15,832)	65,354	-	4,873	131,910
Fund Balances (Deficit) at Beginning of Year	429,239	(271)	386,065	(312,424)	546,635	1,049,244
Fund Balances at End of Year	$ 506,754	$ (16,103)	$ 451,419	$ (312,424)	$ 551,508	$ 1,181,154

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton 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		$ 131,910
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		7,760
Because some revenues will not be collected for several months after the City's year-end, they are not considered "available" revenues and are reported as deferred inflows in the governmental funds.		
Income Taxes	135,000	
Delinquent Property Taxes	46,330	
Intergovernmental and Other Revenues	(14,069)	
		167,261
Governmental funds report premiums, discounts, and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred Charge on Bond Refunding	(3,708)	
Amortization of Bond Premiums	2,244	
		(1,464)
The issuance of long-term debt (bonds, loans, leases, etc.) provides current financial resources to governmental funds while repayment of long-term debt is an expenditure in the governmental funds.		
Bond Principal Retirement	65,000	
Loan Proceeds	(100,500)	
Loan Principal Retirement	33,207	
Principal Payments on Capital Lease Obligation	5,478	
Payments on Police Pension Liability	1,477	
		4,662
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		291,871
OPEB		4,829
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension/OPEB expense in the statement of activities.		
Pension		(508,650)
OPEB		(207,187)
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		162
Compensated Absences 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.		(16,400)
Change in Net Position of Governmental Activities		$ (125,246)

See accompanying notes to the basic financial statements

City of Mt. Healthy
Hamilton County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2018

Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$	30,454
Cash in Segregated Accounts		18,349
Total Assets	$	48,803
Liabilities		
Current Liabilities:		
Due to Other Governments	$	15,109
Due to Other Individuals		16,143
Undistributed Monies		17,551
Total Liabilities	$	48,803

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Mt. Healthy (the "City") was incorporated in 1817 and adopted its Charter in 2012. The City is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under a Mayor-Council-Manager form of government.

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 represents the primary City operations which are directly responsible to the Mayor and Council. The City is divided into departments and financial management and control systems. Services provided include police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, community development, and public health and welfare. A staff provides support (e.g., payroll processing, accounts payable, revenue collection) to the service providers. The operation and control of these activities are provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures. Water and sewer services are provided by the City of Cincinnati.

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 the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes.

The component unit column in the government-wide financial statements identifies the financial data of the City's discretely presented component unit, the Mt. Healthy Community Improvement Corporation (CIC). The CIC is reported separately to emphasize that it is legally separate from the City.

The CIC was created as a not-for-profit corporation under Sections 1724.01 et. seq., Ohio Revised Code. The CIC was established in January, 1990, for the purpose of acquiring and developing real property located in the City of Mt. Healthy to increase the opportunities for employment and strengthen the economic development of the City. The CIC's original cash balances were established from the sale of property that was donated by the City, and the City occasionally provides funding for the purchase of properties to be restored and resold by the CIC. The CIC is governed by a nine member Board of Trustees, six of which are elected or appointed officials of the City. Based on the City's history of providing financial support to the CIC and the City's appointment of a voting majority of the CIC board, the CIC is presented as a component unit of the City. Separately issued financial statements can be obtained from the Mt. Healthy Community Improvement Corporation, 7700 Perry St., Mt. Healthy, Ohio 45231.

Information for the CIC is presented in Note 18.

The Mayor's Court has been included in the City's financial statements as an agency fund. The Mayor is the City official who has fiduciary responsibility for the collection and distribution of the court fees and fines.

The City participates in an organization defined as a jointly governed organization and one which is defined as a joint venture. These organizations are the Center for Local Government and the Joint Economic Development District and Zone. These organizations are presented in Note 16 of the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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

Basis of Presentation

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements normally distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities; however, the City has no business-type activities.

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

Fund Financial Statements

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

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds utilized by the City: governmental 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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows and liabilities and deferred inflows is reported as fund balance. The following are the City's major governmental funds:

> General Fund - The General Fund is the operating fund of the City and is used to account for and report 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.
>
> Safety Tax Fund - The Safety Tax Fund is used to account for and report monies received from property taxes levied restricted to support the City's fire department.
>
> Capital Improvement Fund - The Capital Improvement Fund is used to account for and report monies received from property taxes levied restricted to support street improvements and repairs.
>
> Economic Development Fund - The Economic Development Fund is used to account for and report monies received from debt issued to support economic and community development.

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

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. The three types of trust funds are used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has three agency funds which are used to account for money held for individuals and organizations. These funds account for the collection and distribution of court fees, the distribution of payroll related taxes and withholdings, the collection of seized and forfeited monies in criminal cases distributed to parties outside the City as determined by the court, and the collection and distribution of taxes related to a JEDD/JEDZ with Springfield Township.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, 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 (e.g., revenues) and decreases (e.g., 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, current liabilities and deferred outflows of resources are generally 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 governmental fund financial statements.

