

# **CITY OF TROTWOOD OHIO**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended December 31, 2018**





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City Council  
City of Trotwood  
3035 Olive Road  
Trotwood, Ohio 45426

We have reviewed the *Independent Auditor's Report* of the City of Trotwood, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/ "Proper Public Purpose" states, in part, that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Mayor attended the Michigan Leadership Conference in March 2018. The Mayor stayed at the hotel an extra day after the conference was concluded. The extra day resulted in additional hotel room charges of \$105 and food charges of \$55 being paid by the City. These costs are not deemed to be for a proper public purpose.

The Mayor attended the NBC-LEO Conference in July 2018. The Mayor had additional guests stay in her hotel room. The Mayor also upgraded her hotel room from a standard room to a balcony room. The extra guests and room upgrade resulted in additional hotel costs of \$255 being paid by the City. The City also reimbursed the Mayor for \$96 from Cyber Pizza during the conference. These costs are not deemed to be for a proper public purpose.

City Council  
City of Trotwood  
3035 Olive Road  
Trotwood, Ohio 45426  
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The Mayor booked a conference with the National League of Cities and made a deposit for a hotel stay in April 2018. The City paid \$417 for the conference registration and hotel deposit. However, the Mayor was not able to attend the conference and did not cancel the reservation in a timely manner. Per City Travel Policy Section VII.B, costs incurred by failure to cancel travel or hotel reservations in a timely fashion will not be prepaid or reimbursed. As such, these costs were in violation of the above travel policy.

The Mayor booked a conference with the U.S. Conference of Mayors in May 2018. The City paid \$875 for the conference registration. However, the Mayor was not able to attend the conference and did not cancel the reservation in a timely manner. As such, these costs were in violation of the above travel policy.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Mayor Mary McDonald, in the amount of \$1,803, a total of all the above listed items, and in favor of the City's General Fund. The Finding for Recovery was repaid under audit. Repayment was made via check on January 9, 2020 in the amount of \$1,707 and via cash on November 12, 2019 in the amount of \$96.

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 Trotwood is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 9, 2020

**CITY OF TROTWOOD, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**PREPARED BY:  
DEPARTMENT OF FINANCE  
Chris A. Peebles  
FINANCE DIRECTOR**

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# INTRODUCTORY SECTION





December 2, 2019

To the Mayor, Members of  
City Council and Citizens of  
City of Trotwood, Ohio

We are pleased to present the Comprehensive Annual Financial Report for the City of Trotwood, Ohio, for the year end December 31, 2018. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This Comprehensive Annual Financial Report incorporates GASB Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Statement No. 34 was developed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using governmental financial information. This report represents and reflects on the City's financial operations and condition to the City's residents, its elected officials, management personnel, financial institutions, City bondholders, rating agencies and all other parties interested in the financial affairs of the City.

#### **THE REPORTING ENTITY AND ITS SERVICES**

The City of Trotwood is located in Montgomery County on the western limits of the City of Dayton, Ohio. It is approximately seventy miles west of the state capitol, Columbus, and sixty miles north of Cincinnati. Interstate 70 and 75 intersect each other approximately five miles northeast of Trotwood.

The City is a political subdivision of the State of Ohio, incorporated as a village in 1901 and as a city in 1971. It is a Home Rule Municipal Corporation under Article XVIII of the Ohio Constitution utilizing the Council-Manager form of government. Governing direction is provided by the Home Rule Charter First adopted in 1964 and subsequently amended.

On January 1, 1996, the City merged with Madison Township more than tripling its population and land area. The resulting community is the fourth most populous city in Montgomery County with 27,431 residents (based on the 2010 Census) and its land area (over 28 square miles) is surpassed only by the City of Dayton.

Overall policy direction is the responsibility of the City Council which is composed of the Mayor and six Councilpersons, four elected from geographic districts and two elected at-large. The Mayor is directly elected at-large. The Mayor and all members of council are elected to staggered four-year terms, with elections every two years.

