VILLAGE OF ST. BERNARD

Hamilton County, Ohio

Basic Financial Statements

December 31, 2017

PLATTENBURG
Certified Public Accountants

Dave Yost • Auditor of State

Village Council
Village of St. Bernard
110 Washington Avenue
St. Bernard, Ohio 45217

We have reviewed the *Independent Auditor's Report* of the Village of St. Bernard, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2017 through December 31, 2017. 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 Village of St. Bernard is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

August 13, 2018

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INDEPENDENT AUDITOR'S REPORT

Village of St. Bernard
110 Washington Ave.
St. Bernard, Ohio 45217

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of St. Bernard (the Village), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and schedules of pension liabilities and pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018, on our consideration of the Village'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Village's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 28, 2018

The discussion and analysis of the Village of St. Bernard's financial performance provides an overall review of the Village's financial activities for the fiscal year ended December 31, 2017. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Village's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2017 are as follows:

- Net Position decreased $4,271,443, which represents a 74.8% decrease from 2016.

- General revenues accounted for $9,858,530 in revenue or 91.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $944,409 or 8.7% of total revenues of $10,802,939.

- The Village had $15,074,382 in expenses related to governmental activities; only $944,409 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $9,858,530 and Net Position were adequate to provide for these programs.

- Among major funds, the General Fund had $11,002,707 in revenues and other financing sources and $12,462,541 in expenditures and other financing uses. The General Fund's fund balance decreased $1,459,834 to $1,855,037.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the Village:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the Village's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the Village, reporting the Village's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-Wide Financial Statements

The government-wide statements report information about the Village as a whole using accepted methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's Net Position and how they have changed. Net Position (the difference between the Village's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the Village's financial health or position.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the Village you need to consider additional nonfinancial factors such as the Village's tax base and the condition of the Village's capital assets.

The government-wide financial statements of the Village reflect the following category of its activities:

- Governmental Activities – All of the Village's programs and services are reported here, including security of persons and property, public health and welfare services, leisure time activities, community environment, basic utility services, transportation, general government and other expenditures.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. 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 – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village's own programs. All of the Village's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

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FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The following table provides a comparison of the Village's Net Position as of December 31, 2017 and 2016:

	Governmental Activities	
	2017	Restated 2016
Assets		
Current and Other Assets	$11,980,612	$14,999,618
Capital Assets	22,575,006	23,488,202
Total Assets	34,555,618	38,487,820
Deferred Outflows of Resources	3,081,833	3,477,063
Liabilities		
Net Pension Liability	13,604,580	13,108,352
Other Liabilities	538,936	21,621,581
Long-Term Liabilities	20,827,383	616,916
Total Liabilities	34,970,899	35,346,849
Deferred Inflows of Resources	1,223,690	903,729
Net Position		
Net Investment in Capital Assets	2,954,827	3,526,472
Net Investment in Assets Held for Resale	5,230,706	6,188,906
Restricted	2,352,337	2,369,180
Unrestricted	(9,095,008)	(6,370,253)
Total Net Position	$1,442,862	$5,714,305

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Changes in Net Position – The following table shows the changes in Net Position for the fiscal year 2017 and 2016:

	Governmental Activities	
	2017	Restated 2016
Revenues:		
Program Revenues:		
Charges for Services and Sales	$622,146	$818,658
Operating Grants and Contributions	249,933	229,987
Capital Grants and Contributions	72,330	378,132
General Revenues:		
Municipal Income Taxes	8,420,826	10,362,254
Property Taxes	768,138	843,386
Grants and Entitlements, Not Restricted	179,213	477,409
Revenue in Lieu of Taxes	82,122	0
Investment Earnings	30,052	29,310
Miscellaneous	378,179	275,913
Total Revenues	10,802,939	13,415,049
Program Expenses:		
Public Safety	5,571,233	5,684,383
Public Health and Welfare Services	17,565	56,009
Leisure Time Activities	432,739	455,788
Community Development	1,213,680	309,578
Transportation and Street Repair	735,161	1,309,499
General Government	5,930,945	3,998,126
Basic Utility Service	393,200	0
Other Expenditures	94,053	1,659,408
Interest and Fiscal Charges	685,806	701,947
Total Expenses	15,074,382	14,174,738
Change in Net Position	(4,271,443)	(759,689)
Net Position Beginning of Year	5,714,305	6,473,994
Net Position End of Year	$1,442,862	$5,714,305

Governmental Activities

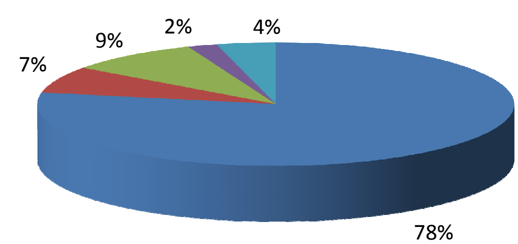
Net Position of the Village's governmental activities decreased $4,271,443. This decrease can mostly be attributed to expenditures outpacing revenues in 2017.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00.

The Village also receives an income tax. The income tax is based on 2.1% of all salaries, wages, commissions and other compensation and on net profits earned within the Village as well as on income of residents earned outside the Village.

Municipal income taxes and property taxes made up 78% and 7% respectively of revenues for governmental activities for the Village in fiscal year 2017. The Village's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2017	Percent of Total
Municipal Income Taxes	$8,420,826	78%
Property Taxes	768,138	7%
Program Revenues	944,409	9%
Grants and Entitlements	179,213	2%
General Other	490,353	4%
Total Revenue	$10,802,939	100%



FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The Village's governmental funds reported a combined fund balance of $9,683,678, which is a decrease from last year's balance of $11,071,623. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2017 and 2016:

	Fund Balance December 31, 2017	Fund Balance December 31, 2016	Increase (Decrease)
General	$1,855,037	$3,314,871	($1,459,834)
Community Improvement Corporation	5,301,878	5,482,909	(181,031)
General Bond Retirement	346,057	433,537	(87,480)
Other Governmental	2,180,706	1,840,306	340,400
Total	$9,683,678	$11,071,623	($1,387,945)

General Fund – The Village's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2017 Revenues	2016 Revenues	Increase (Decrease)
Taxes	$9,900,372	$11,394,722	($1,494,350)
Intergovernmental Revenues	255,980	831,811	(575,831)
Charges for Services	234,598	221,689	12,909
Fines, Licenses and Permits	152,595	94,909	57,686
All Other Revenue	459,162	613,215	(154,053)
Total	$11,002,707	$13,156,346	($2,153,639)

General Fund revenues in 2017 decreased 16.4% compared to revenues in fiscal year 2016. This can mostly be attributed to a decrease in income and property taxes received.