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 and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting primarily arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means 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 31 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 tax is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 4.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, 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 plans are explained in the pension and OPEB footnotes.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, other taxes, special assessments and intergovernmental grants. 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 balance 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.

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.

Cash and Cash Equivalents

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

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are reported on the financial statements as cash equivalents. The City had no investments during the year or at December 31, 2018.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Investment income credited to the General Fund during 2018 amounted to $1,560.

Internal Activities

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Payments for interfund 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.

Capital Assets

All of the City's capital assets are classified as general capital assets. General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Most capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The City maintains a capitalization threshold of $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 expensed.

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

Descriptions	Estimated Life
Land/Site Improvements	10-25 years
Buildings and Building Improvements	20-30 years
Equipment and Vehicles	3-20 years
Furnitures, Fixtures, and Equipment	3-10 years
Infrastructure	10-60 years

The City's infrastructure consists of streets, curbs and gutters, sidewalks and street lighting. The City reported infrastructure for the first time in 2004 and is only reporting infrastructure additions prospectively.

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

Compensatory time is accumulated by employees at the applicable overtime rate for each hour of overtime worked. The City records a liability for compensatory time payable for the balance carried over at year-end. City employees must use their compensatory time balance that has been carried forward within 180 days of earning it.

Pensions/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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current 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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City.

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.

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.

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. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates

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

NOTE 3 – DEPOSITS AND INVESTMENTS

The investment and deposit of City monies are governed by the Ohio Revised Code. State statutes classify monies held by the City into three categories.

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

Inactive deposits are 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.

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

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

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

3. Written repurchase agreements in the securities listed above;

4. Commercial paper and bankers acceptances if training requirements have been met;

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

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2); and

7. The State Treasurer's investment pool (STAROhio).

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

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $1,492,485 of the City's bank balance of $1,742,485 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money have been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be 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 one hundred five 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 requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

NOTE 4 – PROPERTY TAXES

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

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

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

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

The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value	Percentage
Real Property		
Residential/Agricultural	$ 43,506,750	58.41%
Commercial/Industrial/Public Utility	24,142,580	32.42%
Public Utility Personal	6,826,760	9.17%
Total Property Taxes	$ 74,476,090	100%

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

NOTE 5 – INCOME TAXES

The City levies a municipal income tax of 2 percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 1.6 percent of the City’s current tax rate.

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

In 2018, income tax proceeds were allocated to the General Fund, Police Levy Fund and the Joint Economic Development District Special Revenue Fund.

NOTE 6 – RECEIVABLES

Receivables at December 31, 2018, consisted of intergovernmental receivables, arising from grants and entitlements, fines, fees and shared revenues, taxes, and accounts. All receivables, except property and income taxes, are considered fully collectible and will be collected within one year. Property and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

NOTE 7 – CAPITAL ASSETS

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

	Balance at 12/31/2017	Additions		Deletions	Balance at 12/31/2018
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	$ 581,919	$ -		$ -	$ 581,919
Construction in Progress	11,500	215,925		-	227,425
Total Capital Assets, Not Being Depreciated	593,419	215,925		-	809,344
Depreciable Capital Assets:					
Land/Site Improvements	441,594	11,800		-	453,394
Buildings and Building Improvements	1,597,108	7,835		-	1,604,943
Equipment and Vehicles	2,116,581	54,226		-	2,170,807
Infrastructure	7,083,143	45,746		-	7,128,889
Total Depreciable Capital Assets	11,238,426	119,607		-	11,358,033
Less Accumulated Depreciation:					
Land/Site Improvements	(334,368)	(20,163)		-	(354,531)
Buildings and Building Improvements	(621,478)	(54,338)		-	(675,816)
Equipment and Vehicles	(1,716,195)	(67,512)		-	(1,783,707)
Infrastructure	(1,325,486)	(185,759)		-	(1,511,245)
Total Accumulated Depreciation	(3,997,527)	(327,772)	*	-	(4,325,299)
Depreciable Capital Assets, Net	7,240,899	(208,165)		-	7,032,734
Governmental Activities Capital Assets, Net	$ 7,834,318	$ 7,760		$ -	$ 7,842,078

* Depreciation expense was charged to governmental programs as follows:

General Government	$ 12,209
Security of Persons and Property	45,453
Leisure Time Activities	70,679
Transportation	199,431
Total Depreciation Expense	$ 327,772

NOTE 8 – 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.

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

GASB 68 assumes 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)

Plan Description – City employees, other than police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional 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):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 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, capped at 3 percent.

