bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF FOSTORIA
SENECA COUNTY, OHIO

REGULAR AUDIT

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

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OHIO AUDITOR OF STATE
KEITH FABER

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Members of Council
City of Fostoria
213 S. Main Street
Fostoria, Ohio 44830

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

October 3, 2019

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SENECA COUNTY
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SENECA COUNTY
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Independent Auditor's Report

City of Fostoria
Seneca County
213 South Main Street
Fostoria, Ohio 44830

To the Members of City Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting of Postemployment Benefits Other than Pensions.* We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
August 30, 2019

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

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

Financial Highlights

Key financial highlights for 2018 are as follows:

- The total net position of the City increased $2,941,048. Net position of governmental activities increased $2,321,067 or 68.09% from 2017's restated net position and net position of business-type activities increased $619,981 or 1.99% from 2017's restated net position.

- General revenues accounted for $10,201,199 or 75.16% of total governmental activities revenue. Program specific revenues accounted for $3,372,063 or 24.84% of total governmental activities revenue.

- The City had $11,246,985 in expenses related to governmental activities; $3,372,063 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of $10,201,199 were adequate to cover the remaining expenses of the governmental activities.

- The general fund had revenues and other financing sources of $8,835,878 in 2018. The expenditures and other financing uses of the general fund totaled $7,447,005 in 2018. The net increase in fund balance for the general fund was $1,388,873 or 387.58%.

- The WSOS housing rehabilitation fund had revenues of $491,121 in 2018. The expenditures of the WSOS housing rehabilitation fund totaled $463,260 in 2018. The net increase in fund balance for the WSOS housing rehabilitation fund was $27,861 or 103.51%.

- Net position for the business-type activities, which are made up of the water and sewer enterprise funds, increased in 2018 by $619,981. This increase in net position was due primarily to a decrease in personal service expenses.

- In the general fund, the actual revenues and other financing sources were $279,123 more than in the final budget and actual expenditures and other financing uses were $403,420 less than the amount in the final budget. These variances are the result of the City's conservative budgeting. Final budgeted revenues and other financing sources were consistent with the original budget. Final budgeted expenditures and other financing uses were $125,275 more than the original budget.

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net position and the Statement of Activities

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds.

Governmental Funds

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Proprietary Funds

The City maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer activities. All of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City has no internal service funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Private-purpose trust and agency funds are the City's only fiduciary fund types.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability and net OPEB liability.

Government-Wide Financial Analysis

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

Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets						
Current and other assets	$ 11,342,088	$ 7,614,898	$ 6,476,346	$ 6,523,419	$ 17,818,434	$ 14,138,317
Capital assets, net	13,325,436	13,545,656	35,352,295	34,954,651	48,677,731	48,500,307
Total assets	24,667,524	21,160,554	41,828,641	41,478,070	66,496,165	62,638,624
Deferred outflows of resources	2,649,679	2,938,808	659,676	1,202,280	3,309,355	4,141,088
Liabilities						
Long-term liabilities outstanding	690,284	629,244	6,224,619	6,598,577	6,914,903	7,227,821
Net pension liability	8,157,475	9,965,947	1,892,241	2,968,232	10,049,716	12,934,179
Net OPEB liability	7,264,385	6,890,666	1,264,034	1,271,360	8,528,419	8,162,026
Other liabilities	602,816	446,525	447,742	528,928	1,050,558	975,453
Total liabilities	16,714,960	17,932,382	9,828,636	11,367,097	26,543,596	29,299,479
Deferred inflows of resources						
Property taxes levied for the next fiscal year	1,518,719	1,523,886	-	-	1,518,719	1,523,886
Payment in lieu of taxes levied for next fiscal year	7,181	7,916	-	-	7,181	7,916
Pension	2,211,961	1,226,159	642,803	106,787	2,854,764	1,332,946
OPEB	1,134,296	-	190,431	-	1,324,727	-
Total deferred inflows	4,872,157	2,757,961	833,234	106,787	5,705,391	2,864,748
Net Position						
Net investment in capital assets	13,259,202	13,461,662	29,268,183	28,414,823	42,527,385	41,876,485
Restricted	4,575,706	4,308,622	-	-	4,575,706	4,308,622
Unrestricted (deficit)	(12,104,822)	(14,361,265)	2,558,264	2,791,643	(9,546,558)	(11,569,622)
Total net position	$ 5,730,086	$ 3,409,019	$ 31,826,447	$ 31,206,466	$ 37,556,533	$ 34,615,485

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

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

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

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

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

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

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

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation and the restated compensated absences also had the effect of restating net position at December 31, 2017, from $9,522,249 to $3,409,019 for governmental activities and $32,197,145 to $31,206,466 for business-type activities.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $37,556,533. At year-end, net position was $5,730,086 and $31,826,447 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 73.20% of total assets. Capital assets include land, construction in progress, land improvements, buildings, machinery and equipment, vehicles, and infrastructure. Net investment in capital assets at December 31, 2018, were $13,259,202 and $29,268,183 in the governmental and business-type activities respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, $4,575,706, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance is a deficit unrestricted net position balance of $12,104,822.

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

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Revenues:						
Program revenues:						
Charges for services	$ 569,582	$ 589,851	$ 6,644,544	$ 6,685,107	$ 7,214,126	$ 7,274,958
Operating grants and contributions	2,578,055	2,177,224	-	-	2,578,055	2,177,224
Capital grants and contributions	224,426	101,985	-	-	224,426	101,985
Total program revenues	3,372,063	2,869,060	6,644,544	6,685,107	10,016,607	9,554,167
General revenues:						
Property taxes	1,535,146	534,602	-	-	1,535,146	534,602
Income taxes	7,351,872	5,644,519	-	-	7,351,872	5,644,519
Unrestricted grants and entitlements	334,107	219,714	-	-	334,107	219,714
Investment earnings	9,604	9,339	-	-	9,604	9,339
Refunds and reimbursements	298,560	205,428	-	-	298,560	205,428
Miscellaneous	671,910	276,459	125,952	80,387	797,862	356,846
Total general revenues	10,201,199	6,890,061	125,952	80,387	10,327,151	6,970,448
Total revenues	13,573,262	9,759,121	6,770,496	6,765,494	20,343,758	16,524,615
Expenses:						
General government	1,275,442	1,255,240	-	-	1,275,442	1,255,240
Security of persons and property	7,070,868	5,369,973	-	-	7,070,868	5,369,973
Public health and welfare	272,795	213,095	-	-	272,795	213,095
Transportation	1,159,463	993,501	-	-	1,159,463	993,501
Community environment	1,392,431	1,194,578	-	-	1,392,431	1,194,578
Leisure time activity	73,470	63,635	-	-	73,470	63,635
Interest and fiscal charges	2,516	8,298	-	-	2,516	8,298
Water	-	-	3,228,850	3,084,524	3,228,850	3,084,524
Sewer	-	-	2,926,875	2,659,807	2,926,875	2,659,807
Total expenses	11,246,985	9,098,320	6,155,725	5,744,331	17,402,710	14,842,651
Increase (decrease) in net position before transfers	2,326,277	660,801	614,771	1,021,163	2,941,048	1,681,964
Transfers	(5,210)	3,403	5,210	(3,403)	-	-
Change in net position	2,321,067	664,204	619,981	1,017,760	2,941,048	1,681,964
Net position at beginning of year (restated)	3,409,019	N/A	31,206,466	N/A	34,615,485	N/A
Net position at end of year	$ 5,730,086	$ 3,409,019	$ 31,826,447	$ 31,206,466	$ 37,556,533	$ 34,615,485

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $26,998 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $914,890. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 program expenses under GASB 75	$ 11,246,985	$ 6,155,725
OPEB expense under GASB 75	(838,923)	(75,967)
2018 contractually required contributions	14,641	1,078
Adjusted 2018 program expenses	10,422,703	6,080,836
Total 2017 program expenses under GASB 45	9,098,320	5,744,331
Increase (decrease) in program expenses not related to OPEB	$ 1,324,383	$ 336,505

Governmental Activities

Governmental activities net position increased $1,388,873 in 2018.

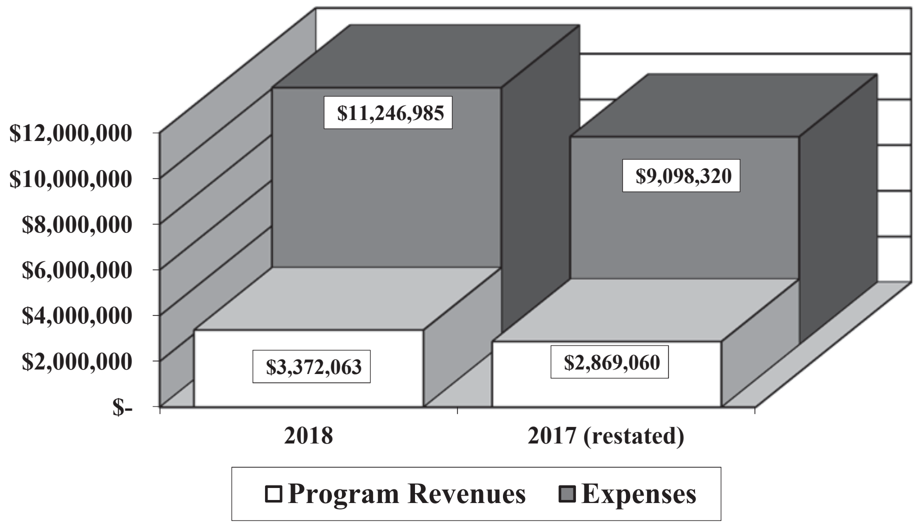
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for $7,070,868 of the total expenses of the City. These expenses were partially funded by $349,248 in direct charges to users of the services and $555,188 in operating grants and contributions. Transportation expenses totaled $1,159,463. Transportation expenses were partially funded by $6,749 in direct charges to users of the services, $763,737 in operating grants and contributions and $224,426 in capital grants and contributions.

The state and federal government contributed to the City a total of $2,578,055 in operating grants and contributions and $224,426 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, $555,188 subsidized security of persons and property programs, $1,144,018 subsidized community environment programs and $763,737 subsidized transportation programs. Of the capital grants and contributions, $224,426 subsidized transportation programs.