	2017 Expenditures	2016 Expenditures	Increase (Decrease)
Public Safety	$4,487,893	$5,126,851	($638,958)
Public Health and Welfare	17,565	56,009	(38,444)
Leisure Time Activities	130,214	113,511	16,703
Transportation and Street Repair	130,862	509,249	(378,387)
General Government	5,018,393	3,524,269	1,494,124
Other Expenditures	610,986	1,659,408	(1,048,422)
Debt Services:			
Principal Retirement	23,552	0	23,552
Total	$10,419,465	$10,989,297	($569,832)

General Fund expenditures decreased $569,832 over the prior year due mainly to decreased costs associated with the Public Safety expenditures.

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

During the course of fiscal year 2017 the Village amended its General Fund budget several times.

For the General Fund, actual budget basis revenues were lower than final estimates due primarily to lower than anticipated Property and income tax revenues. Final budgeted expenditures increased by $4,069,891 versus original budget to account for transfers out. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017 the Village had $22,575,006 net of accumulated depreciation invested in land, land improvements, buildings and improvements, infrastructure, and machinery and equipment. The following table shows fiscal year 2017 and 2016 balances:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Land	$1,768,505	$1,768,505	$0
Land Improvements	3,969,554	3,944,710	24,844
Buildings and Improvements	13,082,390	13,082,390	0
Infrastructure	18,182,288	18,004,188	178,100
Machinery and Equipment	4,775,039	4,747,584	27,455
Less: Accumulated Depreciation	(19,202,770)	(18,059,175)	(1,143,595)
Totals	$22,575,006	$23,488,202	($913,196)

The overall net change in capital assets is a result of depreciation expense being greater than additions to land, improvements, infrastructure and machinery and equipment. Additional information on the Village's capital assets can be found in Note 9.

Debt

At December 31, 2017, the Village had $18,477,925 in bonds outstanding, $645,000 due within one year. The following table summarizes the Village's debt outstanding as of December 31, 2017 and 2016:

	2017	2016
Government Activities:		
OPWC Loans	$368,006	$383,408
Total General Obligation Bonds	18,477,925	19,201,206
Total Net Pension Liability	13,604,580	13,108,052
Accrued Pension Liability	619,657	643,209
Capital Leases	154,591	229,104
Compensated Absences	1,207,204	1,164,654
Total Long-term Obligations	$34,431,963	$34,729,633

Additional information on the Village's long-term debt can be found in Note 14.

ECONOMIC FACTORS

The preceding financial information reflects that with the lower property tax values and the decline in local government funds the Village still remains heavily dependent on its local earnings tax and property taxes. The Village is continuing to work with the Ohio EPA to address all issues related to the Bank Ave. litigation and remains positive everything will be addressed.

The Village's goal is to continue to offer outstanding services to its residents and businesses while upgrading housing stock and moving forward with major projects. With careful planning and monitoring of the Village's finances, management is confident that current and future funding challenges can be overcome and quality services will continue to be provided to the people and businesses of St. Bernard.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Peggy Brickweg, Village Auditor of the Village of St. Bernard.

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Village of St. Bernard, Ohio
Statement of Net Position
December 31, 2017

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	$3,712,420
Restricted Cash	6,783
Cash and Cash Equivalents with Fiscal Agent	277,503
Receivables (Net):	
Taxes	2,332,905
Accounts	56,412
Intergovernmental	229,499
Forgiveable Loan Receivable	36,000
Assets Held for Resale	5,230,706
Inventory	44,423
Prepaid Items	53,961
Nondepreciable Capital Assets	1,768,505
Depreciable Capital Assets, Net	20,806,501
Total Assets	34,555,618
Deferred Outflows of Resources:	
Pension	3,081,833
Total Deferred Outflows of Resources	3,081,833
Liabilities:	
Accounts Payable	63,611
Accrued Wages and Benefits	278,065
Accrued Interest Payable	64,590
Claims Payable	132,670
Long-Term Liabilities:	
Due Within One Year	895,751
Due In More Than One Year	
Net Pension Liability	13,604,580
Other Amounts	19,931,632
Total Liabilities	34,970,899
Deferred Inflows of Resources:	
Property Taxes	776,320
Grants and Other Taxes	45,000
Pension	402,370
Total Deferred Inflows of Resources	1,223,690
Net Position:	
Net Investment in Capital Assets	2,954,827
Net Investment in Assets Held for Resale	5,230,706
Restricted for:	
Debt Service	288,239
Capital Projects	728,676
Street Improvements	544,164
Public Safety	381,568
Community Development	383,860
Other Purposes	25,830
Unrestricted	(9,095,008)
Total Net Position	$1,442,862

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	$5,930,945	$57,982	$26,525	$0	($5,846,438)
Public Safety	5,571,233	230,501	633	0	(5,340,099)
Community Development	1,213,680	205,284	0	0	(1,008,396)
Leisure Time Activities	432,739	81,670	3,075	0	(347,994)
Transportation and Street Repair	735,161	0	219,700	72,330	(443,131)
Basic Utility Service	393,200	46,709	0	0	(346,491)
Public Health and Welfare	17,565	0	0	0	(17,565)
Other	94,053	0	0	0	(94,053)
Interest and Other Charges	685,806	0	0	0	(685,806)
Totals	$15,074,382	$622,146	$249,933	$72,330	(14,129,973)
		General Revenues:			
		Income Taxes			8,420,826
		Property Taxes Levied for:			
		General Purposes			725,554
		Police Operations			21,292
		Fire Operations			21,292
		Grants and Entitlements, Not Restricted			179,213
		Revenue in Lieu of Taxes			82,122
		Investment Earnings			30,052
		Other Revenues			378,179
		Total General Revenues			9,858,530
		Change in Net Position			(4,271,443)
		Net Position - Beginning of Year, Restated			5,714,305
		Net Position - End of Year			$1,442,862