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

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2018 Actual Contribution Rates			
Employer:			
Pension	14.0%	18.1%	18.1%
Post-employment Health Care Benefits	0.0%	0.0%	0.0%
Total Employer	14.0%	18.1%	18.1%
Employee	10.0%	12.0%	13.0%

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $108,510 for 2018. Of this amount, $9,043 is reported as accrued wages and benefits payable.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City's full-time police and fire fighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 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 OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was $183,361 for 2018. Of this amount $15,281 is reported as accrued wages and benefits payable.

In addition to current contributions, the City pays installments on a specific liability of 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 $35,803 payable in semi-annual payments through the year 2035.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF'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	OP&F	Total
Proportionate Share of the Net Pension Liability	$ 986,420	$ 2,127,601	$ 3,114,021
Proportion of the Net Pension Liability			
Current Measurement Date	0.006288%	0.034666%	
Prior Measurement Date	0.006410%	0.034895%	
Change in Proportionate Share	-0.000122%	-0.000229%	
Pension Expense	$ 175,836	$ 332,814	$ 508,650

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in employer proportion and differences between contributions and proportionate share of contributions	$ 13,527	$ 346,040	$ 359,567
Differences between expected and actual experience	1,007	32,290	33,297
Change in Assumptions	117,884	92,711	210,595
Entity contributions subsequent to the measurement date	108,510	183,361	291,871
Total Deferred Outflows of Resources	$ 240,928	$ 654,402	$ 895,330

	OPERS	OP&F	Total
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 211,771	$ 96,972	$ 308,743
Differences between expected and actual experience	19,439	3,407	22,846
Changes in employer proportion and differences between contributions and proportionate share of contributions	12,531	12,188	24,719
	$ 243,741	$ 112,567	$ 356,308

The City reported $291,871 as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	$ 94,548	$ 132,712	$ 227,260
2020	(25,599)	118,928	93,329
2021	(93,253)	51,468	(41,785)
2022	(87,019)	24,329	(62,690)
2023	-	25,893	25,893
Thereafter	-	5,144	5,144
Total	$ (111,323)	$ 358,474	$ 247,151

Actuarial Assumptions - OPERS

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

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

Measurement and Valuation Date	December 31, 2017
Experience Study	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.5 percent
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (including wage inflation at 3.25%)
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3% simple
	Post-1/7/2013 Retirees: 3% simple through 2018, then 2.15% 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 tables.

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 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 (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Entity's proportionate share of the net pension liability	$ 1,751,711	$ 986,420	$ 348,481

Actuarial Assumptions – OPF

OPF'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 OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing 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:

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions:	
Experience Study Date	5 year period ended December 31, 2016
Investment Rate of Return	8.00%
Cost of Living Increases (COLA)	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%
Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.5%

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

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

Disabled Mortality – 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 long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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 OPF's target asset allocation as of December 31, 2017 are summarized below:

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

Note: Assumptions are geometric
* levered 2X

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

Discount Rate The total pension liability was calculated using the discount rate of 8.00 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 earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 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%)
Entity's proportionate share of the net pension liability	$ 2,949,424	$ 2,127,601	$ 1,457,344

NOTE 9 – 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)

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

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

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

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

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

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

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 contractually required contribution was $0 for 2018. Of this amount, $0 is reported as accrued wages and benefits payable.

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

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

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

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

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

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

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

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

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

The City's contractually required contribution to OP&F was $4,829 for 2018. Of this amount, $402 is reported as accrued wages and benefits payable.

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

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

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability:	$ 643,057	$ 1,964,120	$ 2,607,177
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.005922%	0.034666%	
Prior Measurement Date	0.006053%	0.034895%	
Change in Proportionate Share	-0.000131%	-0.000229%	
OPEB Expense	$ 54,936	$ 152,251	$ 207,187

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 501	$ -	$ 501
Change in Assumptions	46,821	191,657	238,478
Contributions subsequent to the measurement date	-	4,829	4,829
Total Deferred Outflows of Resources	$ 47,322	$ 196,486	$ 243,808

	OPERS	OP&F	Total
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	$ 47,903	$ 12,928	$ 60,831
Differences between expected and actual experience	-	9,905	9,905
Changes in employer proportion and differences between contributions and proportionate share of contributions	15,250	9,494	24,744
	$ 63,153	$ 32,327	$ 95,480

$4,829 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	3,358	21,952	25,310
2020	3,358	21,952	25,310
2021	(10,571)	21,952	11,381
2022	(11,976)	21,952	9,976
2023	-	25,184	25,184
Thereafter	-	46,338	46,338
Total	$ (15,831)	$ 159,330	$ 143,499

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	7.50 percent, initial
	3.25 percent, ultimate in 2018
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%)
Entity's proportionate share of the net OPEB liability	$ 854,367	$ 643,057	$ 472,161

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Entity's proportionate share of the net OPEB liability	$ 615,296	$ 643,057	$ 671,792

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 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increases rate of 0.5 percent
Single Discount Rate:	
Current Measurement Date	3.24 percent
Prior Measurement Date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

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

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

Note: Assumptions are geometric.
* levered 2X

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on 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%)
Entity's proportionate share of the net OPEB liability	$ 2,455,182	$ 1,964,120	$ 1,586,281

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 Discount Rates	1% Increase
Entity's proportionate share of the net OPEB liability	$ 1,525,769	$ 1,964,120	$ 2,554,885

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 10 – OTHER EMPLOYEE BENEFITS

Compensated Absences

City employees earn vacation leave at varying rates based upon length of service. Upon departure from City employment, an employee (or their estate) will be paid for unused vacation leave.