General revenues totaled $10,201,199 and amounted to 75.16% of total governmental revenues. These revenues primarily consist of property and income tax revenue of $8,887,018. The other primary sources of general revenues is grants and entitlements not restricted to specific programs, including local government revenue, making up $334,107 and miscellaneous revenues of $671,910.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities – Program Revenues vs. Total Expenses

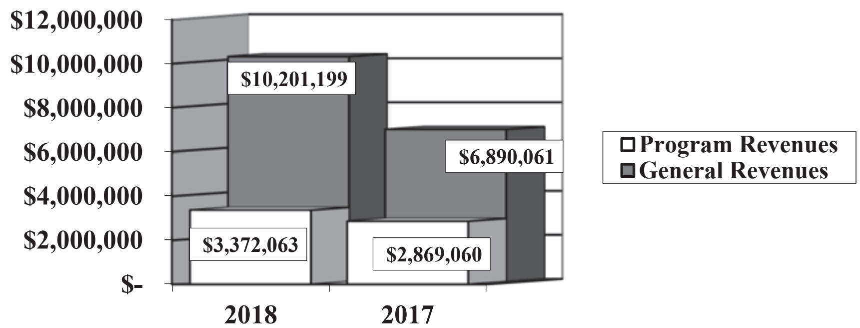


Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program Expenses:				
General government	$ 1,275,442	$ 1,126,664	$ 1,255,240	$ 1,100,026
Security of persons and property	7,070,868	6,166,432	5,369,973	4,904,562
Public health and welfare	272,795	136,920	213,095	124,868
Transportation	1,159,463	164,551	993,501	230,228
Community environment	1,392,431	231,281	1,194,578	(181,100)
Leisure time activity	73,470	46,558	63,635	42,378
Interest and fiscal charges	2,516	2,516	8,298	8,298
Total	$ 11,246,985	$ 7,874,922	$ 9,098,320	$ 6,229,260

The dependence upon general revenues for governmental activities is apparent, with 70.02% of expenses supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues

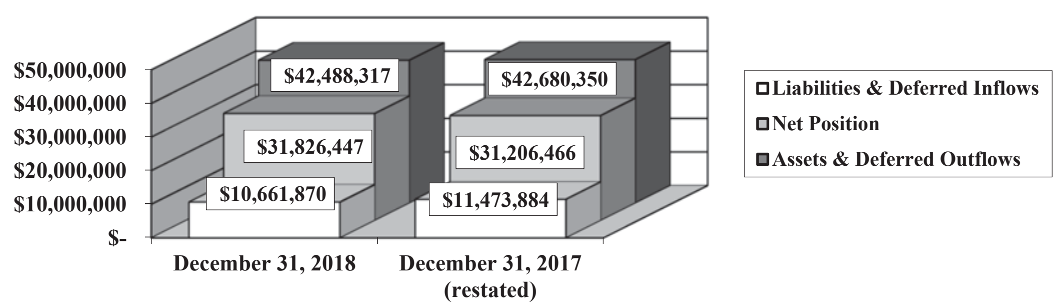


Business-type Activities

Business-type activities include the water and sewer enterprise funds. These programs had program revenues of $6,644,544, general revenues of $125,952, expenses of $6,155,725 and net transfers of $5,210 for 2018.

The graph below shows the business-type activities assets, liabilities and net position at year-end. The net position at December 31, 2017 has been restated as described in Note 3.

Net position in Business – Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The City's governmental funds reported a combined fund balance of $5,099,244 which is $1,258,545 more than last year's total of $3,840,699 The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2018 for all major and nonmajor governmental funds.

	Fund Balances 12/31/18	Fund Balances (Deficit) 12/31/17	Change
Major funds:			
General	$ 1,030,527	$ (358,346)	$ 1,388,873
WSOS Housing Rehabilitation	54,776	26,915	27,861
Other nonmajor governmental funds	4,013,941	4,172,130	(158,189)
Total	$ 5,099,244	$ 3,840,699	$ 1,258,545

General Fund

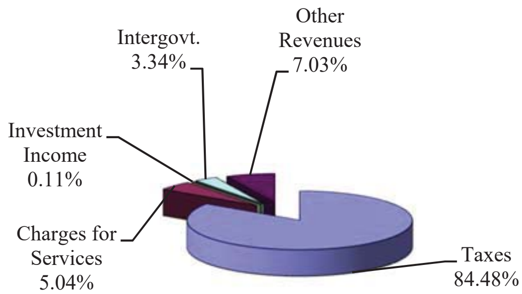
The City's general fund balance increased $1,388,873.

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

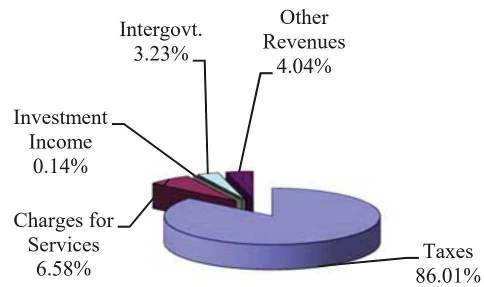
	2018 Amount	2017 Amount	Percentage Change
Revenues			
Taxes	$ 7,459,704	$ 5,943,225	25.52 %
Charges for services	445,421	454,573	(2.01) %
Licenses and permits	22,835	25,956	(12.02) %
Fines and forfeitures	950	805	18.01 %
Intergovernmental	294,649	222,919	32.18 %
Investment income	9,604	9,339	2.84 %
Refunds and reimbursements	126,978	41,322	207.29 %
Contributions and donations	25,286	-	100.00 %
Other	444,372	211,548	110.06 %
Total	$ 8,829,799	$ 6,909,687	27.79 %

Tax revenue represents 84.48% of all general fund revenue. Taxes increased $1,516,479 primarily due to a reduction in the tax credit available to residents who work in other cities and paid taxes to those other cities. All other revenues remained consistent with prior year.

Revenues – 2018



Revenues – 2017

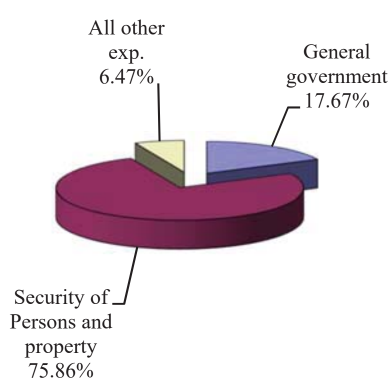


The table that follows assists in illustrating the expenditures of the general fund.

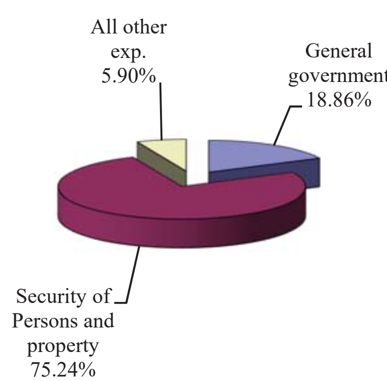
	2018 Amount	2017 Amount	Percentage Change
Expenditures			
General government	$ 1,129,686	$ 1,138,877	(0.81) %
Security of persons and property	4,848,451	4,543,103	6.72 %
Public health and welfare	178,859	159,033	12.47 %
Transportation	97,185	82,041	18.46 %
Community environment	137,490	115,773	18.76 %
Total	$ 6,391,671	$ 6,038,827	5.84 %

Overall expenditures of the general fund increased $352,844 or 5.84%. General government decreased 0.81% or $9,191. Security of persons and property decreased 6.72%. Transportation increased 18.46% or $15,144 due to a decrease in spending on transportation projects. Community environment increased 18.76% or $21,717 due to an increase in community development expenditures. All other expenditures remained consistent with prior year.

Expenditures - 2018



Expenditures - 2017



Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

In the general fund, the actual revenues and other financing sources were $279,123 more than in the final budget and actual expenditures and other financing uses were $403,420 less than the amount in the final budget. These variances are the result of the City's conservative budgeting. Final budgeted revenues and other financing sources were consistent with the original budget. Final budgeted expenditures and other financing uses were $125,275 more than the original budget.

WSOS Housing Rehabilitation Fund

The WSOS housing rehabilitation fund had revenues of $491,121 in 2018. The expenditures of the WSOS housing rehabilitation fund totaled $463,260 in 2018. The net increase in fund balance for the WSOS housing rehabilitation fund was $27,861 or 103.51%.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At the end of 2018, the City had $48,677,731 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings, machinery and equipment, vehicles and infrastructure. Of this total, $13,325,436 was reported in governmental activities and $35,352,295 was reported in business-type activities.

The following table shows December 31, 2018 balances compared to December 31, 2017.

Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 1,932,021	$ 1,932,021	$ 8,429,538	$ 8,429,538	$ 10,361,559	$ 10,361,559
Construction in progress	-	194,429	220,664	572,401	220,664	766,830
Land improvements	156,375	166,006	-	-	156,375	166,006
Buildings	1,078,295	1,161,993	6,761,191	6,947,860	7,839,486	8,109,853
Machinery and equipment	263,934	251,720	1,524,747	727,537	1,788,681	979,257
Vehicles	472,974	481,474	335,807	230,478	808,781	711,952
Infrastructure	9,421,837	9,358,013	18,080,348	18,046,837	27,502,185	27,404,850
Totals	$ 13,325,436	$ 13,545,656	$ 35,352,295	$ 34,954,651	$ 48,677,731	$ 48,500,307

The City's largest governmental capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 70.71% of the City's total governmental capital assets.

The City's largest business-type capital asset category is infrastructure that primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 51.14% of the City's total business-type capital assets. See Note 10 to the financial statements for more detail.

Debt Administration

The City had the following long-term debt obligations outstanding at December 31, 2018 and 2017:

	2018	2017
Special assessment bonds	$ -	$ 30,519
Equipment loans and notes	-	53,475
OPWC loans	66,234	-
Total long-term obligations	$ 66,234	$ 83,994

	Business-Type Activities	
	2018	2017
OWDA loans	$ 5,559,814	$ 5,932,976
OPWC loans	303,634	393,305
Total long-term obligations	$ 5,863,448	$ 6,326,281

See Note 12 to the financial statements for more detail on the City's long-term obligations.

Economic Factors and Next Year's Budgets and Rates

The City's current population estimate as of 2018 is 13,300.

Over the past few years, the City has experienced what many cities across the State of Ohio have experienced. A slowdown in the overall economy, decreased funding from both the State and Federal level, and general downsizing in industry have created a challenging economic environment for the City.

The Auditor of State performed a fiscal analysis of the City of Fostoria pursuant to Section 118.03 of the Ohio Revised Code. This analysis declared that a fiscal emergency exists as of May 26, 2017.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mrs. Holly Cassady, Auditor, City of Fostoria, 213 S. Main Street, Fostoria, Ohio 44830.