City Council is responsible, among other things, for passing ordinances, adopting the budget and hiring the City Manager, Law Director and Clerk of Council. The City Manager is responsible for carrying out

the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the directors of City departments.

The City provides many services for the benefit of its citizens including police protection, fire protection, emergency medical service, street maintenance and repair, park maintenance, recreation programs, water and sewer utilities within a portion of the city, refuse collection, drainage and storm water management, code enforcement, planning and zoning and other administrative services.

The financial reporting entity includes all the funds of the primary government (i.e., the City of Trotwood as legally defined). No other entities operating in the City and/or for the benefit of its citizen's meet the criteria for inclusion in the reporting entity and are, thus, not included in this report.

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Trotwood is a major suburb within a diversified metropolitan economy characterized by above-average unemployment, modest job growth and a diversity of major employers. Nearby Wright Patterson Air Force Base employs approximately 27,500 making it the largest single-site employer in the State of Ohio. Premier Health, Kettering Hospital Network, Caresource and the Dayton Veterans Administration Center are major employers proximate to Trotwood.

Located just 4.5 miles from the City of Trotwood, Fuyao Glass America Incorporated purchased the former GM plant and currently employs 2300 employees, many being Trotwood residents. The company plans to increase that number by 700 in the next three years. Furthermore, the company generates an average annual payroll of \$ 32.5 million and has committed to stay in the area for at least 18 years.

In addition to the above, Caterpillar built a new logistics services distribution center 2 miles north of Trotwood in the City of Clayton, Ohio. The plant employs approximately 600 employees and maintains an annual average payroll of \$12 million to \$14 million. Although none of these facilities are physically located in Trotwood, the City benefits by having these employment opportunities available for the numerous Trotwood residents who work for these enterprises.

The City's Salem Avenue shopping district served as the commercial hub of northwest Montgomery County for many years. The former Salem Mall had previously been the anchor of the district, but due to rapidly declining occupancy, it was acquired by the City in 2004 for redevelopment purposes and has been demolished. The adjacent shopping centers serve as retail attractions in the district, as are several "big box" retailers such as Office Depot, GFS, Lowe's and Home Depot. The City continues to promote redevelopment at the Salem Site.

The "Trotwood Connector," a limited access highway on a north-south axis through the center of the City was completed in 2000 and provides access for potential development of several large adjacent tracts.

The City also markets its light industrial park consisting of 38-acre site west of the Connector with railroad access available. In addition, 45 plus acres adjacent to the Industrial Park are available for future expansion.

The Trotwood Community Improvement Corporation, the City's official agent for economic development, is presently working with the City in creating and updating a plan for industrial, commercial, distribution and research development including the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed or other real properties.

## RELEVANT FINANCIAL POLICIES

In December 2014, the State Legislature passed and Governor Kasich, signed into law, House Bill 5 and Senate Bill 342. House Bill 5 reforms Municipal Income Tax Collections. The implementation of House Bill 5 will have negative impacts on tax collections in the coming years, primarily in calendar year 2019 due to the corporate net operating loss carry forward provisions.

Senate Bill 342 phased out the use of Traffic Enforcement Cameras in 2015 resulting in a decrease of revenue from \$107,233 in 2015 to \$996 in 2016. In July 2017, the Ohio Supreme Court ruled restrictions on traffic cameras unconstitutional, giving cities the green light to resume use of cameras. The City has started using its red light/speed cameras as a deterrent to traffic violations at its high violation intersections. Revenues help fund law enforcement efforts within the City. As 2018 was the first full year of revenues since the use of traffic cameras was resumed, the City collected \$487,216 in traffic violations.

## LONG TERM FINANCIAL PLANNING

In the fall of 2015, during the financial planning budget workshop of City Council, the decision was made to hold the line on general fund expenditures. Over the next five years, the plan was to grow the carryover unencumbered cash fund balance to a target of a three month operating reserve. On December 31, 2018, the general fund unencumbered cash balance was \$2,174,063 or a three month reserve based on the 2019 general fund appropriations of \$8,234,583. The City has reached its goal two years prior to the target date of 2020 and is committed to maintaining this reserve into the future. Also, the City is exploring several different scenarios to enhance general fund receipts to assist the City in providing services to its citizens.