Full-time employees of the City of Mt. Healthy are credited with 15 days of sick leave per year. There is not a maximum sick leave accumulation amount. Upon retirement with 10 or more years of service with the City, the State or another political subdivision, an employee shall be paid for one-fourth of his/her total sick leave accumulation.

City employees working in excess of designated work hours are entitled to either overtime pay or compensatory time according to the Fair Labor Standards Act. Employees may elect to receive compensatory time in lieu of overtime pay. Compensatory time must be used within 180 days.

Insurance Benefits

The City is self-insured for employee healthcare benefits for all its employees. The City provides life insurance benefits through an insurance carrier. For medical/surgical and life insurance benefits, the City pays 100 percent of the monthly premium for all full-time employees under the family plan and the single plan. The City also pays 70 percent of the monthly premium for spouses and dependents of full-time employees under the family plan for medical/surgical and life insurance benefits. The City provides employee dental insurance through an insurance carrier. The City pays 100 percent of dental insurance for all full-time employees and their families.

Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 11 – RISK MANAGEMENT

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage with an insurance carrier for building contents, vehicles, general liability, and public official liability. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

Employee Health Care Benefits

The City is self-insured for employee health care benefits for all of its employees. Under the plan, the Risk Management Agency provides coverage for up to a maximum of $100,000 per person. The plan is offered to local governments Statewide through the Ohio Mid-Eastern Regional Education Service Agency (“OME-RESA”) in Steubenville, Ohio, and administered by United Healthcare of Ohio.

The City participates in the plan and makes payment to the Risk Management Agency based on actuarial estimates of the amount needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage, medical conversion, and administrative fees and services).

The City’s independent advisor has actuarially determined that no liability provision for incurred but not reported claims is appropriate as of December 31, 2018. This amount is non-discounted and is based upon historical claims experience. The nonexistence of a claims liability reported at December 31, 2018, is based on an estimate provided by USI Insurance (independent advisor) and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,” as amended by GASB Statement No. 30, “Risk Financing Omnibus,” which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims.

NOTE 12 – TRANSFERS FROM/TO OTHER FUNDS

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers From		Transfers To			
		Safety Tax Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total
	General Fund	$ 340,000	$ 40,000	$ 133,800	$ 513,800

NOTE 13 – LEASES

In 2015, the City entered into a capitalized lease for a police service vehicle. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as functional expenditures on the budgetary statements. Principal payments on the capital lease totaled $5,478 in 2018.

The assets acquired through capital leases (and not fully depreciated) as of December 31, 2018, are as follows:

Asset Value	Accumulated Depreciation	Net Book Value
$ 27,345	$ (11,963)	$ 15,382

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

Year Ending December 31:	Amount
2019	5,784
2020	5,065
Present Value of Net Minimum Lease Payments	$ 10,849

NOTE 14 – LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2018 were as follows:

	Restated Balance at December 31, 2017	Increase	Decrease	Balance at December 31, 2018	Amounts Due Within One Year
General Obligation Bonds:					
2011 Various Purpose Real Property Acquisition and Refunding Bonds $1,745,000					
Serial Bonds 2.00%	$ 175,000	$ -	$ -	$ 175,000	$ -
Term Bonds 5.00%	1,145,000	-	65,000	1,080,000	70,000
Premium on Bonds Issued	30,300	-	2,244	28,056	-
Total - General Obligation Bonds	1,350,300	-	67,244	1,283,056	70,000
Loans:					
Perry Street Loan - 3.75%	5,865	-	5,865	-	-
OPWC Loan CB07Q - 0.00%	109,815	-	4,067	105,748	4,067
OPWC Loan CB47R- 0.00%	99,916	-	3,506	96,410	3,506
OPWC Loan CB44R - 0.00%	92,731	-	3,254	89,477	3,254
OPWC Loan CB20S - 0.00%	128,690	-	2,145	126,545	4,290
OPWC Loan CB32S - 0.00%	161,400	-	2,690	158,710	5,380
OPWC Loan CB30U - 0.00%	-	100,500	-	100,500	-
2010 Ohio Department of Commerce Loan - 0.00%	27,070	-	11,680	15,390	11,680
Total - Loans	625,487	100,500	33,207	692,780	32,177
Other Long-Term Obligations:					
Compensated Absences	113,700	54,400	38,000	130,100	51,000
Capital Leases Payable	16,327	-	5,478	10,849	5,784
Police Pension Liability	37,280		1,477	35,803	1,541
Net Pension Liability					
OPERS	1,455,709	-	469,289	986,420	-
OP&F	2,210,224	-	82,623	2,127,601	-
Net OPEB Liability					
OPERS	611,388	31,669	-	643,057	-
OP&F	1,656,394	307,726	-	1,964,120	-
Total - Other Long-Term Obligations	6,101,022	393,795	596,867	5,897,950	58,325
Total - General Long-Term Obligations	$8,076,809	$ 494,295	$ 697,318	$7,873,786	$160,502