CITY OF FOSTORIA, OHIO

STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 3,738,625	$ 5,380,750	$ 9,119,375
Cash and cash equivalents with fiscal agent	100,136	59,430	159,566
Receivables:			
Income taxes	2,627,942	-	2,627,942
Real and other taxes	1,699,405	-	1,699,405
Accounts	105,724	936,140	1,041,864
Payment in lieu of taxes	7,181	-	7,181
Due from other governments	1,875,551	-	1,875,551
Loans	813,259	-	813,259
Materials and supplies inventory	226,676	40,337	267,013
Prepayments	142,578	50,603	193,181
Net pension asset	5,011	9,086	14,097
Capital assets:			
Nondepreciable capital assets	1,932,021	8,650,202	10,582,223
Depreciable capital assets, net	11,393,415	26,702,093	38,095,508
Total capital assets, net	13,325,436	35,352,295	48,677,731
Total assets	24,667,524	41,828,641	66,496,165
Deferred outflows of resources:			
Pension	1,942,918	534,656	2,477,574
OPEB	706,761	125,020	831,781
Total deferred outflows of resources	2,649,679	659,676	3,309,355
Liabilities:			
Accounts payable	284,228	142,500	426,728
Contracts payable	-	130,872	130,872
Accrued wages and benefits	188,824	69,624	258,448
Due to other governments	3,164	842	4,006
Pension and postemployment benefits payable	126,600	36,696	163,296
Accrued interest payable	-	67,208	67,208
Long-term liabilities:			
Due within one year	252,523	563,622	816,145
Due in more than one year:			
Net pension liability	8,157,475	1,892,241	10,049,716
Net OPEB liability	7,264,385	1,264,034	8,528,419
Other amounts due in more than one year	437,761	5,660,997	6,098,758
Total liabilities	16,714,960	9,828,636	26,543,596
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	1,518,719	-	1,518,719
Pension	2,211,961	642,803	2,854,764
OPEB	1,134,296	190,431	1,324,727
Payment in lieu of taxes levied for the next fiscal year	7,181	-	7,181
Total deferred inflows of resources	4,872,157	833,234	5,705,391
Net position:			
Net investment in capital assets	13,259,202	29,268,183	42,527,385
Restricted for:			
Capital projects	50	-	50
Security of persons and property	83,129	-	83,129
Transportation projects	10,146	-	10,146
Revolving loans	2,388,941	-	2,388,941
Public health and welfare	23,976	-	23,976
Community environment	1,262,250	-	1,262,250
Perpetual care:			
Nonexpendable	119,526	-	119,526
Other purposes	687,688	-	687,688
Unrestricted (deficit)	(12,104,822)	2,558,264	(9,546,558)
Total net position	$ 5,730,086	$ 31,826,447	$ 37,556,533

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 1,275,442	$ 148,778	$ -	$ -
Security of persons and property	7,070,868	349,248	555,188	-
Public health and welfare	272,795	47,675	88,200	-
Transportation	1,159,463	6,749	763,737	224,426
Community environment	1,392,431	17,132	1,144,018	-
Leisure time activity	73,470	-	26,912	-
Interest and fiscal charges	2,516	-	-	-
Total governmental activities	11,246,985	569,582	2,578,055	224,426
Business-type activities:				
Water	3,228,850	3,216,471	-	-
Sewer	2,926,875	3,428,073	-	-
Total business-type activities	6,155,725	6,644,544	-	-
Total primary government	$ 17,402,710	$ 7,214,126	$ 2,578,055	$ 224,426

General revenues:
Property taxes levied for:
General purposes
Police and fire pension
Income taxes levied for:
General purposes
Grants and entitlements not restricted to specific programs
Investment earnings
Refunds and reimbursements
Miscellaneous
Total general revenues

Transfers

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (1,126,664)	$ -	$ (1,126,664)
(6,166,432)	-	(6,166,432)
(136,920)	-	(136,920)
(164,551)	-	(164,551)
(231,281)	-	(231,281)
(46,558)	-	(46,558)
(2,516)	-	(2,516)
(7,874,922)	-	(7,874,922)
-	(12,379)	(12,379)
-	501,198	501,198
-	488,819	488,819
(7,874,922)	488,819	(7,386,103)
1,444,267	-	1,444,267
90,879	-	90,879
7,351,872	-	7,351,872
334,107	-	334,107
9,604	-	9,604
298,560	-	298,560
671,910	125,952	797,862
10,201,199	125,952	10,327,151
(5,210)	5,210	-
2,321,067	619,981	2,941,048
3,409,019	31,206,466	34,615,485
$ 5,730,086	$ 31,826,447	$ 37,556,533

CITY OF FOSTORIA, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	WSOS Housing Rehabilitation	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	$ 476,622	$ 64,566	$ 3,197,437	$ 3,738,625
Cash and cash equivalents with fiscal agent	52,985	-	47,151	100,136
Receivables:				
Income taxes	2,627,942	-	-	2,627,942
Real and other taxes	1,600,888	-	98,517	1,699,405
Accounts	105,724	-	-	105,724
Due from other governments	137,365	1,050,000	688,186	1,875,551
Due from other funds	3,076	-	-	3,076
Loans	-	-	813,259	813,259
Payment in lieu of taxes	-	-	7,181	7,181
Interfund loans receivable	225,055	-	-	225,055
Advances to other funds	17,450	-	-	17,450
Materials and supplies inventory	-	-	226,676	226,676
Prepayments	127,961	-	14,617	142,578
Total assets	$ 5,375,068	$ 1,114,566	$ 5,093,024	$ 11,582,658
Liabilities:				
Accounts payable	$ 228,322	$ 9,790	$ 46,116	$ 284,228
Accrued wages and benefits	175,829	-	12,995	188,824
Interfund loans payable	-	-	225,055	225,055
Advances from other funds	-	-	17,450	17,450
Due to other governments	2,986	-	178	3,164
Pension and postemployment benefits payable	47,313	-	79,287	126,600
Due to other funds	-	-	3,076	3,076
Total liabilities	454,450	9,790	384,157	848,397
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	1,430,501	-	88,218	1,518,719
Delinquent property tax revenue not available	167,008	-	10,299	177,307
Income tax revenue not available	2,192,359	-	-	2,192,359
Nonexchange transactions revenue not available	100,223	1,050,000	589,228	1,739,451
Payment in lieu of taxes levied for the next fiscal year	-	-	7,181	7,181
Total deferred inflows of resources	3,890,091	1,050,000	694,926	5,635,017
Fund balances:				
Nonspendable	145,411	-	360,819	506,230
Restricted	-	54,776	3,149,417	3,204,193
Committed	11,000	-	577,156	588,156
Assigned	235,442	-	19,963	255,405
Unassigned (deficit)	638,674	-	(93,414)	545,260
Total fund balances (deficit)	1,030,527	54,776	4,013,941	5,099,244
Total liabilities, deferred inflows of resources and fund balances	$ 5,375,068	$ 1,114,566	$ 5,093,024	$ 11,582,658

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Total governmental fund balances		$ 5,099,244
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,325,436
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Income taxes	$ 2,192,359	
Property taxes	177,307	
Due from other governments	1,739,451	
Total		4,109,117
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/ outflows are not reported in governmental funds.		
Net pension asset	5,011	
Deferred outflows of resources	1,942,918	
Deferred inflows of resources	(2,211,961)	
Net pension liability	(8,157,475)	
Total		(8,421,507)
The net OPEB liability is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds.		
Deferred outflows of resources	706,761	
Deferred inflows of resources	(1,134,296)	
Net OPEB liability	(7,264,385)	
Total		(7,691,920)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
OPWC loan payable	(66,234)	
Compensated absences payable	(624,050)	
Total		(690,284)
Net position of governmental activities		$ 5,730,086

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

	General	WSOS Housing Rehabilitation	Other Governmental Funds	Total Governmental Funds
Revenues:				
Municipal income taxes	$ 6,078,078	$ -	$ -	$ 6,078,078
Property and other taxes	1,381,626	-	87,001	1,468,627
Charges for services	445,421	-	6,034	451,455
Licenses and permits	22,835	-	-	22,835
Fines and forfeitures	950	-	2,060	3,010
Intergovernmental	294,649	411,343	1,204,887	1,910,879
Special assessments	-	-	27,147	27,147
Investment income	9,604	-	35,798	45,402
Rental income	97,095	-	6,940	104,035
Refunds and reimbursements	126,978	-	171,582	298,560
Contributions and donations	25,286	-	150,622	175,908
Other	347,277	79,778	244,855	671,910
Total revenues	8,829,799	491,121	1,936,926	11,257,846
Expenditures:				
Current:				
General government	1,129,686	-	134,121	1,263,807
Security of persons and property	4,848,451	-	1,004,413	5,852,864
Public health and welfare	178,859	-	68,052	246,911
Transportation	97,185	-	918,857	1,016,042
Community environment	137,490	463,260	773,862	1,374,612
Leisure time activity	-	-	25,526	25,526
Capital outlay	-	-	199,808	199,808
Debt service:				
Principal retirement	-	-	83,994	83,994
Interest and fiscal charges	-	-	2,840	2,840
Total expenditures	6,391,671	463,260	3,211,473	10,066,404
Excess (deficiency) of revenues over (under) expenditures	2,438,128	27,861	(1,274,547)	1,191,442
Other financing sources (uses):				
Sale of capital assets	6,079	-	-	6,079
Transfers in	-	-	1,060,434	1,060,434
Transfers (out)	(1,055,334)	-	(10,310)	(1,065,644)
Loan proceeds	-	-	66,234	66,234
Total other financing sources (uses)	(1,049,255)	-	1,116,358	67,103
Net change in fund balances	1,388,873	27,861	(158,189)	1,258,545
Fund balances (deficit) at beginning of year	(358,346)	26,915	4,172,130	3,840,699
Fund balances at end of year	$ 1,030,527	$ 54,776	$ 4,013,941	$ 5,099,244

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

Net change in fund balances - total governmental funds		$ 1,258,545
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	$ 475,350	
Depreciation expense	(695,570)	
Total		(220,220)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Muncipal income taxes	1,273,794	
Property and other taxes	66,519	
Intergovernmental	1,006,989	
Special assessments	(31,886)	
Total		2,315,416
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		714,572
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(862,248)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		14,641
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		(838,923)
Proceeds of loans are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(66,234)
Repayment of bond, lease and loan principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
Special assessment bonds	30,519	
Equipment loans	53,475	
Total		83,994
In the statement of activities, interest is accrued on outstanding bonds and leases, whereas in governmental funds, an interest expenditure is reported when due.		324
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(78,800)
Change in net position of governmental activities		$ 2,321,067