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio
Balance Sheet
Governmental Funds
December 31, 2017

	General	Community Improvement Corporation	General Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	$1,437,816	$125,172	$246,216	$1,903,216	$3,712,420
Restricted Cash	6,783	0	0	0	6,783
Cash and Cash Equivalents with Fiscal Agent	0	0	99,841	177,662	277,503
Receivables (Net):					
Taxes	2,294,409	0	0	38,496	2,332,905
Accounts	56,412	0	0	0	56,412
Intergovernmental	83,636	0	0	145,863	229,499
Advances to Other Funds	0	0	0	90,000	90,000
Forgiveable Loan Receivable	0	36,000	0	0	36,000
Assets Held for Resale	0	5,230,706	0	0	5,230,706
Inventory	44,423	0	0	0	44,423
Prepaid Items	53,961	0	0	0	53,961
Total Assets	3,977,440	5,391,878	346,057	2,355,237	12,070,612
Liabilities:					
Accounts Payable	41,770	0	0	21,841	63,611
Accrued Wages and Benefits	273,308	0	0	4,757	278,065
Claims Payable	132,670	0	0	0	132,670
Advances from Other Funds	0	90,000	0	0	90,000
Total Liabilities	447,748	90,000	0	26,598	564,346
Deferred Inflows of Resources:					
Property Taxes	778,641	0	0	38,496	817,137
Grants and Other Taxes	896,014	0	0	109,437	1,005,451
Total Deferred Inflows of Resources	1,674,655	0	0	147,933	1,822,588
Fund Balances:					
Nonspendable	98,384	0	0	0	98,384
Restricted	0	5,301,878	346,057	1,926,313	7,574,248
Committed	0	0	0	254,393	254,393
Assigned	94,517	0	0	0	94,517
Unassigned	1,662,136	0	0	0	1,662,136
Total Fund Balances	1,855,037	5,301,878	346,057	2,180,706	9,683,678
Total Liabilities, Deferred Inflows and Fund Balances	$3,977,440	$5,391,878	$346,057	$2,355,237	$12,070,612

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2017

Total Governmental Fund Balance		$9,683,678
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.		
Capital assets used in the operation of Governmental Funds		22,575,006
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Income Taxes	831,642	
Delinquent Property Taxes	40,817	
Intergovernmental	128,809	
		1,001,268
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.		(64,590)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(1,207,204)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	3,081,833	
Deferred inflows of resources related to pensions	(402,370)	
		2,679,463
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(13,604,580)	
Other Amounts	(19,620,179)	
		(33,224,759)
Net Position of Governmental Activities		$1,442,862

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2017

	General	Community Improvement Corporation	General Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	$717,843	$0	$0	$40,408	$758,251
Income Taxes	9,182,529	0	0	0	9,182,529
Charges for Services	234,598	166,182	0	39,333	440,113
Investment Earnings	29,765	1,139	0	206	31,110
Intergovernmental	255,980	0	0	222,780	478,760
Fines, Licenses & Permits	152,595	0	0	7,643	160,238
Revenue in Lieu of Taxes	0	0	0	82,122	82,122
Rent	29,600	0	0	0	29,600
Other Revenues	399,797	0	0	0	399,797
Total Revenues	11,002,707	167,321	0	392,492	11,562,520
Expenditures:					
Current:					
General Government	5,018,393	0	0	219,125	5,237,518
Public Safety	4,487,893	0	0	12,665	4,500,558
Community Development	9,036	1,148,352	0	56,292	1,213,680
Leisure Time Activities	130,214	0	0	134,375	264,589
Transportation and Street Repair	130,862	0	0	134,789	265,651
Basic Utility Service	393,200	0	0	0	393,200
Public Health and Welfare	17,565	0	0	0	17,565
Other	94,053	0	0	0	94,053
Capital Outlay	114,697	0	0	122,114	236,811
Debt Service:					
Principal	23,552	0	764,513	15,402	803,467
Interest and Other Charges	0	0	722,967	406	723,373
Total Expenditures	10,419,465	1,148,352	1,487,480	695,168	13,750,465
Excess of Revenues Over (Under) Expenditures	583,242	(981,031)	(1,487,480)	(302,676)	(2,187,945)
Other Financing Sources (Uses):					
Transfers In	0	0	1,400,000	643,076	2,043,076
Transfers (Out)	(2,043,076)	0	0	0	(2,043,076)
Total Other Financing Sources (Uses)	(2,043,076)	0	1,400,000	643,076	0
Net Change in Fund Balance	(1,459,834)	(981,031)	(87,480)	340,400	(2,187,945)
Fund Balance - Beginning of Year, Restated	3,314,871	6,282,909	433,537	1,840,306	11,871,623
Fund Balance - End of Year	$1,855,037	$5,301,878	$346,057	$2,180,706	$9,683,678

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2017

Net Change in Fund Balance - Total Governmental Funds		($2,187,945)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	234,899	
Depreciation Expense	(1,148,095)	
		(913,196)
Governmental funds report City pension contributions as expenditures. However in the Statement of Activites, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
City pension contributions	963,532	
Cost of benefits earned net of employee contrbutions	(2,172,737)	
		(1,209,205)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income Taxes	(761,703)	
Delinquent Property Taxes	10,064	
Interest	(1,058)	
Intergovernmental	(6,884)	
		(759,581)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		803,467
In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.		4,286
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(42,550)	
Amortization of Bond Premium	33,281	
		(9,269)
Change in Net Position of Governmental Activities		($4,271,443)

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	C-9 Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	$50,000	$18,147
Total Assets	50,000	18,147
Liabilities:		
Undistributed Monies	0	18,147
Total Liabilities	0	$18,147
Net Position:		
Held in Trust	50,000	
Total Net Position	$50,000	

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended December 31, 2017

	C-9 Trust
Additions:	
Other	$50,000
Total Additions	50,000
Deductions:	
Other	0
Total Deductions	0
Change in Net Position	50,000
Net Position - Beginning of Year	0
Net Position - End of Year	$50,000

See accompanying notes to the basic financial statements.

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Village of St. Bernard, Ohio (the "Village") was incorporated as a village in 1878 and became a Village in 1912. The Village is a charter municipal corporation under the laws of the State of Ohio and operates under a Council-Mayor form of government.