On June 9, 2011, the City issued the 2011 Various Purpose Real Property Acquisition and Refunding Bonds at $1,745,000 to acquire property within the City and to refund the City's general obligation debt that was outstanding on June 9, 2011. The bonds will mature on December 1, 2031, and be retired from the Debt Service Fund. In 2014, the City defeased $110,000 of the 2011 Various Purpose Real Property Acquisition and Refunding Bonds by creating a separate irrevocable trust fund containing U.S. government securities that will generate fixed earnings sufficient to service the defeased debt until such debt can be called or matures. For financial reporting purposes, the $110,000 of debt has been considered defeased and, therefore, removed as a liability from the City's financial statements. As of December 31, 2018, defeased debt outstanding amounted to $110,000.

On June 15, 2011, the City entered into an interest-free loan agreement with the Ohio Department of Commerce in the amount of $116,800 for the purchase of property. The loan is due to mature on July 1, 2020. The loan will be repaid from the Safety Tax Fund.

During 2013, the City obtained a loan in the amount of $47,250 to purchase property along Perry Street. Principal and interest payments of $866 are due monthly thru July, 2018. The loan was repaid from the General Fund.

During 2018, the City drew down proceeds on new loans through the Ohio Public Works Commission in the amount of $100,500 to make roadway improvements and upgrades. Additionally, the City has other interest-free loans through the Ohio Public Works Commission. Principal payments are due semi-annually thru July, 2048. The loans will be repaid from the Capital Improvement Fund.

Compensated absences will be paid from the General Fund, the Street Construction, Maintenance and Repair Fund and the Safety Tax Fund. The capital leases will be repaid from the General Fund.

The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police personnel in 1967. The original liability was $54,126. The liability is payable semiannually from the General Fund.

Principal and interest requirements to retire the City's outstanding bond and loan obligations at December 31, 2018, are:

	General Obligation Bonds		Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 70,000	$ 66,850	$ 32,177	$ -	$ 102,177	$ 66,850
2020	75,000	64,750	24,206	-	99,206	64,750
2021	80,000	61,000	20,496	-	100,496	61,000
2022	80,000	57,000	20,496	-	100,496	57,000
2023	85,000	53,000	20,496	-	105,496	53,000
2024-2028	525,000	194,750	102,482	-	627,482	194,750
2029-2033	340,000	40,750	102,482	-	442,482	40,750
2034-2038	-	-	102,482	-	102,482	-
2039-2043	-	-	102,482	-	102,482	-
2044-2048	-	-	64,481	-	64,481	-
Total	$ 1,255,000	$ 538,100	$ 592,280	$ -	$ 1,847,280	$ 538,100

Note – the OPWC CB30U Perry Street Loan was in pending status at December 31, 2018, and accordingly, the outstanding balance of $100,500 is not included in the amortization schedule above.

Principal and interest requirements to retire the City's police pension liability at December 31, 2018, are:

	Police Pension Liability	
	Principal	Interest
2019	$ 1,541	$ 1,505
2020	1,607	1,439
2021	1,676	1,370
2022	1,748	1,298
2023	1,823	1,223
2024-2028	10,361	4,871
2029-2033	12,816	2,416
2034-2036	4,231	179
Total	$ 35,803	$ 14,301

NOTE 15 – NOTE PAYABLE

During 2018, the City issued Series 2018 bond anticipation notes in the amount of $400,000. The notes bear interest at 2.85% and matured on February 26, 2019. The notes were issued to allow for property acquisition within the City that is to be used to further economic and community development.

Subsequent to year end, on February 26, 2019 the City retired the Series 2018 bond anticipation notes by issuing Series 2019 bond anticipation notes in the amount of $400,000 at 3.60%. The Series 2019 bond anticipation notes mature on February 25, 2020.

NOTE 16 – JOINTLY GOVERNED ORGANIZATION / JOINT VENTURE

Center for Local Government

The Center for Local Government (the Center) was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Center is governed by a five member board of trustees. Each of the trustees is the chief administrative officer of the entity that they represent. Trustees are volunteer members, ratified by the general members of the Center. The City does not have any financial interest in or responsibility for the Center. Information can be obtained from the Center by writing to Lee Meyer, Director of the Center for Local Government, 4144 Crossgate Drive, Cincinnati, Ohio 45236.