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Municipal income taxes	$ 5,733,753	$ 5,733,753	$ 6,069,085	$ 335,332
Property and other taxes	1,410,842	1,410,842	1,381,517	(29,325)
Charges for services	450,850	450,850	467,204	16,354
Licenses and permits	16,859	16,859	21,269	4,410
Fines and forfeitures	450	450	950	500
Intergovernmental	430,330	430,330	294,567	(135,763)
Investment income	-	-	9,604	9,604
Refunds and reimbursements	355,199	355,199	126,979	(228,220)
Contributions and donations	30,000	30,000	25,286	(4,714)
Rental income	93,000	93,000	97,095	4,095
Other	24,400	24,400	343,595	319,195
Total revenues	8,545,683	8,545,683	8,837,151	291,468
Expenditures:				
Current:				
General government:				
Legislative and executive	1,095,591	1,149,291	1,009,054	140,237
Judicial	154,224	154,224	132,285	21,939
Security of persons and property	5,232,836	5,280,411	4,850,189	430,222
Public health and welfare	185,680	186,580	175,886	10,694
Transportation	101,158	101,158	89,346	11,812
Community environment	59,306	82,406	72,679	9,727
Total expenditures	6,828,795	6,954,070	6,329,439	624,631
Excess of revenues over expenditures	1,716,888	1,591,613	2,507,712	916,099
Other financing sources (uses):				
Sale of capital assets	-	-	6,079	6,079
Advances in and not repaid	19,600	19,600	1,176	(18,424)
Advances (out)	-	-	(225,055)	(225,055)
Transfers (out)	(1,130,178)	(1,130,178)	(1,126,334)	3,844
Total other financing sources (uses)	(1,110,578)	(1,110,578)	(1,344,134)	(233,556)
Net change in fund balances	606,310	481,035	1,163,578	682,543
Fund balance (deficit) at beginning of year	(1,065,702)	(1,065,702)	(1,065,702)	-
Prior year encumbrances appropriated	69,342	69,342	69,342	-
Fund balance (deficit) at end of year	$ (390,050)	$ (515,325)	$ 167,218	$ 682,543

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Intergovernmental	$ 407,345	$ 451,363	$ 411,343	$ (40,020)
Other	30,484	33,778	79,778	46,000
Total revenues	437,829	485,141	491,121	5,980
Expenditures:				
Current:				
Community environment	-	469,260	463,260	6,000
Total expenditures	-	469,260	463,260	6,000
Net change in fund balances	437,829	15,881	27,861	11,980
Fund balances at beginning of year	26,915	26,915	26,915	-
Fund balance at end of year	$ 464,744	$ 42,796	$ 54,776	$ 11,980

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	$ 1,508,094	$ 3,872,656	$ 5,380,750
Cash with fiscal and escrow agents	59,430	-	59,430
Receivables (net of allowance for uncollectivbles):			
Accounts	525,008	411,132	936,140
Materials and supplies inventory	27,762	12,575	40,337
Prepayments	29,712	20,891	50,603
Total current assets	2,150,006	4,317,254	6,467,260
Noncurrent assets:			
Net pension asset	4,957	4,129	9,086
Capital assets:			
Nondepreciable capital assets	8,158,260	491,942	8,650,202
Depreciable capital assets, net	10,927,786	15,774,307	26,702,093
Total capital assets, net	19,086,046	16,266,249	35,352,295
Total noncurrent assets	19,091,003	16,270,378	35,361,381
Total assets	21,241,009	20,587,632	41,828,641
Deferred outflows of resources:			
Pension	279,438	255,218	534,656
OPEB	51,332	73,688	125,020
Total deferred outflows of resources	330,770	328,906	659,676
Liabilities:			
Current liabilities:			
Accounts payable	65,719	76,781	142,500
Contracts payable	36,960	93,912	130,872
Accrued wages and benefits	39,323	30,301	69,624
Due to other governments	495	347	842
Pension and postemployment benefits payable	20,445	16,251	36,696
Accrued interest payable	2,397	64,811	67,208
Current portion of compensated absences	72,196	46,098	118,294
Current portion of OWDA loans	127,692	255,887	383,579
Current portion of OPWC loans	32,644	29,105	61,749
Total current liabilities	397,871	613,493	1,011,364
Long-term liabilities:			
OWDA loans	652,621	4,613,406	5,266,027
OPWC loans	93,467	148,418	241,885
Compensated absences	93,430	59,655	153,085
Net pension liability	1,032,263	859,978	1,892,241
Net OPEB liability	689,561	574,473	1,264,034
Total long-term liabilities	2,561,342	6,255,930	8,817,272
Total liabilities	2,959,213	6,869,423	9,828,636
Deferred inflows of resources:			
Pension	399,155	243,648	642,803
OPEB	147,637	42,794	190,431
Total deferred inflows of resources	546,792	286,442	833,234
Net position:			
Net investment in capital assets	18,142,662	11,125,521	29,268,183
Unrestricted	(76,888)	2,635,152	2,558,264
Total net position	$ 18,065,774	$ 13,760,673	$ 31,826,447

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

	Business-type Activities - Enterprise Funds		
	Water	**Sewer**	**Total**
Operating revenues:			
Charges for services	$ 3,216,471	$ 3,428,073	$ 6,644,544
Other	78,091	10,339	88,430
Total operating revenues	3,294,562	3,438,412	6,732,974
Operating expenses:			
Personal services	1,354,446	1,178,051	2,532,497
Contract services	206,125	539,366	745,491
Materials and supplies	1,070,185	200,630	1,270,815
Utilities	226,200	299,630	525,830
Depreciation	357,468	580,234	937,702
Other	6,374	308	6,682
Total operating expenses	3,220,798	2,798,219	6,019,017
Operating income	73,764	640,193	713,957
Nonoperating revenues (expenses):			
Interest expense and fiscal charges	(8,052)	(128,656)	(136,708)
Gain on disposal of capital assets	-	9,600	9,600
Other nonoperating revenues	13,714	14,208	27,922
Total nonoperating revenue (expenses)	5,662	(104,848)	(99,186)
Income before transfers	79,426	535,345	614,771
Transfer in	1,487	8,823	10,310
Transfer out	-	(5,100)	(5,100)
Change in net position	80,913	539,068	619,981
Net position at beginning of year (restated)	17,984,861	13,221,605	31,206,466
Net position at end of year	$ 18,065,774	$ 13,760,673	$ 31,826,447

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash flows from operating activities:			
Cash received from customers	$ 3,268,416	$ 3,414,586	$ 6,683,002
Cash received from other operations	78,091	10,339	88,430
Cash payments for personal services	(1,286,332)	(1,073,736)	(2,360,068)
Cash payments for contractual services	(190,833)	(500,644)	(691,477)
Cash payments for materials and supplies	(1,074,350)	(196,330)	(1,270,680)
Cash payments for utilities	(230,610)	(316,674)	(547,284)
Cash payments for other expenses	(6,374)	(308)	(6,682)
Net cash provided by operating activities	558,008	1,337,233	1,895,241
Cash flows from noncapital financing activities:			
Cash received from nonoperating revenue	13,714	14,208	27,922
Cash received from transfers in	1,487	8,823	10,310
Cash used in transfers out	-	(5,100)	(5,100)
Net cash provided by (used in) noncapital financing activities	15,201	17,931	33,132
Cash flows from capital and related financing activities:			
Gain on sale of capital assets	-	9,600	9,600
Acquisition of capital assets	(728,515)	(689,506)	(1,418,021)
Loan issuance	-	89,792	89,792
Principal retirement on loans	(170,536)	(292,297)	(462,833)
Interest paid on loans	(9,170)	(132,083)	(141,253)
Net cash used in capital and related financing activities	(908,221)	(1,014,494)	(1,922,715)
Net increase (decrease) in cash and cash equivalents	(335,012)	340,670	5,658
Cash and cash equivalents at beginning of year	1,902,536	3,531,986	5,434,522
Cash and cash equivalents at end of year	$ 1,567,524	$ 3,872,656	$ 5,440,180

- - Continued

CITY OF FOSTORIA, OHIO

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

	Business-type Activities - Enterprise Funds		
	Water	**Sewer**	**Total**
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 73,764	$ 640,193	$ 713,957
Adjustments:			
Depreciation	357,468	580,234	937,702
Changes in assets and liabilities:			
Change in materials and supplies inventory	17,550	1,182	18,732
Change in accounts receivable	51,945	(13,487)	38,458
Change in prepayments	7,815	(7,301)	514
Change in net pension asset	(2,423)	(2,550)	(4,973)
Change in deferred outflows - pension	473,539	177,281	650,820
Change in deferred outflows - OPEB	(40,981)	(67,235)	(108,216)
Change in accounts payable	(11,597)	24,548	12,951
Change in accrued wages and benefits	(10,500)	5,188	(5,312)
Change in pension and post employment benefits payable	(4,165)	2,964	(1,201)
Change in net pension liability	(796,157)	(279,834)	(1,075,991)
Change in net OPEB liability	(93,600)	86,274	(7,326)
Change in deferred inflows - pension	380,811	155,205	536,016
Change in deferred inflows - OPEB	147,637	42,794	190,431
Change in due to other governments	(387)	(17)	(404)
Change in compensated absences payable	7,289	(8,206)	(917)
Net cash provided by operating activities	$ 558,008	$ 1,337,233	$ 1,895,241

At December 31, 2018, the water fund purchased $36,960 in capital assets on account.
At December 31, 2017, the water fund purchased $213,547 in capital assets on account.
At December 31, 2018, the sewer fund purchased $93,912 in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Private-Purpose Trust	Agency
Assets:		
Equity in pooled cash and cash equivalents	$ 10,327	$ 22,433
Total assets.	10,327	$ 22,433
Liabilities:		
Undistributed monies.	-	$ 22,433
Total liabilities	-	$ 22,433
Net position:		
Held in trust for other purposes	10,327	
Total net position	$ 10,327	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Private-Purpose Trust
Additions:	
Interest.	$ 10
Change in net position	10
Net position at beginning of year.	10,317
Net position at end of year	$ 10,327

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CITY

The City of Fostoria, Ohio (the "City"), located in Seneca County, is a politic and corporate body established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and its charter. The City operates under a Council/Mayor form of government and provides the following services to its residents: public safety, public services, recreation and development.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61 "The Financial Reporting Entity: Omnibus". The City includes in its reporting entity all funds, account groups, agencies and departments over which the City's executive or legislative branches (the Mayor or Council, respectively) exercise primary oversight responsibility. Based on application of the criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61, the City evaluated potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the City, and whether exclusion would cause the financial statements to be misleading or incomplete. Among the factors considered were whether the City holds the PCU's corporate power, appoints a voting majority of the PCU's board, is able to impose its will on the PCU, or whether a financial benefit/burden relationship exists between the City and the PCU. To provide necessary services to its citizens, the City of Fostoria is divided into various departments including police, fire fighting and prevention, emergency medical services, street maintenance, parks and recreation, public service and planning, and zoning. The operation of each of these departments is directly controlled by the City through the budgetary process and therefore is included as a part of the reporting entity.