The accompanying basic financial statements of the Village present the financial position of the various fund types, and the results of operations of the various fund types. The financial statements are presented as of December 31, 2017 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 61 *"The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,"* in that the financial statements include all organizations, activities, functions and component units for which the Village (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the Village.

The Community Improvement Corporation of St. Bernard (CIC), a non-profit organization, is an eleven-member board comprised of one Village official, three elected officials, five community representatives and two non-resident business advisors. Although it is legally separate from the Village, the CIC is reported as if it were part of the primary government because the Village can impose its will on the CIC. The CIC is responsible for research and development of the Village, including the assurance that mortgage payments will be made to foster such development, the acquisition, construction, equipment and improvement of buildings, structures and other properties, the acquisition of sites for such development, the lease, sale and subdivision of such sites and incurring of debt in order to carry out such development, and to make loans to any individual or business entity in order to carry out such development purpose for the Village. Funding to finance the CIC comes from the sale of properties owned by the CIC and contributions from the Village and private sources.

The Village of St. Bernard Mayor's Court is included in the reporting entity because it is not legally separate.

Basis of Presentation - Fund Accounting

The Village uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Village functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following fund types are used by the Village:

Governmental Funds

The governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the Village's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "Flow of Current Financial Resources." With this measurement focus, only current assets and current liabilities and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The following are the Village's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Community Improvement Corporation Fund – This fund is used to account for the financial activities of the CIC of Saint Bernard.

General Bond Retirement Fund - This fund is used to account for financial resources to be used for the retirement of the Village's long-term obligations.

Fiduciary Funds

Fiduciary fund reporting focuses on Net Position and changes in Net Position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the Village holds in a trustee capaVillage or as an agent for individuals, private organizations, other governments, and other funds. The Village's fiduciary funds are a Private-Purpose Trust Fund and agency funds. The Village's Private Purpose Trust Fund accounts for monies held in trust for retired employees of the Village. The Village's agency funds account for monies held for hall rentals, building permit fees, and the Mayor's Court. The agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Basis of Presentation – Financial Statements

The village'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 Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village 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 Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "measurable" means that the amount of the transaction can be determined. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the Village is considered to be 60 days after year-end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized for reporting purposes by the governmental activities and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Non-exchange transactions, in which the Village receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 Village must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Village on a reimbursement basis.

Revenue considered susceptible to accrual at year-end includes income taxes withheld by employers, property taxes, interest on investments and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, is recorded as revenue when received in cash because generally this revenue is not measurable until received.

Property taxes measurable as of December 31, 2017, but not received within the available period are recorded as deferred inflows of resources as these resources are not intended to pay liabilities of the current period. Delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources.

The Village reports deferred inflows of resources in its balance sheet. Deferred inflows of resources arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred inflows of resources is removed from the combined balance sheet and revenue is recognized.

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources as certified.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. Since the Community Improvement Corporation is a legally separate entity it is not part of the Village's budget, therefore no budgetary statement is presented. The legal level of budgetary control for each fund is at the object level within each department. Budgetary modifications may only be made by ordinance of the Village Council.

Tax Budget

By July 15, the Village Finance Committee and Auditor submit an annual tax budget for the following fiscal year to Village Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

Budgetary Process

Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. By October 1 of each year, the Village accepts by resolution the tax rates as determined by the Budget Commission. As part of the certification process, the Village receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do 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 fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2017.

Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may be modified during the year by an ordinance of the Village Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and the State Treasurer's Asset Reserve (STAR Ohio). STAR Ohio is considered a cash equivalent because it is a highly liquid investment with an original maturity date of three months or less.

The Village pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and cash equivalents represents the balance on hand as if each fund maintained its own cash and cash equivalent account.

Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the Village's Investment Policies. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, the Village records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments."

The Village's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the Village. The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased.

Capital Assets and Depreciation

Capital assets are defined by the Village as assets with an initial, individual cost of more than $500.

Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost. The capital asset values were initially determined by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are capitalized at acquisition value, rather than fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized. These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Land Improvements	20-40 years
Buildings and Improvements	10-45 years
Infrastructure	20-50 years
Machinery and Equipment	5-20 years

Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
Compensated Absences	General Fund
	Street Maintenance Fund
	Master Plan Capital Improvement Fund
General Obligation Bonds	General Bond Retirement Fund
Accrued Pension Liability	General Fund
Capital Leases	General Bond Retirement Fund
Ohio Public Works	Storm Sewer Improvement Fund
Commission Loans	General Bond Retirement Fund

Compensated Absences

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on 95% of the leave balances accumulated by employees who have ten years or more of service time with the Village. These employees are expected to become eligible in the future to receive such payments.

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable available financial resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” In the government wide statement of Net Position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account.

Net Position

Net Position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Position – 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 are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Village applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

Pensions

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

Intergovernmental Revenues

In governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, and shared revenues are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements.

Interfund Assets/Liabilities

Receivables and payables arising between funds for goods provided or services rendered are classified as "Due From/To Other Funds" on the balance sheet. Short-term interfund loans are classified as "Interfund Receivables/Payables," while long-term interfund loans are classified as "Interfund Loan Receivable/ Payable."

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.

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Village to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision making authority. For the Village, these constraints consist of ordinances and resolutions passed by Village Council. Committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the Village, deferred outflows of resources are reported for pension amounts (See Note 9). The amounts are reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government- wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the items, property taxes and grants and other taxes are reported on the governmental funds balance sheet and government-wide statements. The governmental funds report unavailable amounts for delinquent property taxes, income taxes and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. See Note 9.

Fair Market Value

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

Note 2 – Implementation of New Accounting Principles

For the year ended December 31, 2017, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 80, "*Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14",* GASB Statement No. 81 "*Irrevocable Split Interest Agreements",* and GASB Statement No. 82, "*Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73".*

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of the Statement No. 39, "*Determining Whether Certain Organizations Are Component Units".* The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Village.

GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the Village.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by the employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Village.