Joint Economic Development District and Zone

The City participates in joint ventures with Springfield Township of Hamilton County – the joint economic development district (the JEDD) and the Joint Economic Development Zone (JEDZ).

The purpose of the JEDD is to facilitate economic development along the Hamilton Avenue Corridor and to create and preserve jobs and employment opportunities in the area of the contracting parties. The Board of Directors of the JEDD consists of five members, including one municipal member, one Township member, one business owner, one worker and one member selected by the other four members. The City Council selects the municipal member and the Township Board of Trustees selects the Township member. The Township Board of Trustees selects the business and the worker members. The Board of Directors of the JEDD levied an income tax for the JEDD territory at the rate of one and one-half percent and entered into a contract with the City to collect and administer the taxes. Seventy-five percent of the income taxes collected will be distributed to the Township and 25 percent will be distributed to the City. The Township shall use a portion of the income taxes it receives from the JEDD to expand public services to the JEDD area. The City will provide transportation network improvements to benefit the JEDD area.

Springfield Township residents voted in 2014 to establish a Joint Economic Development Zone (JEDZ). The creation of the JEDZ enables the implementation of an earnings tax on individuals working in the Zone and on the net profits of businesses located in the Zone. The designated Zone includes properties in Springfield Township where businesses are located and/or individuals work, excluding home-based businesses. The revenue generated through the JEDZ earnings tax will be used to continue current services and implement economic development initiatives for the improvement of existing commercial districts and the neighborhoods that support local businesses. State law requires a partnering jurisdiction to implement any earnings tax for townships. Springfield Township's partnering jurisdiction is the City of Mt. Healthy. All businesses and/or employers located within the JEDZ are responsible for withholding a one and one-half percent (1.5%) earnings tax on the wages of all employees working in the Zone. Eighty-five percent of the earnings taxes collected are distributed to the Township and fifteen percent are distributed to the City.

NOTE 17 – CONTINGENT LIABILITIES

Litigation – The City is not party to any known claims or legal proceedings.

Federal and State Grants – For the period January 1, 2018, thru December 31, 2018, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial to the financial statements as a whole.

NOTE 18 – MT. HEALTHY COMMUNITY IMPROVEMENT CORPORATION

As indicated in Note 1 to the basic financial statements, the following disclosure is made on behalf of the Mt. Healthy Community Improvement Corporation (CIC).

Basis of Accounting

The CIC prepares financial statements on the accrual basis of accounting in conformity with generally accepted accounting principles. Revenues to the CIC consisted primarily of interest income and operating grants and contributions. Expenditures of the CIC were made for the purpose of furthering economic development within the City. The CIC had no investments as of December 31, 2018.

NOTE 19 – TAX ABATEMENTS

Government Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, requires that certain tax abatements be disclosed in the notes to the basic financial statements. The City does not have any such tax abatements that are required to be disclose in accordance with GASB Statement No. 77.

NOTE 20 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus* 2017, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

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

GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement impacted the previously reported net position at December 31, 2017, as displayed in the table below. 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.

In addition to the restatement required by GASB 75, the City is restating the previously reported net position at December 31, 2017, as displayed in the table below, to account for pension-related (GASB 68) deferred inflows of resources and deferred outflows of resources that were incorrectly reported.

		Governmental Activities
Net position December 31, 2017		$ 5,117,791
Adjustments:		
To Correct GASB 68 Deferred Items		162,873
Net OPEB Liability (GASB 75)		(2,267,782)
Deferred Outflow - Payments Subsequent to Measurement Date (GASB 75)		11,291
Restated Net Position December 31, 2017		$ 3,024,173
OP&F Pension Fund:		
Previously Reported Deferred Outflows of Resources at December 31, 2017	611,663	
Previously Reported Deferred Inflows of Resources at December 31, 2017	(625)	
		611,038
OP&F Pension Fund:		
Actual Deferred Outflows of Resources at December 31, 2017	778,386	
Actual Deferred Inflows of Resources at December 31, 2017	(4,475)	
		773,911
Net increase to net position at December 31, 2017		162,873