Based on the foregoing criteria, the City has no component units. The following organization is described due to their relationship to the City:

JOINTLY GOVERNED ORGANIZATION

Fostoria Economic Development Corporation (FEDC) - The City is a participant in FEDC, which is an association of businesses and government within the City. The organization was formed for the purpose of fostering economic growth, encouraging new industries, and developing employment opportunities in the City. The Governing Board of FEDC includes two representatives of the City; in addition, the City Auditor sits on the finance committee. Financial information can be obtained from Dennis Hellman, who serves as director, at 121 North Main Street, Fostoria, Ohio 44830.

The City has entered into an open-ended mortgage with FEDC. Since November 1994, the City has loaned $863,300 for the purpose of building and maintaining a spec building in the Industrial Park of the City. Upon sale of the building to an industry, FEDC will repay the loan.

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

RELATED ORGANIZATION

Kaubisch Memorial Public Library - The Kaubisch Memorial Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the mayor of the City of Fostoria. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Kaubisch Memorial Public Library, c/o Clerk/Treasurer, at 205 Perry St., Fostoria, Ohio 44830.

B. Basis of Presentation - Fund Accounting

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues 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 functions are self-financing or draw from the general revenues of the City.

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

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

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

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

C. Fund Accounting

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

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

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

WSOS housing rehabilitation fund - The WSOS housing rehabilitation fund is used to account for grant revenue restricted for community housing impact and preservation.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. The City's only proprietary funds are enterprise funds.

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

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City and to persons owning property adjacent to the corporation limits. The City also sells water to the Northwestern Water District and the Village of Arcadia.

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary funds are private-purpose trust and agency funds. The City's private-purpose funds account for the Brubaker Trust, Henry H. Geary Jr. Trust, Laverne May Trust and Beard Flower Trust. The City's agency funds account for employee bonds, state patrol transfers, Fire Insurance Trust, First Step Domestic Violence Grant, and Community Foundation Grant.

D. Measurement Focus and Basis of Accounting

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

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

E. Basis of Accounting

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

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 14 and 15 for deferred outflows of resources related the City’s net pension liability and net OPEB liability, respectively.

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

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

For the City, see Notes 14 and 15 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

F. Budgetary Data

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

The legal level of budgetary control is at the department/program/object level in the general fund and at the personal services level for the remaining funds. All other expenses are grouped together for the remaining funds. Although statutes require that all funds be budgeted, it is not necessary to do so if City Council does not anticipate expenditure of the available funds.

Segregated cash accounts are not included in the budgetary presentation because they are not controlled by the City and the departments do not adopt separate budgets. Advances-in and advances-out are not required to be budgeted since they represent a cash flow resource. Budgetary modifications may only be made by resolution of the City Council.

Tax Budget - During the first Council meeting in July, the Mayor presents the following fiscal year's annual operating budget to City 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. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

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

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

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the legal level of budgetary control. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The amounts on the budgetary statement reflect the original and final appropriation amounts, including all amendments and modifications, legally enacted by Council.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

Cash balances of the City’s funds, are pooled and invested in investments maturing within ten years in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund’s interest in the pooled bank account is presented on the balance sheet as “equity in pooled cash and cash equivalents” on the financial statements.

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

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

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

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2018 amounted to $9,604, all of which was assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, to the extent a specific fund has purchased the investment.

The Hancock County Auditor maintains undistributed permissive tax received. The balance of this account at December 31, 2018 was $47,151. This account is presented on the financial statements as "cash and cash equivalents with fiscal agent". The City has segregated bank accounts for Municipal Court monies and various accounts for credit card payments held separate from the City's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "cash in segregated accounts" since they are not required to be deposited into the City treasury.

H. Inventories of Materials and Supplies

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of current assets.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of $5,000. The City's infrastructure consists of bridges, curbs, sidewalks, storm sewers, streets, alleys, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

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

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land improvements	15 - 20 years	15 - 20 years
Buildings	20 - 45 years	50 years
Machinery and equipment	5 - 30 years	5 - 20 years
Vehicles	3 - 10 years	3 - 10 years
Infrastructure	10 - 50 years	80 years

J. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or older with at least ten (10) years of service or any age with at least twenty (20) years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as "advances to/from other funds". On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Interfund loans that are used to cover negative cash balances are classified as "due to/from other funds". These amounts are eliminated in the governmental activities columns of the statement of net position.

M. Interfund Activity

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

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

N. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

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

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Loans Receivable

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

P. Estimates

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

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements.

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

R. Net Position

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

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the City has implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", GASB Statement No. 85, "*Omnibus 2017*" and GASB Statement No. 86, "*Certain Debt Extinguishments Issues*".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the City's postemployment benefit plan disclosures and added required supplementary information which is presented after the notes to the basic financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the City.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

A net position restatement is required in order to implement GASB Statement No 75. The City is also restating balances to correct errors previously reported in long-term compensated absences payable. The governmental activities and business-type activities at January 1, 2018 have been restated as follows:

	Governmental Activities	Business-Type Activities	Water Fund	Sewer Fund
Net position as previously reported	$ 9,522,249	$ 32,197,145	$ 18,617,338	$ 13,579,807
Deferred outflows - payments subsequent to measurement date	23,028	16,804	10,351	6,453
Net OPEB liability	(6,890,666)	(1,271,360)	(783,161)	(488,199)
Adjustment for compensated absences	754,408	263,877	140,333	123,544
Restated net position at January 1, 2018	$ 3,409,019	$ 31,206,466	$ 17,984,861	$ 13,221,605

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

B. Deficit Fund Balances

Fund balances at December 31, 2018 included the following individual fund deficits:

Nonmajor funds	Deficit
Fire department grant	$ 17,450
Police and fire pension	72,888
Sewer and water extension	3,076

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the City are classified by State statute into three categories:

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

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

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

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

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

4. Bonds and other obligations of the State of Ohio;

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

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

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

1. Bonds of the State of Ohio;

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

3. Obligations of the City.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the City’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City Auditor or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash in Segregated Accounts

At year end, $112,415 was on deposit in segregated accounts for the Municipal Court and various credit card bank accounts. These accounts are included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the balance sheet as “equity in pooled cash and cash equivalents”.

B. Cash with Fiscal Agent

At December 31, 2018, $47,151 was on deposit with the City’s fiscal agent for undistributed permissive tax received. This amount is excluded from the internal cash pool reported on the balance sheet as “equity in pooled cash and cash equivalents”.

C. Deposits with Financial Institutions

At December 31, 2018, the carrying amount of all City deposits, including cash with fiscal agent and cash in segregated accounts, was $8,487,304. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2018, $8,167,782 of the City’s bank balance of $8,417,782 was exposed to custodial risk as discussed below, while $250,000 was covered by the FDIC.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

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

Measurement/ Investment type	Measurement Amount	Investment Maturity 6 months or less
Amortized Cost:		
STAR Ohio	$ 824,397	$ 824,397

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities to the City Auditor or qualified trustee.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2018:

Measurement/ Investment type	Measurement Amount	% to Total
STAR Ohio	$ 824,397	100.00

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

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

Cash and investments per note	
Carrying amount of deposits	$ 8,487,304
Investments	824,397
Total	$ 9,311,701
Cash and investments per statement of net position	
Governmental activities	$ 3,838,761
Business-type activities	5,440,180
Private-purpose funds	10,327
Agency funds	22,433
Total	$ 9,311,701

NOTE 5 - INTERFUND TRANSACTIONS

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

	Transfers from			
Transfers to	General	Sewer	Nonmajor Governmental Funds	Total
Nonmajor governmental funds	$ 1,055,334	$ 5,100	$ -	$ 1,060,434
Water fund	-	-	1,487	1,487
Sewer fund	-	-	8,823	8,823
Total	$ 1,055,334	$ 5,100	$ 10,310	$ 1,070,744

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between governmental activities and business-type activities are reported as transfers on the statement of activities.

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Due from/to other funds consisted of the following at December 31, 2018, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General	Nonmajor governmental	$ 3,076

The balance resulted from a negative cash balance in nonmajor governmental funds at year end. The balance is eliminated on the government-wide financial statements.

C. Advances to/from other funds consisted of the following at December 31, 2018, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General	Nonmajor governmental	$ 17,450

Advances to/from other funds balances between governmental funds are eliminated on the government-wide financial statements.

D. Interfund loans receivable/payable consisted of the following at December 31, 2018, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General	Nonmajor governmental	$ 225,055

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

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

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

The full tax rate applied to real property and tangible personal property for the year ended December 31, 2018 were as follows:

Seneca County - $10.80 per $1,000 of assessed valuation
Wood County - $10.30 per $1,000 of assessed valuation
Hancock County - $9.40 per $1,000 of assessed valuation

Real property		
Residential/agricultural	$	99,211,630
Commercial/industrial/mineral		43,927,200
Public utility		10,436,200
Total assessed value	$	153,575,030

NOTE 7 - LOCAL INCOME TAX

This locally levied tax of 2 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the City, and to earnings of nonresidents (except certain transients) earned in the City. It also applies to net income of for-profit organizations conducting business within the City. Income tax revenue is reported to the extent that it was measurable and available to finance current operations at December 31. Income tax revenue for 2018 was $6,078,078 as reported on the fund financial statements.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2018, consisted of taxes, accounts (billings for user charged services), payment in lieu of taxes, loans, special assessments and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2018, as well as intended to finance 2018 operations.

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

Governmental activities:	
Income taxes	$ 2,627,942
Real and other taxes	1,699,405
Accounts	105,724
Payment in lieu of taxes	7,181
Due from other governments	1,875,551
Loans	813,259
Business-type activities:	
Accounts	936,140

Receivables have been disaggregated on the face of the BFS. The only receivable not expected to be collected within the subsequent year are the loans, which are collected over the life of the loan agreements.

NOTE 9 - LOANS RECEIVABLE

The Fostoria City Council created the Revolving Loan Committee and granted them the authority to act on behalf of the City in making loans from the City's Revolving Loan Fund to qualified applicants within the revolving loan fund geographic area. At the close of 2018, there were loans outstanding to businesses with a total principal balance due of $813,259.