Note 3 – Fund Balance Classification

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

Fund Balances	General	Community Improvement	General Bond Retirement	Other Governmental Funds	Total
Nonspendable:					
Supplies Inventory	$44,424	$0	$0	$0	$44,424
Prepaid Items	53,960	0	0	0	53,960
Total Nonspendable	98,384	0	0	0	98,384
Restricted for:					
Community Environment	0	5,301,878	0	0	5,301,878
Security of Persons	0	0	0	510,775	510,775
Court Improvements	0	0	0	17,387	17,387
Street Improvements	0	0	0	669,475	669,475
Debt Service	0	0	346,057	0	346,057
Capital Improvements	0	0	0	728,676	728,676
Total Restricted	0	5,301,878	346,057	1,926,313	7,574,248
Committed to:					
Swimming Pool	0	0	0	254,393	254,393
Capital Improvements	0	0	0	0	0
Total Committed	0	0	0	254,393	254,393
Assigned to:					
Goods and Services	94,517	0	0	0	94,517
Total Assigned	94,517	0	0	0	94,517
Unassigned	1,662,136	0	0	0	1,662,136
Total Fund Balances	$1,855,037	$5,301,878	$346,057	$2,180,706	$9,683,678

Note 4 – Cash, Cash Equivalents And Investments

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the Village into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the Village. Such funds must be maintained either as cash in the Village Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

(1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

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

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

(4) Interim deposits in eligible institutions applying for interim funds;

(5) Bonds and other obligations of the State of Ohio;

(6) No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and

(7) The State Treasury Asset Reserve of Ohio (STAR Ohio).

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of Village cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Village places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the Village's deposits was $2,010,218 and the bank balance was $2,273,359. Federal depository insurance covered $250,000 of the bank balance and $2,023,359 was uninsured. Of the remaining uninsured bank balance, the Village was exposed to custodial risk with uninsured and collateralized securities held by the pledging institution's Trust Department not in the Village's name in the amount of $2,023,359.

Investments

The Village's investments at December 31, 2017 were as follows:

Investment Type	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Negotiable Certificate of Deposit	$149,834	Level 2	0.33
Money Market Funds	99,841	N/A	0.00
STAROhio	1,804,961	N/A	0.14
Total Fair Value	$2,054,636		
Portfolio Weighted Average Maturity			0.14

The Village categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Village's recurring fair value measurements as of December 31, 2017. STAR Ohio is reported at its share price (Net Asset value per share).

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date, the Village has no policy beyond what Ohio Revised Code requires.

Credit Risk – It is the Village's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. Investments in STAROhio were rated AAAm by Standard & Poors. Investments in Money Market Funds and Certificates of Deposit were not rated.

Concentration of Credit Risk – The Village places no limit on the amount the Village may invest in one issuer. Of the Village's total investments 7% are Negotiable Certificates of Deposit, 5% are Money Market Funds and 88% are STAR Ohio.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Village has no policy beyond what Ohio Revised Code requires for custodial credit risk.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real estate and public utility property and located in the Village. Real property taxes (other than public utility) collected during 2017 were levied after October 1, 2016 on assessed values as of January 1, 2016, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. Taxes collected in 2017 are intended to finance 2018 operations. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as the real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the Village of St. Bernard. The County Auditor periodically remits to the Village its portion of the taxes collected.

The assessed value on which the 2017 levy was based was $81,485,260. This amount constitutes $76,775,850 in real property assessed value and $4,709,410 in public utility assessed value.

Income Tax

The Village levies a tax of 2.1% on all salaries, wages, commissions and other compensation and on net profits earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of up to 2.1% of the tax paid to another municipality.

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

Note 6 – Receivables

Receivables at December 31, 2017, consisted of taxes, accounts receivable, forgivable loans and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred inflows of resources.

Note 7 – Transfers and Advances

Following is a summary of transfers in and out for all funds for 2017:

Fund	Transfers In	Transfers Out
General Fund	$0	$2,043,076
General Bond Retirement Fund	1,400,000	0
Other Governmental Funds	643,076	0
Total	$2,043,076	$2,043,076

Fund	Advances to	Advances from
Community Improvement Coporation Fund	$0	$90,000
Other Govermental Funds	90,000	0
Total	$90,000	$90,000

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

During 2015 the Master Plan Improvement Fund advanced the Community Improvement Corporation $90,000 to help subsidize the CIC's operations.

Note 8 - Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2017:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$1,768,505	$0	$0	$1,768,505
Capital Assets Being Depreciated:				
Land Improvements	3,944,710	24,844	0	3,969,554
Buildings and Improvements	13,082,390	0	0	13,082,390
Infrastructure	18,004,188	178,100	0	18,182,288
Machinery and Equipment	4,747,584	31,955	4,500	4,775,039
Totals at Historical Cost	41,547,377	234,899	4,500	41,777,776
Less Accumulated Depreciation:				
Land Improvements	2,762,334	177,639	0	2,939,973
Building and Improvements	2,056,428	252,447	0	2,308,875
Infrastructure	9,768,866	491,238	0	10,260,104
Machinery and Equipment	3,471,547	226,771	4,500	3,693,818
Total Accumulated Depreciation	18,059,175	1,148,095	4,500	19,202,770
Governmental Activities Capital Assets, Net	$23,488,202	($913,196)	$0	$22,575,006

Depreciation expense was charged to governmental programs as follows:

Security of Persons and Property	$187,678
Leisure Time Activities	168,150
Transportation	467,598
General Government	324,669
Total Depreciation Expense	$1,148,095

Note 9 – 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 Village's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Village's obligation for this liability to annually required payments. The Village cannot control benefit terms or the manner in which pensions are financed; however, Village 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 *Accrued Wages and Benefits* on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Village's employees 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. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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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
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
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
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0	1.0
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 Village is contractually required contribution was $271,232 for 2017. Of this amount $20,025 is reported as an accrued wages and benefits.

Ohio Police & Fire Pension Fund (OPF)

Plan Description - Village full-time safety officers 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:

	Safety Officers	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2017 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 %

The Village's contractually required contribution to OPF was $692,300 for 2017. Of this amount $8,162 is reported as an accrued wages and benefits.