REQUIRED SUPPLEMENTARY INFORMATION

City of Mt. Healthy
Hamilton County, Ohio
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property Taxes	$ 299,600	$ 299,600	$ 300,204	$ 604
Income Taxes	1,769,550	1,852,515	1,779,275	(73,240)
Payment in Lieu of Taxes	-	-	25	25
Charges for Services and Sales	701,880	701,880	785,929	84,049
Fees, Licenses and Permits	83,000	83,000	80,367	(2,633)
Fines and Forfeitures	130,000	173,242	198,829	25,587
Intergovernmental	101,650	101,650	96,415	(5,235)
Interest	1,500	1,500	1,560	60
Other	79,700	79,700	110,405	30,705
Total Revenues	3,166,880	3,293,087	3,353,009	59,922
Expenditures				
Current:				
General Government	714,778	730,629	702,815	27,814
Security of Persons and Property	1,218,320	1,319,320	1,287,766	31,554
Public Works	481,221	502,721	496,011	6,710
Leisure Time Activities	187,025	192,275	191,207	1,068
Community Environment	120,351	124,351	114,684	9,667
Capital Outlay	8,299	8,299	4,682	3,617
Total Expenditures	2,729,994	2,877,595	2,797,165	80,430
Excess of Revenues Over Expenditures	436,886	415,492	555,844	140,352
Other Financing Sources (Uses)				
Transfers Out	(520,800)	(520,800)	(513,800)	7,000
Total Other Financing Sources (Uses)	(520,800)	(520,800)	(513,800)	7,000
Net Change in Fund Balance	(83,914)	(105,308)	42,044	147,352
Fund Balance at Beginning of Year	405,687	405,687	405,687	-
Fund Balance at End of Year	$ 321,773	$ 300,379	$ 447,731	$ 147,352

See accompanying notes to the required supplementary information

City of Mt. Healthy
Hamilton County, Ohio
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Safety Tax Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property Taxes	$ 326,449	$ 326,449	$ 311,463	$ (14,986)
Payment in Lieu of Taxes	-	-	26	26
Intergovernmental	33,919	33,919	33,279	(640)
Other	2,500	30,650	56,691	26,041
Total Revenues	362,868	391,018	401,459	10,441
Expenditures				
Current:				
Security of Persons and Property	705,115	738,865	738,652	213
Debt Service:				
Principal Retirement	21,680	21,180	11,680	9,500
Total Expenditures	726,795	760,045	750,332	9,713
Excess of Revenues Over (Under) Expenditures	(363,927)	(369,027)	(348,873)	20,154
Other Financing Sources				
Transfers In	347,000	347,000	340,000	(7,000)
Total Other Financing Sources	347,000	347,000	340,000	(7,000)
Net Change in Fund Balance	(16,927)	(22,027)	(8,873)	13,154
Fund Balance at Beginning of Year	22,027	22,027	22,027	-
Fund Balance at End of Year	$ 5,100	$ -	$ 13,154	$ 13,154

See accompanying notes to the required supplementary information

City of Mt. Healthy
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Five Years *

	2018	2017	2016	2015	2014
Entity's Proportion of the Net Pension Liability	0.0062880%	0.0064105%	0.0062290%	0.0060170%	0.0060170%
Entity's Proportionate Share of the Net Pension Liability	$ 986,420	$ 1,455,709	$ 1,078,936	$ 725,688	$ 709,297
Entity's Covered Payroll	$ 838,781	$ 836,521	$ 784,209	$ 744,577	$ 778,346
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	117.60%	174.02%	137.58%	97.46%	91.13%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

* Information prior to 2014 is not available.

Amounts presented as of the Entity's measurement date which is the prior fiscal year end.

City of Mt. Healthy
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Five Years *

	2018	2017	2016	2015	2014
Entity's Proportion of the Net Pension Liability	0.0346660%	0.0348951%	0.0306775%	0.0246940%	0.0246940%
Entity's Proportionate Share of the Net Pension Liability	$ 2,127,601	$ 2,210,224	$ 1,973,502	$ 1,279,267	$ 1,202,689
Entity's Covered Payroll	$ 823,404	$ 822,942	$ 631,745	$ 483,780	$ 437,484
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	258.39%	268.58%	312.39%	264.43%	274.91%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	70.91%	68.36%	66.77%	72.20%	73.00%

* Information prior to 2014 is not available.

Amounts presented as of the Entity's measurement date which is the prior fiscal year end.

City of Mt. Healthy
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Six Years *

	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 108,510	$ 109,994	$ 102,280	$ 109,789	$ 104,278
Contributions in Relation to the Contractually Required Contribution	(108,510)	(109,994)	(102,280)	(109,789)	(104,278)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Entity Covered Payroll	$ 775,069	$ 838,781	$ 836,521	$ 784,209	$ 744,577
Contributions as a Percentage of Covered Payroll	14.00%	13.11%	12.23%	14.00%	14.00%

	2013
Contractually Required Contribution	$ 108,968
Contributions in Relation to the Contractually Required Contribution	(108,968)
Contribution Deficiency (Excess)	$ -
Entity Covered Payroll	$ 778,346
Contributions as a Percentage of Covered Payroll	14.00%

* Information prior to 2013 is not available.