NOTE 10 - CAPITAL ASSETS

Governmental activities:	Balance 12/31/17	Additions	Disposals	Balance 12/31/18
Capital assets, not being depreciated:				
Land	$ 1,932,021	$ -	$ -	$ 1,932,021
Construction in progress	194,429	275,639	(470,068)	-
Total capital assets, not being depreciated	2,126,450	275,639	(470,068)	1,932,021
Capital assets, being depreciated:				
Land improvements	579,800	-	-	579,800
Buildings	7,585,469	-	-	7,585,469
Machinery and equipment	1,906,921	73,508	(5,250)	1,975,179
Vehicles	2,937,930	126,203	(95,108)	2,969,025
Infrastructure	14,546,386	470,068	-	15,016,454
Total capital assets, being depreciated	27,556,506	669,779	(100,358)	28,125,927
Less: accumulated depreciation:				
Land improvements	(413,794)	(9,631)	-	(423,425)
Buildings	(6,423,476)	(83,698)	-	(6,507,174)
Machinery and equipment	(1,655,201)	(61,294)	5,250	(1,711,245)
Vehicles	(2,456,456)	(134,703)	95,108	(2,496,051)
Infrastructure	(5,188,373)	(406,244)	-	(5,594,617)
Total accumulated depreciation	(16,137,300)	(695,570)	100,358	(16,732,512)
Total capital assets, being depreciated, net	11,419,206	(25,791)	-	11,393,415
Government-type activities capital assets, net	$ 13,545,656	$ 249,848	$ (470,068)	$ 13,325,436

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NOTE 10 - CAPITAL ASSETS - (Continued)

Business-type activities:	Balance 12/31/17	Additions	Disposals	Balance 12/31/18
Capital assets, not being depreciated:				
Land	$ 8,429,538	$ -	$ -	$ 8,429,538
Construction in progress	572,401	252,965	(604,702)	220,664
Total capital assets, not being depreciated	9,001,939	252,965	(604,702)	8,650,202
Capital assets, being depreciated:				
Buildings	14,313,513	-	-	14,313,513
Machinery and equipment	1,612,991	928,514	(5,607)	2,535,898
Vehicles	1,045,028	143,401	(13,679)	1,174,750
Infrastructure	29,883,652	615,168	-	30,498,820
Total capital assets, being depreciated	46,855,184	1,687,083	(19,286)	48,522,981
Less: accumulated depreciation:				
Buildings	(7,365,653)	(186,669)	-	(7,552,322)
Machinery and equipment	(885,454)	(131,304)	5,607	(1,011,151)
Vehicles	(814,550)	(38,072)	13,679	(838,943)
Infrastructure	(11,836,815)	(581,657)	-	(12,418,472)
Total accumulated depreciation	(20,902,472)	(937,702)	19,286	(21,820,888)
Total capital assets, being depreciated, net	25,952,712	749,381	-	26,702,093
Business-type activities capital assets, net	$ 34,954,651	$ 1,002,346	$ (604,702)	$ 35,352,295

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NOTE 10 - CAPITAL ASSETS - (Continued)

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

Governmental activities:	
Security of persons and property	$ 208,123
Public health and welfare	11,138
Transportation	407,035
Community environment	21,330
Leisure time activity	47,944
Total depreciation expense - governmental activities	$ 695,570
Business-type activities:	
Water	$ 357,468
Sewer	580,234
Total depreciation expense - business-type activities	$ 937,702

NOTE 11 - ACCUMULATED UNPAID EMPLOYEE BENEFITS

The City accrues unpaid vacation as it is earned and certain portions of sick leave pay as payment becomes probable.

All employees except firefighters: Sick leave accumulates at the rate of 4.6 hours of sick leave for 80 hours of work completed. Sick leave is accumulated and may be converted into cash upon retirement up to 135 days. Any employee who accumulates 120 sick days (960 hours) is paid on December 31st of each year a cash payment for any accumulated sick days over 120 days but such payment shall not exceed 15 days (120 hours). Individuals leaving the employment of the City prior to retirement or at retirement lose their accumulated sick leave. A liability has been recognized in the accompanying financial statements for sick leave for only the employees who are age 50 or older, or have twenty years with local government employment.

Firefighters: Sick leave accumulates at the rate of 10 hours per month. Any firefighter who accumulates in excess of 960 hours receives a cash payment for the amount of the excess. A firefighter who retires from the department is eligible for cash payment of the sick leave balance. A liability has been recognized in the accompanying financial statements for sick leave for firefighters who are age 50 or older, or have twenty years with local government employment.

NOTE 11 - ACCUMULATED UNPAID EMPLOYEE BENEFITS - (Continued)

Vacation is accumulated based upon length of service as follows:

Uniform Service	Employee Hours Earned / Bi-weekly	Non-Uniform Service	Time Off - (Hours)
After 1 year	80 Hours	After 1 year	40 Hours
After 8 years	120 Hours	After 2 years	80 Hours
After12 years	160 Hours	After 5 years	98 Hours
After 18 years	200 Hours	After 8 years	120 Hours
After 25 years	240 Hours	After 10 years	136 Hours
		After 12 years	160 Hours
		After 15 years	176 Hours
		After 18 years	200 Hours
		After 20 years	216 Hours
		After 25 years	240 Hours

The accrued vacation and sick leave benefits have been recorded on the government-wide financial statements. The liability for vacation and sick leave is accrued in the funds from which the liability will be paid.

NOTE 12 - LONG-TERM OBLIGATIONS

A. The long-term obligations at December 31, 2017 have been restated as described in Note 3. During 2018, the following changes occurred in the City's governmental long-term obligations.

	Issue Date	Interest Rate	Restated Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Due Within One Year
Governmental activities:							
Special assessment bonds:							
Kelly Addition	07/23/98	5.95%	$ 30,519	$ -	$ (30,519)	$ -	$ -
Total special assessment bonds			30,519	-	(30,519)	-	-
Other long-term obligations:							
OPWC loan			-	66,234	-	66,234	6,623
Ambulance note			53,475	-	(53,475)	-	-
Compensated absences payable			545,250	317,538	(238,738)	624,050	245,900
Net pension liability			9,965,947	-	(1,808,472)	8,157,475	-
Net OPEB liability			6,890,666	447,883	(74,164)	7,264,385	-
Total other long-term obligations			17,455,338	831,655	(2,174,849)	16,112,144	252,523
Total governmental activities			$ 17,485,857	$ 831,655	$ (2,205,368)	$ 16,112,144	$ 252,523

CITY OF FOSTORIA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

B. The long-term obligations at December 31, 2017 have been restated as described in Note 3. During 2018, the following changes occurred in the City's business-type activities long-term obligations.

	Interest Rate	Restated Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Amounts Due in One Year
Business-type activities:						
OWDA loans payable:						
OWDA loan #3240	4.55%	$ 234,313	$ -	$ (74,535)	$ 159,778	$ 78,049
OWDA loan #5426	0.00%	670,178	-	(49,643)	620,535	49,643
OWDA loan #6498	2.57%	3,962,953	-	(181,924)	3,781,029	186,630
OWDA loan #5702	3.20%	1,065,532	-	(67,060)	998,472	69,257
OWDA loan #7946	0.00%	-	89,792	-	89,792	-
Total OWDA loans		5,932,976	89,792	(373,162)	5,649,606	383,579
OPWC loans payable:						
Kelly Storm Sewer	0.00%	4,069	-	(4,069)	-	-
Sandusky Sewer Pump	0.00%	29,082	-	(14,540)	14,542	9,694
Columbus Avenue	0.00%	66,871	-	(4,666)	62,205	3,111
Culbertson Street Water Tower	0.00%	21,887	-	(9,380)	12,507	6,254
North Poplar Street Sanitary Sewer and Waterline	0.00%	37,385	-	(11,215)	26,170	7,477
Zeller Road South Water Tower Cleaning and Painting	0.00%	98,371	-	(29,511)	68,860	19,674
Spruce Street Waterline Improvements	0.00%	7,498	-	(2,249)	5,249	1,499
Jackson Street Waterline	0.00%	29,847	-	(3,731)	26,116	3,731
Vine Street and Arbor Street Improvements	0.00%	43,237	-	(4,804)	38,433	4,804
Central Avenue and Arbor Street Improvements	0.00%	55,058	-	(5,506)	49,552	5,505
Total OPWC loans		393,305	-	(89,671)	303,634	61,749
Other long-term obligations:						
Compensated absences payable		272,296	113,932	(114,849)	271,379	118,294
Net pension liability		2,968,232	-	(1,075,991)	1,892,241	-
Net OPEB liability		1,271,360	-	(7,326)	1,264,034	-
Total other long-term obligations		4,511,888	113,932	(1,198,166)	3,427,654	118,294
Total business-type activities		$ 10,838,169	$ 203,724	$ (1,660,999)	$ 9,380,894	$ 563,622

C. The Ohio Public Works Commission (OPWC) loans are general obligations of the City, and will be repaid from the City's general operating revenues. Business-type activities principal payments are recorded in the water and sewer funds. The governmental activities principal payment will be recorded in the street construction, maintenance and repaid fund, a nonmajor governmental fund. The OPWC loans are interest free, providing repayment remains current.

Special assessment bonds were paid from the proceeds of special assessments levied against the property owners who are primarily benefited from the project. The special assessment bond was retired in 2018.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

On October 22, 2013, the City entered into a promissory note for an ambulance in the amount of $252,036. This note bears an interest rate of 3.00% and matured October 22, 2018.

For more details on net pension liability and net OPEB liability see Notes 14 and 15.

The compensated absences liability will be paid from the following funds: general fund, street construction, maintenance & repair fund, termination benefits fund, water fund and sewer fund.

The OPWC loan agreements require the City to insure the project against loss or damage. Any insurance policy issued shall be so written or endorsed as to make losses, if any, payable to the OPWC. Each insurance policy shall also contain a provision that the insurance company shall not cancel the policy without first giving written notice to the OPWC at least ten days in advance of such cancellation.

The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction projects. The amounts due to the OWDA are payable solely from water and sewer fund revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2018, the City has outstanding borrowings of $5,649,606. The loan agreements require semi-annual payments based on the permissible borrowings rather than the actual amount loaned. These payments are reflected in the future maturities of principal and interest table and are subject to revision if the total amount is not drawn down. The City has pledged future water and sewer revenues to repay OWDA loans. The loans are payable solely from water and sewer fund revenues and are payable through 2035. Annual principal and interest payments on the loans are expected to require 31.15 percent of net revenues. The total principal and interest remaining to be paid on the loans is $6,753,027. Principal and interest paid for the current year were $514,414 and total customer net revenues were $1,651,659.