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, 2016, 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, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The Village proportion of the net pension liability was based on the Village share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OPF	Total
Proportionate Share of the Net Pension Liability	$3,744,598	$9,859,982	$13,604,580
Proportion of the Net Pension Liability Current Measurement Date	0.01649000%	0.15567000%	
Proportion of the Net Pension Liability Prior Measurement Date	0.01671600%	0.15875700%	
Change in Proportionate Share	-0.0002260%	-0.0030870%	
Pension Expense	$814,534	$1,358,204	$2,172,738

At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OPF	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$5,076	$2,789	$7,865
Changes in assumptions	593,939	0	593,939
Net difference between projected and actual earnings on pension plan investments	557,657	958,840	1,516,497
Changes in employer proportionate share of net			
Contributions subsequent to the measurement date	271,232	692,300	963,532
Total Deferred Outflows of Resources	$1,427,904	$1,653,929	$3,081,833
Deferred Inflows of Resources:			
Differences between expected and actual experience	$22,285	$22,702	$44,987
Changes in employer proportionate share of net pension liability	48,981	308,402	357,383
Total Deferred Inflows of Resources	$71,266	$331,104	$402,370

$963,532 reported as deferred outflows of resources related to pension resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OPF	Total
2018	$433,192	$296,200	$729,392
2019	471,112	296,200	767,312
2020	197,447	209,308	406,755
2021	(16,346)	(133,011)	(149,357)
2022	0	(35,491)	(35,491)
Thereafter	0	(2,680)	(2,680)
Total	$1,085,405	$630,526	$1,715,931

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, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

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Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2016
Experience Study	5 year period ending December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Wage Inflation	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)
Cost-of-Living Adjustments:	
Pre 1/7/2013 Retirees	3.00% Simple,
Post 1/7/2013 Retirees	3.00% Simple,
Through 2018, then	2.15% Simple.

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

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 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 is 8.3% for 2016.

The allocation of investment assets within 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 following table displays the Board-approved asset allocation policy for 2016 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 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate - The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability or asset calculated using the discount rate of 7.5%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Village's proportionate share of the net pension liability:			
OPERS	$5,720,711	$3,744,598	$2,097,858

Changes in Benefit Terms and Assumptions - There were no recent significant changes of benefit terms, investment policies, the size or composition of the population covered by the benefit terms impacting the actuarial valuation study for the year ended December 31, 2016.

In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increased life expectancy of the members and the most notable change in economic assumptions is the reduction in the actuarially assumed rate of return from 8.00% down to 7.50% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

In 2016, OPERS, in conjunction with the Board's investment consultants, also completed an asset liability study. Periodically, the System engages in a more comprehensive study that examines the nature of the pension liabilities the plan will ultimately pay and the characteristics of the asset allocation projections and the associated level of risk. As a result of this study, OPERS modified the asset allocation slightly, but not substantively.

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, 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 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 are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	OPF Pension Plan
Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Experience Study	5 year period ending December 31, 2011
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions:	
Investment Rate of Return	8.25%
Wage Inflation	3.25%, plus productivity increase rate of 0.50%
Projected Salary Increases	4.25% - 11.00%
Cost-of-Living Adjustments	3.00% Simple; 2.60% simple for increases based on the lesser of the increase in CPI and 3.00%

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

The most recent experience study of five years was completed in 2017 covering the period 2012-2016.

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 OPF's Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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, 2016 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalent	0.00 %	0.00 %	0.00 %
Domestic Equity	16.00	4.46	5.21
Non-US Equity	16.00	4.66	5.40
Core Fixed Income*	20.00	1.67	2.37
Global Inflation Protected Securities*	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Timber	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
Total	120.00 %		

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

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 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The discount rate used to measure the total pension liability was 8.25%. 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 8.25 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 Village'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 preceding table presents the net pension liability calculated using the discount rate of 8.25% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 7.25% or one percentage point higher, 9.25% than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Village's proportionate share of the net pension liability :			
OPF	$13,132,327	$9,859,982	$7,086,624

Changes Between Measurement Date and Report Date: In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it as the potential to impact the City's net pension liability.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System ("OPERS")

Plan Description

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 heath 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 health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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 45. Please see the Plan Statement in the OPERS CAFR for details.

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 OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, OH 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 health care through their contributions to OPERS. 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 2017, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.

The Village's contributions for health care to the OPERS for the years ending December 31, 2017, 2016, and 2015 were $20,856, $42,605, and $42,110, respectively, which were equal to the required contributions for each year.

Ohio Police and Fire Pension Fund ("OP&F")

Plan Description

The District 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 OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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 healthcare 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. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at www.op-f.org.

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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 Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2017 thru December 31, 2017. The amount of employer contributions allocated to the healthcare 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 also is authorized to establish requirements for contributions to the healthcare 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 Village's contributions for health care to the OP&F for the years ending December 31, 2017, 2016, and 2015 were $16,132, $16,283, and $15,554 for police and firefighters.

Note 11- Compensated Absences

All full-time Village employees other than fire department employees earn vacation at varying rates based upon length of service. An employee's vacation must be used during the period in which it is earned unless the Department Supervisor allows the balance to be carried over to the following year. Upon separation from the Village, the employee (or their estate) is paid for his accumulated unused vacation leave balance.

All full-time Village employees other than fire department employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon retirement from the Village's service, an employee hired prior to December 21, 1985 receives one hour of monetary compensation for each one hour of unused sick leave up to a maximum of 1,800 hours. An employee hired after December 21, 1985 receives one hour of monetary compensation for each hour of unused sick leave up to a maximum of 1,000 hours. The monetary compensation is calculated at the hourly rate of compensation of the employee at the time of retirement.

Fire department employees earn sick leave at the rate of 16 hours per calendar month of active service. Upon retirement from Village service, fire department employees receive one hour of compensation for each one hour of unused sick leave up to a maximum of 105 tours. The monetary compensation is calculated at the hourly rate of compensation of the employee at the time of retirement.

As of December 31, 2017 the long-term portion of the compensated absences liability for the Village has increased $42,550 from a balance of $1,164,654 to $1,207,204. This amount is considered long-term since no payments are anticipated requiring the use of current available financial resources.