City of Mt. Healthy
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 183,361	$ 160,207	$ 159,018	$ 135,012	$ 107,185
Contributions in Relation to the Contractually Required Contribution	(183,361)	(160,207)	(159,018)	(135,012)	(107,185)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Entity Covered Payroll	$ 952,870	$ 823,404	$ 822,942	$ 631,745	$ 483,780
Contributions as a Percentage of Covered Payroll	19.24%	19.46%	19.32%	21.37%	22.16%

	2013	2012	2011	2010	2009
Contractually Required Contribution	$ 96,573	$ 96,330	$ 72,827	$ 110,616	$ 73,723
Contributions in Relation to the Contractually Required Contribution	(96,573)	(96,330)	(72,827)	(110,616)	(73,723)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Entity Covered Payroll	$ 437,484	$ 437,503	$ 565,606	$ 664,831	$ 642,510
Contributions as a Percentage of Covered Payroll	22.07%	22.02%	12.88%	16.64%	11.47%

City of Mt. Healthy
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System - OPEB Plan
Last Two Years *

	2018	2017
Entity's Proportion of the Net OPEB Liability	0.0059220%	0.0060530%
Entity's Proportionate Share of the Net OPEB Liability	$ 643,057	$ 611,388
Entity's Covered Payroll	$ 838,781	$ 836,521
Entity's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	54.14%	54.04%

* Information prior to 2017 is not available.

Amounts presented as of the Entity's measurement date which is the prior fiscal year end.

City of Mt. Healthy
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Police and Fire Pension Fund
Last Two Years *

	2018	2017
Entity's Proportion of the Net OPEB Liability	0.0346660%	0.0348950%
Entity's Proportionate Share of the Net OPEB Liability	$ 1,964,120	$ 1,656,394
Entity's Covered Payroll	$ 823,404	$ 822,942
Entity's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	238.54%	201.28%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	14.13%	15.96%

* Information prior to 2017 is not available.

Amounts presented as of the Entity's measurement date which is the prior fiscal year end.

City of Mt. Healthy
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System - OPEB
Last Three Years *

	2018	2017	2016
Contractually Required Contribution	$ -	$ 7,436	$ 14,832
Contributions in Relation to the Contractually Required Contribution	-	(7,436)	(14,832)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Entity Covered Payroll	$ 775,069	$ 838,781	$ 836,521
Contributions as a Percentage of Covered Payroll	0.00%	0.89%	1.77%

* Information prior to 2013 is not available.

City of Mt. Healthy
Required Supplementary Information
Schedule of City Contributions - OPEB
Ohio Police and Fire Pension Fund
Last Ten Years

	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 4,829	$ 3,855	$ 3,827	$ 3,173	$ 2,729
Contributions in Relation to the Contractually Required Contribution	(4,829)	(3,855)	(3,827)	(3,173)	(2,729)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Entity Covered Payroll	$ 952,870	$ 823,404	$ 822,942	$ 631,745	$ 483,780
Contributions as a Percentage of Covered Payroll	0.51%	0.47%	0.47%	0.50%	0.56%

	2013	2012	2011	2010	2009
Contractually Required Contribution	$ 17,566	$ 32,614	$ 37,453	$ 58,840	$ 38,135
Contributions in Relation to the Contractually Required Contribution	(17,566)	(32,614)	(37,453)	(58,840)	(38,135)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Entity Covered Payroll	$ 437,484	$ 437,503	$ 565,606	$ 664,831	$ 642,510
Contributions as a Percentage of Covered Payroll	4.02%	7.45%	6.62%	8.85%	5.94%

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets

An annual appropriated budget is legally required to be prepared for all funds of the City, except for the agency funds. The Council passes appropriations at the object level (personal services and other expenditures) within each department and fund. The following are the procedures used by the City in establishing the budgetary data reported in the required supplementary information.

Tax Budget
A tax budget of estimated revenues and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year for the period January 1 to December 31 of the following year.

Estimated Resources
The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the Council agrees that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2018.

Appropriations
A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year, for the period January 1 to December 31. The appropriation resolution may be supplemented during the year by action of the Council, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

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

Encumbrances
As part of formal budgetary control purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent year expenditures of governmental funds.

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 Balances - Budget and Actual (Budget Basis) presented for each major governmental 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 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 reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the City's General Fund and the Safety Tax Fund.

	General	Safety Tax
GAAP Basis	$ 77,515	$ (15,832)
Adjustments		
Revenue Accruals	(54,439)	-
Expenditure Accruals	18,968	6,959
Budget Basis	$ 42,044	$ (8,873)

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

City of Mount Healthy
Hamilton County
7700 Perry Street
Mount Healthy, Ohio 45231

To Members of the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the discretely presented components unit, each major fund, and the aggregate remaining fund information of the City of Mount Healthy, Hamilton County, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 7, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control over Financial Reporting

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

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

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

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpagroup.com

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our test disclosed no instances of noncompliance or other mattes we must report under *Government Auditing Standards.*

Purpose of this Report

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
June 7, 2019

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF MT HEALTHY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 9, 2019