D. A summary of the City's future debt service requirements as of December 31, 2018 follows:

Future Payment Due In	Business-Type OWDA Loans Principal	Business-Type OWDA Loans Interest	Business-Type OWDA Loans Total	Business-Type OPWC Loans Principal Only
2019	$ 383,579	$ 132,088	$ 515,667	$ 61,749
2020	394,355	122,623	516,978	56,904
2021	319,921	113,482	433,403	45,800
2022	327,422	105,980	433,402	31,479
2023	335,132	98,270	433,402	17,152
2024 - 2028	1,799,134	367,878	2,167,012	59,448
2029 - 2033	1,587,021	152,435	1,739,456	15,551
2034 - 2038	413,250	10,665	423,915	15,551
Total	$ 5,559,814	$ 1,103,421	$ 6,663,235	$ 303,634

OWDA loan #7946 has not been finalized, therefore no amortization schedule is available. The balance of this loan is not included in the table above.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Future Payment Due In	Governmental OPWC Loan Principal Only
2019	$ 6,623
2020	6,624
2021	6,623
2022	6,624
2023	6,623
2024 - 2028	33,117
Total	$ 66,234

E. The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2018 the City's total voted debt margin was $16,125,378 and the unvoted debt margin was $8,446,627.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

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

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

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

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

NOTE 13 - RISK MANAGEMENT - (Continued)

Financial Position

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

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

At December 31, 2018 and 2017, respectively, the liabilities above include approximately $13.0 million and $11.8 million of estimated incurred claims payable. The assets above also include approximately $11.8 million and $11.2 million of unpaid claims to be billed to approximately 538 and 527 member governments in the future, as of December 31, 2018 and 2017, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the City's share of these unpaid claims collectible in future years is approximately $84,000.

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

Contributions to PEP	
2018	2017
$126,443	$125,437

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

The City has elected to offer employee medical insurance benefits through a plan provided by Anthem. Employees are required to pay 10% of covered expenses to an annual maximum out-of-pocket of $500 for single coverage and $1,000 for family coverage. The City pays 90% of the premium for the plans. For the plan, each month the City contributes $385.38 for single coverage and $1,284.51 for family coverage.

Dental insurance is provided through Guardian Dental with a deductible of $50 per person per year ($150 family maximum per year). The City pays a $11.35 administrative fee to Guardian Dental per month per enrolled employee and reimburses Guardian Dental for actual claims incurred.

Prescription Drug Benefits are obtained through Express Scripts. Employees are required to make a co-pay of $5 for generic prescriptions and $10 for brand prescriptions.

NOTE 13 - RISK MANAGEMENT - (Continued)

Vision insurance is provided through MedBen. The City pays a $2.05 administrative fee to MedBen per month per enrolled employee and reimburses MedBen for actual claims incurred.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from 2017.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $351,494 for 2018. Of this amount, $56,040 is reported as pension and postemployment benefits payable.

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

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

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $589,625 for 2018. Of this amount, $104,500 is reported as pension and postemployment benefits payable.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2017, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02100000%	0.01180900%	0.00849400%	0.12891600%	
Proportion of the net pension liability/asset current measurement date	0.01871400%	0.01015300%	0.00788000%	0.11590800%	
Change in proportionate share	-0.00228600%	-0.00165600%	-0.00061400%	-0.01300800%	
Proportionate share of the net pension liability	$ 2,935,864	$ -	$ -	$ 7,113,852	$ 10,049,716
Proportionate share of the net pension asset	-	13,822	275	-	14,097
Pension expense	473,345	2,231	(89)	719,180	1,194,667

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	$ 2,998	$ -	$ 537	$ 107,957	$ 111,492
Changes of assumptions	350,855	1,209	33	309,985	662,082
Changes in employer's proportionate percentage/ difference between employer contributions	78,894	-	-	683,987	762,881
City contributions subsequent to the measurement date	341,493	5,819	4,182	589,625	941,119
Total deferred outflows of resources	$ 774,240	$ 7,028	$ 4,752	$ 1,691,554	$ 2,477,574
Deferred inflows of resources					
Differences between expected and actual experience	$ 57,857	$ 4,119	$ -	$ 12,870	$ 74,846
Net difference between projected and actual earnings on pension plan investments	630,290	2,182	79	246,081	878,632
Changes in employer's proportionate percentage/ difference between employer contributions	348,045	-	-	1,553,241	1,901,286
Total deferred inflows of resources	$ 1,036,192	$ 6,301	$ 79	$ 1,812,192	$ 2,854,764

$941,119 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2019.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Year Ending December 31:					
2019	$ 112,974	$ (695)	$ 60	$ 50,191	$ 162,530
2020	(179,877)	(755)	57	(14,506)	(195,081)
2021	(277,545)	(1,240)	49	(275,475)	(554,211)
2022	(258,997)	(1,188)	51	(398,250)	(658,384)
2023	-	(424)	74	(62,611)	(62,961)
Thereafter	-	(790)	200	(9,612)	(10,202)
Total	$ (603,445)	$ (5,092)	$ 491	$ (710,263)	$ (1,318,309)

Actuarial Assumptions - OPERS

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

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

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 5,213,346	$ 2,935,864	$ 1,037,130
Combined Plan	(7,513)	(13,822)	(18,174)
Member-Directed Plan	(158)	(275)	(394)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below. The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the investment rate of return from 8.25% to 8.00%, (b) projected salary increases decreased from 4.25% - 11.00% to 3.75% - 10.50%, (c) payroll increases decreased from 3.75% to 3.25%, (d) inflation assumptions decreased from 3.25% to 2.75% and (e) Cost of Living Adjustments (COLAs) decreased from 2.60% to 2.20%.

Valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%
Cost of living adjustments	2.20% and 3.00% simple

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 and three years for firefighters. For service retirements, set back zero years for police 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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income *	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
Global Inflation Protected Securities *	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
Total	120.00 %		

Note: assumptions are geometric.
* levered 2x
** numbers include inflation

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. A discount rate of 8.25% was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$ 9,861,588	$ 7,113,852	$ 4,872,722

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. This GASB pronouncement had no effect on beginning net position as reported January 1, 2018, as the net OPEB liability is not reported in the accompanying financial statements. The net OPEB liability has been disclosed below.

OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The net OPEB liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

The City's contractually required contribution was $1,673 for 2018. Of this amount, $267 is reported as pension and postemployment benefits payable.

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

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

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

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was $14,046 for 2018. Of this amount, $2,489 is reported as pension and postemployment benefits payable.

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

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

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.02022400%	0.12891600%	
Proportion of the net OPEB liability current measurement date	0.01806000%	0.11590800%	
Change in proportionate share	-0.00216400%	-0.01300800%	
Proportionate share of the net OPEB liability	$ 1,961,183	$ 6,567,236	$ 8,528,419
OPEB expense	96,109	818,781	914,890

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 1,528	$ -	$ 1,528
Changes of assumptions	142,795	640,817	783,612
Changes in employer's proportionate percentage/ difference between employer contributions	30,922	-	30,922
City contributions subsequent to the measurement date	1,673	14,046	15,719
Total deferred outflows of resources	$ 176,918	$ 654,863	$ 831,781
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 33,123	$ 33,123
Net difference between projected and actual earnings on pension plan investments	146,095	43,228	189,323
Changes in employer's proportionate percentage/ difference between employer contributions	179,751	922,530	1,102,281
Total deferred inflows of resources	$ 325,846	$ 998,881	$ 1,324,727

$15,719 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	$ (38,680)	$ (127,182)	$ (165,862)
2020	(38,680)	(127,182)	(165,862)
2021	(36,718)	(127,180)	(163,898)
2022	(36,523)	(1,876)	(38,399)
2023	-	8,931	8,931
Thereafter	-	16,425	16,425
Total	$ (150,601)	$ (358,064)	$ (508,665)

Actuarial Assumptions - OPERS

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	$ 2,605,516	$ 1,961,183	$ 1,439,924

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

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

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 1,876,434	$ 1,961,183	$ 2,048,726

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - OP&F

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

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

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

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

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Currrent measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

Note: Assumptions are geometric.
*levered 2x

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	$ 8,209,060	$ 6,567,236	$ 5,303,834

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 5,101,507	$ 6,567,236	$ 8,542,422

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

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

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

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

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

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NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	General Fund	WSOS Housing Rehabilitation Fund
Budget basis	$ 1,163,578	$ 27,861
Net adjustment for revenue accruals	(11,034)	-
Net adjustment for expenditure accruals	(148,766)	(9,790)
Net adjustment for other sources/uses	223,879	-
Funds budgeted elsewhere	12,182	-
Adjustment for encumbrances	149,034	9,790
GAAP basis	$ 1,388,873	$ 27,861

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the health insurance fund, the loop road project fund, the community development fund, the charter government fund, the underground storage tank fund and the job creation grant program fund.

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NOTE 17 - FUND BALANCE

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

Fund balance	General	WSOS Housing Rehabiliation	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepayments	$ 127,961	$ -	$ 14,617	$ 142,578
Long-term loans	17,450	-	-	17,450
Permanent fund	-	-	119,526	119,526
Materials and supplies inventory	-	-	226,676	226,676
Total nonspendable	145,411	-	360,819	506,230
Restricted:				
Capital projects	-	-	50	50
Security of persons and property	-	-	51,532	51,532
Transportation projects	-	-	416,044	416,044
Revolving loans	-	-	2,388,941	2,388,941
Public health and welfare	-	-	109,054	109,054
Community environment	-	54,776	156,554	211,330
Other purposes	-	-	27,242	27,242
Total restricted	-	54,776	3,149,417	3,204,193
Committed:				
General government	-	-	49,622	49,622
Underground storage tank	11,000	-	-	11,000
Fostoria community trust	-	-	2,705	2,705
Capital projects	-	-	524,829	524,829
Total committed	11,000	-	577,156	588,156
Assigned:				
General government	71,435	-	-	71,435
Capital projects	-	-	19,963	19,963
Community environment	103,593	-	-	103,593
Security of persons and property	60,339	-	-	60,339
Other purposes	75	-	-	75
Total assigned	235,442	-	19,963	255,405
Unassigned (deficit)	638,674	-	(93,414)	545,260
Total fund balances (deficit)	$ 1,030,527	$ 54,776	$ 4,013,941	$ 5,099,244

NOTE 18 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 82,996
Other governmental funds	168,923
Total	$ 251,919

NOTE 19 - CONTINGENCIES

Litigation

The City is currently involved in litigation that's outcome is indeterminable.

NOTE 20 - CONDUIT DEBT

The City has issued conduit debt on behalf of the Fostoria Community Hospital for the purpose of acquiring property and equipment and for capital improvements. Fostoria Community Hospital will repay the debt through lease payments of the property financed. Upon repayment of the debt, the ownership of the acquired property transfers to the Fostoria Community Hospital. The aggregate amount on the debt outstanding as of December 31, 2018, is $1,002,595. The City is not obligated in any manner for repayment of the debt. Accordingly, the debt is not reported as a liability in the accompanying financial statements.