Note 12 - Capital Leases

The Village is party to four separate leases, three for police vehicles and one for a street sweeper for the Street Construction Fund. The cost of the equipment obtained under the lease agreements ($378,772) is included in the Governmental Activities capital assets as machinery and equipment. The liability for these leases are recorded on the Statement of Net Position as due within one year and due in more than one year. The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2017:

Fiscal Year Ending December 31,	Long-Term Debt
2018	$80,590
2019	52,235
2020	28,321
Total Lease Payments	161,146
Interest	(6,555)
Present Value Payments	$154,591

Note 13 - Long-Term Obligations

Detail of the changes in the loans, bonds, pension liability and compensated absences of the Village for the year ended December 31, 2017, follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities:					
Ohio Public Works Commission Loan (OPWC):					
3.00% Andalus Avenue Improvements	$14,180	$0	$2,670	$11,510	$2,750
0.00% Ross Avenue Improvements	369,228	0	12,732	356,496	12,732
Total OPWC Loans	383,408	0	15,402	368,006	15,482
General Obligation Bonds:					
3.00% Swimming Pool Refunding Bonds	935,000	0	100,000	835,000	105,000
4.50% Fire Truck	70,000	0	70,000	0	0
2.00% Service Center Project	3,315,000	0	75,000	3,240,000	80,000
2.00% Streetscape Project	3,255,000		150,000	3,105,000	155,000
2.00% Public Safety Center	8,560,000	0	190,000	8,370,000	195,000
2.00% Bank Street Settlement	2,280,000	0	105,000	2,175,000	110,000
Premium on Bonds	786,206	0	33,281	752,925	0
Total General Obligation Bonds	19,201,206	0	723,281	18,477,925	645,000
Net Pension Liability:					
OPERS	2,895,412	849,186	0	3,744,598	0
OPF	10,212,640	0	352,658	9,859,982	0
Total Net Pension Liability	13,108,052	849,186	352,658	13,604,580	0
Accrued Pension Liability	643,209	0	23,552	619,657	23,552
Capital Leases	229,104	0	74,513	154,591	76,711
Compensated Absences	1,164,654	218,507	175,957	1,207,204	135,006
Total Long-Term Obligations	$34,729,633	$1,067,693	$1,365,363	$34,431,963	$895,751

The Village’s liability for past service costs relating to the Police and Firemen's Disability and Pension Fund at December 31, 2017 was $1,002,718 in principal and interest payments through the year 2035. Only the principal amount due of $619,657 is included in the Government-wide Statement of Net Position.

Principal and Interest Requirements

The Village's future long-term obligation funding requirements for the loan, bonds, promissory notes and accrued pension liability, including principal and interest payments as of December 31, 2017 follows:

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	OPWC Loan		General Obligation Bonds		Police/Fire Accrued Pension Liability	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2018	$15,482	$325	$645,000	$652,800	$23,552	$31,233
2019	15,565	241	675,000	631,200	24,564	30,067
2020	15,651	156	700,000	608,600	25,619	28,851
2021	15,740	68	730,000	585,200	26,719	27,582
2022	12,732	0	755,000	560,800	27,867	26,258
2023-2027	63,660	0	3,815,000	2,424,250	158,347	109,366
2028-2032	63,660	0	4,150,000	1,813,438	195,403	66,640
2033-2037	63,660	0	2,495,000	1,217,677	137,586	15,960
2038-2042	63,660	0	3,055,000	649,000	0	0
2043-2045	38,196	0	705,000	35,250	0	0
Total	$368,006	$790	$17,725,000	$9,178,215	$619,657	$335,957

Note 14 - Insurance and Risk Management

The Village 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.

Insurance for property holds a $1,000 deductible, general liability does not have a deductible. The Village carries a $2,500 deductible for both police and professional liability insurance.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

The Village pays unemployment claims to the State of Ohio as incurred.

The Village pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs. The Village contracts with the Industrial Advisors Bureau to review all accidents claimed through Workers' Compensation.

Note 15 - Employee Medical Benefits

The Village has a group health self-insurance program for employees and their eligible dependents. Premiums are paid into the General Fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the General Fund are available to pay claims and administrative costs. The Village currently maintains a health care account with a December 31, 2017 balance of $6,783. The plan is administered by a third party administrator, Healthsmart, which monitors all claim payments. Excess loss coverage, carried through Montgomery Management, becomes effective after $50,000 per year per specific claim.

The claims liability of $132,670 reported in the General Fund at December 31, 2017 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2017 and 2016 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2017	$189,134	$1,885,245	($1,941,709)	$132,670
2016	128,435	1,717,108	(1,656,409)	189,134

Note 16 - Contingencies

The Village is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Village's management is of the opinion that the ultimate disposition of most of the various claims and legal proceedings will not have a material effect on the financial condition of the Village.

Note 17 – Leases

The Village Community Improvement Corporation (CIC) is the lessor in four (4) separate operating leases all within the St. Bernard Square Shopping Center. Lease information is presented below:

Property	Property Carrying Value	Square Footage	Remaining Lease Term
St. Bernard Square Shopping Center	$2,400,000		
4921 Vine Street			
Subway		1,846	3 Years
4971 Vine Street			
Twins Group-PH LLC (Pizza Hut)		1,224	3 Years
4981 Vine Street			
Ace Cash Express, Inc.		1,530	Month to Month*
5005 Vine Street			
Family Dollar (Dollar General)		12,296	3 Years

*-Six month notification of termination by either party

Future payments under the non-cancellable operating leases are as follows:

	Lease Payments
2018	$118,421
2019	118,421
2020	118,421
	$355,263

Note 18 – Tax Abatement Disclosures

As of December 31, 2017, the Village of St. Bernard provides tax incentives under a Residential Community Reinvestment Area (RCRA) program.

Real Estate Tax Abatements

Pursuant to Ohio Revised Code Chapter 3735.66, the Village established a Residential Community Reinvestment Area in 2008. Various portions of the community are covered by this RCRA. The Village authorizes incentives based upon each residence's attributes and through a contractual application process with each property owner, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the RCRA gave the Village the ability to maintain and improve residences located in the Village by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved real estate.

Below are the real property taxes abated in 2017:

Residential Community Reinvestment Area (RCRA)	Total Amount of Taxes Abated (Incentives Abated) for the Year 2017 (In Actual Dollars)
Residential	$58,713

Note 19 – Prior Period Adjustment

The Village made the following restatement to include the Imwalle building in assets held for resale. The adjustment affected both the fund balance and net position.