NOTE 21 - FISCAL EMERGENCY

On May 26, 2016, the Auditor of State declared the City in fiscal emergency as of December 31, 2015 and February 29, 2016, due to the existence of numerous negative fund balances. The declaration resulted in financial planning and supervision commission assuming certain management responsibilities for the duration of this emergency. This contributed to the City's financial condition including reductions in State revenues, phase-out of the tangible personal property tax, increasing health care costs and building maintenance costs and a significant decline in growth on the local level. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 22 - TAX ABATEMENTS

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

Tax Abatement Program	City Taxes Abated
Community Reinvestment Area	$ 18,446

NOTE 23 - SUBSEQUENT EVENT

Steve Garner resigned as City Auditor on January 29, 2019. Holly Cassady was sworn in as the Director of Finance on February 5, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOSTORIA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS

	2018	2017	2016	2015	2014
Traditional Plan:					
City's proportion of the net pension liability	0.018714%	0.021000%	0.021606%	0.021993%	0.021993%
City's proportionate share of the net pension liability	$ 2,935,864	$ 4,768,743	$ 3,742,432	$ 2,652,603	$ 2,592,688
City's covered payroll	$ 2,485,392	$ 2,719,167	$ 2,709,875	$ 2,662,292	$ 2,713,392
City's proportionate share of the net pension liability as a percentage of its covered payroll	118.12%	175.38%	138.10%	99.64%	95.55%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan:					
City's proportion of the net pension asset	0.010153%	0.011809%	0.013130%	0.013073%	0.013073%
City's proportionate share of the net pension asset	$ 13,822	$ 6,573	$ 6,389	$ 5,033	$ 1,372
City's covered payroll	$ 41,585	$ 45,967	$ 47,792	$ 47,783	$ 45,031
City's proportionate share of the net pension asset as a percentage of its covered payroll	33.24%	14.30%	13.37%	10.53%	3.05%
Plan fiduciary net position as a percentage of the total pension asset	137.28%	116.55%	116.90%	114.83%	104.56%
Member Directed Plan:					
City's proportion of the net pension asset	0.007880%	0.008494%	0.008876%	n/a	n/a
City's proportionate share of the net pension asset	$ 275	$ 35	$ 34	n/a	n/a
City's covered payroll	$ 43,190	$ 44,092	$ 49,433	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.08%	0.07%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	124.46%	103.40%	103.91%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOSTORIA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FIVE YEARS

	2018	**2017**	**2016**	**2015**	**2014**
City's proportion of the net pension liability	0.11590800%	0.12891600%	0.15448900%	0.12821760%	0.12821760%
City's proportionate share of the net pension liability	$ 7,113,852	$ 8,165,436	$ 9,938,416	$ 6,642,206	$ 6,244,599
City's covered payroll	$ 2,566,630	$ 2,825,082	$ 2,932,069	$ 2,800,490	$ 3,286,344
City's proportionate share of the net pension liability as a percentage of its covered payroll	277.17%	289.03%	338.96%	237.18%	190.02%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	68.36%	66.77%	72.20%	73.00%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOSTORIA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2018	2017	2016	2015
Traditional Plan:				
Contractually required contribution	$ 341,493	$ 323,101	$ 326,300	$ 325,185
Contributions in relation to the contractually required contribution	(341,493)	(323,101)	(326,300)	(325,185)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,439,236	$ 2,485,392	$ 2,719,167	$ 2,709,875
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
Combined Plan:				
Contractually required contribution	$ 5,819	$ 5,406	$ 5,516	$ 5,735
Contributions in relation to the contractually required contribution	(5,819)	(5,406)	(5,516)	(5,735)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 41,564	$ 41,585	$ 45,967	$ 47,792
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
Member Directed Plan:				
Contractually required contribution	$ 4,182	$ 4,319	$ 5,291	$ 5,932
Contributions in relation to the contractually required contribution	(4,182)	(4,319)	(5,291)	(5,932)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 41,820	$ 43,190	$ 44,092	$ 49,433
Contributions as a percentage of covered payroll	10.00%	10.00%	12.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	319,475	$	352,741	$	282,596	$	296,408	$	276,684	$	226,533
	(319,475)		(352,741)		(282,596)		(296,408)		(276,684)		(226,533)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,662,292	$	2,713,392	$	2,825,960	$	2,964,080	$	3,101,839	$	2,786,384
	12.00%		13.00%		10.00%		10.00%		8.92%		8.13%
$	5,734	$	5,854	$	3,170	$	3,221	$	3,837		
	(5,734)		(5,854)		(3,170)		(3,221)		(3,837)		
$	-	$	-	$	-	$	-	$	-		
$	47,783	$	45,031	$	39,874	$	40,516	$	39,598		
	12.00%		13.00%		7.95%		7.95%		9.69%		

CITY OF FOSTORIA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2018	2017	2016	2015
Police:				
Contractually required contribution	$ 297,977	$ 285,971	$ 314,857	$ 297,165
Contributions in relation to the contractually required contribution	(297,977)	(285,971)	(314,857)	(297,165)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,568,300	$ 1,505,111	$ 1,657,142	$ 1,564,026
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
Fire:				
Contractually required contribution	$ 291,648	$ 249,457	$ 274,466	$ 321,490
Contributions in relation to the contractually required contribution	(291,648)	(249,457)	(274,466)	(321,490)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,241,055	$ 1,061,519	$ 1,167,940	$ 1,368,043
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	298,938	$	286,168	$	187,720	$	173,358	$	171,859	$	193,333
	(298,938)		(286,168)		(187,720)		(173,358)		(171,859)		(193,333)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,573,358	$	1,801,687	$	1,472,314	$	1,359,671	$	1,347,914	$	1,516,337
	19.00%		15.88%		12.75%		12.75%		12.75%		12.75%
$	288,376	$	302,496	$	193,351	$	190,923	$	201,834	$	185,648
	(288,376)		(302,496)		(193,351)		(190,923)		(201,834)		(185,648)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,227,132	$	1,484,036	$	1,120,875	$	1,106,800	$	1,170,052	$	1,076,220
	23.50%		20.38%		17.25%		17.25%		17.25%		17.25%

CITY OF FOSTORIA, OHIO
ANY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TWO YEARS

	2018	2017
City's proportion of the net OPEB liability	0.018060%	0.020224%
City's proportionate share of the net OPEB liability	$ 1,961,183	$ 2,042,673
City's covered payroll	$ 2,570,167	$ 2,809,226
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	76.31%	72.71%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOSTORIA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TWO YEARS

	2018	2017
City's proportion of the net OPEB liability	0.11590800%	0.12891600%
City's proportionate share of the net OPEB liability	$ 6,567,236	$ 6,119,353
City's covered payroll	$ 2,566,630	$ 2,825,082
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	255.87%	216.61%
Plan fiduciary net position as a percentage of the total OPEB liability	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOSTORIA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2018	**2017**	**2016**	**2015**
Contractually required contribution	$ 1,673	$ 26,998	$ 56,184	$ 53,153
Contributions in relation to the contractually required contribution	(1,673)	(26,998)	(56,184)	(53,153)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,522,620	$ 2,570,167	$ 2,809,226	$ 2,807,100
Contributions as a percentage of covered payroll	0.07%	1.05%	2.00%	1.89%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 54,012	$ 127,584	$ 115,450	$ 121,014	$ 159,444	$ 163,801
(54,012)	(127,584)	(115,450)	(121,014)	(159,444)	(163,801)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,710,075	$ 2,758,423	$ 2,865,834	$ 3,004,596	$ 3,141,437	$ 2,786,384
1.99%	4.63%	4.03%	4.03%	5.08%	5.88%

CITY OF FOSTORIA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2018	2017	2016	2015
Police:				
Contractually required contribution	$ 7,841	$ 7,526	$ 8,286	$ 8,031
Contributions in relation to the contractually required contribution	(7,841)	(7,526)	(8,286)	(8,031)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,568,300	$ 1,505,111	$ 1,657,142	$ 1,564,026
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
Fire:				
Contractually required contribution	$ 6,205	$ 5,308	$ 5,840	$ 6,840
Contributions in relation to the contractually required contribution	(6,205)	(5,308)	(5,840)	(6,840)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,241,055	$ 1,061,519	$ 1,167,940	$ 1,368,043
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2014	2013	2012	2011	2010	2009
	$ 8,432	$ 64,074	$ 99,381	$ 91,778	$ 90,984	$ 102,353
	(8,432)	(64,074)	(99,381)	(91,778)	(90,984)	(102,353)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 1,573,358	$ 1,801,687	$ 1,472,314	$ 1,359,671	$ 1,347,914	$ 1,516,337
	0.50%	3.62%	6.75%	6.75%	6.75%	6.75%
	$ 6,425	$ 53,122	$ 75,659	$ 74,709	$ 78,979	$ 72,645
	(6,425)	(53,122)	(75,659)	(74,709)	(78,979)	(72,645)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 1,227,132	$ 1,484,036	$ 1,120,875	$ 1,106,800	$ 1,170,052	$ 1,076,220
	0.50%	3.62%	6.75%	6.75%	6.75%	6.75%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25%, (e) payroll growth was reduced from 3.75% to 3.25%, and (f) the discount rate (interest rate) was reduced from 3.79% to 3.24%.

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

City of Fostoria
Seneca County
213 South Main Street
Fostoria, Ohio 44830

Members of the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fostoria, Seneca County, Ohio, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 30, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as item 2018-001.

Purpose of this Report

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
August 30, 2019

Schedule of Findings
December 31, 2018

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

FINDING NUMBER 2018-001 Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto.

For several non-payroll disbursements tested, the City did not certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The City did not certify the availability of funds prior to making commitments for several of the disbursements tested in 2018. Not certifying amounts available for expenditures could lead to fund deficits.

The City officials and employees must obtain the certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Revised Code Section 5705.41(D) requires to authorize disbursements. The Then and Now Certificates must include language that states that the City did certify the availability of funds before the time of purchase.

Management's Response:
Management did not respond to the finding.

CITY OF FOSTORIA, OHIO
SENECA COUNTY

Schedule of Prior Audit Findings
December 31, 2018

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2017-001	Noncompliance – Ohio Admin. Code 117-2-02– Integrate budgetary accounts at the legal level of control.	Yes	Fully Corrected
2017-002	Noncompliance – Ohio Rev. Code Section 5705.41(D)(1)– Expending money before certificate signed by fiscal officer.	No	Reissued as 2018-001
2017-003	Noncompliance – Ohio Rev. Code Section 5705.39 - Appropriations Exceeding Estimated Resources	No	Reissued as Management Letter
2017-004	Noncompliance – Ohio Rev. Code Section 5705.10 Negative Fund Balances	No	Reissued as Management Letter

CITY OF FOSTORIA

SENECA 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
OCTOBER 15, 2019