	Community Improvement Corporation
Fund Balance, December 31, 2016	$5,482,909
Assets Held for Resale	800,000
Fund Balance, December 31, 2016, Restated	$6,282,909

	Governmental Activities
Net Position, December 31, 2016	$4,914,305
Assets Held for Resale	800,000
Net Position, December 31, 2016, Restated	$5,714,305

REQUIRED SUPPLEMENTARY INFORMATION

Village of St. Bernard, Ohio
Required Supplementary Information
Schedule of the Village's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Four Fiscal Years (1)

	2017	2016	2015	2014
Village's Proportion of the Net Pension Liability	0.01649000%	0.01671600%	0.01741100%	0.01741100%
Village's Proportionate Share of the Net Pension Liability	$3,744,598	$2,895,412	$2,099,961	$2,052,530
Village's Covered-Employee Payroll	$2,130,225	$2,080,458	$2,134,967	$2,440,946
Village's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	175.78%	139.17%	98.36%	84.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) - The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note - The schedule is reported as of the measurement date of the Net Pension Liability.

See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio
Required Supplementary Information
Schedule of the Village's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Four Fiscal Years (1)

	2017	2016	2015	2014
Village's Proportion of the Net Pension Liability	0.1556700%	0.1587570%	0.1636650%	0.1636650%
Village's Proportionate Share of the Net Pension Liability	$9,859,982	$10,212,940	$8,478,524	$7,970,994
Village's Covered-Employee Payroll	$3,726,795	$3,367,098	$3,396,817	$4,259,473
Village's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	264.57%	303.32%	249.60%	187.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	72.20%	73.00%

(1) - The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note - The schedule is reported as of the measurement date of the Net Pension Liability.

See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio
Required Supplementary Information
Schedule of Village Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Four Fiscal Years (1)

	2017	2016	2015	2014
Contractually Required Contribution	$271,232	$255,627	$249,655	$256,196
Contributions in Relation to the Contractually Required Contribution	(271,232)	(255,627)	(249,655)	(256,196)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Village's Covered-Employee Payroll	$2,086,400	$2,130,225	$2,080,458	$2,134,967
Contributions as a Percentage of Covered-Employee Payroll	13.00%	12.00%	12.00%	12.00%

(1) - The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio
Required Supplementary Information
Schedule of Village Contributions
Ohio Police and Fire Pension Fund
Last Four Fiscal Years (1)

	2017	2016	2015	2014
Contractually Required Contribution	$692,300	$708,091	$676,450	$691,592
Contributions in Relation to the Contractually Required Contribution	(692,300)	(708,091)	(676,450)	(691,592)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Village's Covered-Employee Payroll	$3,643,684	$3,726,795	$3,367,098	$3,396,817
Contributions as a Percentage of Covered-Employee Payroll	19.00%	19.00%	20.09%	20.36%

(1) - The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$8,369,342	$10,222,212	$10,200,917	($21,295)
Fines, Licenses & Permits	127,724	156,001	155,676	(325)
Intergovernmental	209,405	255,765	255,232	(533)
Charges for Services	190,462	232,628	232,143	(485)
Investment Earnings	8,069	9,856	9,835	(21)
Other Revenues	183,134	223,678	223,212	(466)
Total Revenues	9,088,136	11,100,140	11,077,015	(23,125)
Expenditures:				
Current:				
General Government	2,451,001	3,532,957	3,358,876	174,081
Public Safety	3,377,343	4,868,219	4,628,345	239,874
Leisure Time Activities	90,204	130,024	123,617	6,407
Basic Utility Service	270,371	389,722	370,519	19,203
Transportation & Street Repair	96,172	138,626	131,795	6,831
Public Health and Welfare	14,433	20,804	19,779	1,025
Other	68,631	98,928	94,053	4,875
Capital Outlay	83,695	120,641	114,697	5,944
Total Expenditures	6,451,850	9,299,921	8,841,681	458,240
Excess of Revenues Over (Under) Expenditures	2,636,286	1,800,219	2,235,334	435,115
Other Financing Sources (uses):				
Transfers (Out)	(2,767,840)	(3,989,660)	(3,793,076)	196,584
Total Other Financing Sources (Uses)	(2,767,840)	(3,989,660)	(3,793,076)	196,584
Net Change in Fund Balance	(131,554)	(2,189,441)	(1,557,742)	631,699
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,431,415	2,431,415	2,431,415	0
Fund Balance End of Year	$2,299,861	$241,974	$873,673	$631,699

See accompanying notes to the required supplementary information.

Note 1 - Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Village. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the year.

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

While the Village 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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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

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

3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance

	General Fund
GAAP Basis Adjustments	($1,459,834)
Revenue Accruals	74,308
Expenditures Accruals	1,600,815
Transfers Out	(1,750,000)
Encumbrances	(23,031)
Budget Basis	($1,557,742)

Note 2 – Pension Plans

Ohio Police and Fire Pension Fund Changes Between Measurement Date and Report Date

In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it as the potential to impact the City's net pension liability.

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

There were no recent significant changes of benefit terms, investment policies, the size or composition of the population covered by the benefit terms impacting the actuarial valuation study for the year ended December 31, 2016.

In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increased life expectancy of the members and the most notable change in economic assumptions is the reduction in the actuarially assumed rate of return from 8.00% down to 7.50% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

In 2016, OPERS, in conjunction with the Board's investment consultants, also completed an asset liability study. Periodically, the System engages in a more comprehensive study that examines the nature of the pension liabilities we will ultimately pay and the characteristics of the asset allocation projections and the associated level of risk. As a result of this study, OPERS modified the asset allocation slightly, but not substantively.

VILLAGE OF ST. BERNARD

Hamilton County, Ohio

Yellow Book Report

December 31, 2017

PLATTENBURG
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Village of St. Bernard
110 Washington Ave.
St. Bernard, Ohio 45217

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of St. Bernard (the Village) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 28, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness. See 2017-001.

Compliance and Other Matters

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

Responses to Findings

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 28, 2018

VILLAGE OF ST. BERNARD

SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2017

2017–001 Finding Type —Material Weakness – Financial Statement Misstatement

The following error was identified as material and resulted in an audit adjustment which was reflected with the accompanying financial statements:

1. In 2013, $800,000 of an asset held for resale was not recorded. A prior period adjustment was required to correct this error.

Recommendation:
Develop a systematic, detailed financial statement preparation and review process. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

Management's Response:
Management has reviewed this error with the auditors and has identified ways to correct and prevent similar errors in the future.

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VILLAGE OF ST BERNARD

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
AUGUST 23, 2018