The City has contracted with FUTURE IQ, Inc., a consulting and research company to help develop the City's new strategic plan. The strategic plan itself will identify no more than 7 high-leverage strategic goals, and incorporate the proposed data analysis and vision framework to provide recommended strategies and rationale for policy development, long term capital investments and resource allocation. The plan is to be completed by late 2019 and implementation to start for 2020.

## MAJOR INITIATIVES

### Job Growth Initiative

In 2014, the City began to focus on the reutilization of vacant big box retail facilities. Since the closing of the Salem Mall and the great recession of 2008, many of the traditional retailers along the Salem Avenue corridor have struggled both locally and nationally. Companies including K-Mart, Sears, Best Buy and Target have closed stores across the country and unfortunately in Trotwood. Due to the rise of non-traditional retailers and online retail, the trend away from brick and mortar stores, toward online distribution is expected to continue.

The City of Trotwood commissioned a study conducted by Market Metrics, LLC of Dayton to analyze the current retail environment and offer forward looking strategies and analysis. The conclusions, while not unexpected were startling. The study concluded that big box retail will continue to decline not only in Trotwood but in the entire northwest Montgomery County region. The area is "over-retailed" based on metrics used by the retail industry and lacks the dynamic population growth needed to spur additional retail. Most all retail needs of consumers in this area can be met by existing malls and shopping centers as well as online shopping.

This study bolstered the City's new strategy to re-occupy existing vacant big box retail stores with alternative uses. The City's analysis indicated that the reuse of retail boxes as light manufacturing centers and as small distribution centers is both economically feasible and from a land use perspective, often less impactful on surrounding uses. The City began working with big box building owners to re-market their buildings for these additional uses. Thus far, the effort has met with some success. The former K-Mart building has been purchased and renovated by a carbon steel tube manufacturer, Epix Tube employing approximately 50 workers at an average salary of \$37,000, while the old Elder Beerman Warehouse has been converted to a light manufacturing operation by Specialty Manufacturing employing 73 persons in the City, with an average salary of \$47,800. Additionally Storage of America, a provider of climate controlled self-storage units, has acquired the Former Target big box location. They have converted the existing building into leasable, consumer storage units and employs 3 people. In 2017, other small facilities were repurposed. The Davita Dialysis Center opened in the vacated Bob Evans facility and the First Priority Urgent Care moved into the former River Valley Credit Union. In 2018, the former Wal-Mart was sold to U-Haul who maintains the largest rental fleet in the do-it-yourself moving industry in the United States. This location will rent trucks, trailers and towing devices. Customers can purchase moving and storage boxes along with an extended line of packing supplies. They will also provide self-storage at the Salem Avenue site. Premier Energy, a provider of oil and gas services in Ohio, Kentucky and Indiana, purchased the vacant O'Danny Boy ice cream facility and is bringing 51 full-time jobs to the City of Trotwood. The former Wolohan Lumber site will be the new home of Mansea Metal who provides high-quality metal roofing and siding solutions to residential, commercial, agriculture and equestrian customers. Mansea Metal will employ 10 full-time positions to start with anticipated job growth in the near future.

Korrek Plumbing Heating & Air Conditioning moved into their new corporate headquarters within the City of Trotwood. The company currently employs 68 people. In 2016, Korrek was recognized as the 23<sup>rd</sup> fastest growing company, 8<sup>th</sup> largest mechanical company and the 21<sup>st</sup> largest female owned business in the Dayton Area.

Stratacache, a global industry leading provider of scalable, high-performance digital signage, media distribution and enterprise video acceleration technologies, purchased the vacant 300,000 square foot state of the art manufacturing facility located in the Trotwood Industrial Park. This acquisition creates the world's largest and most advanced manufacturing and configuration facility for digital signage and digital interactive solutions. Employment continues to grow and is estimated at nearly 100 employees at year end. Further growth is anticipated, possibly reaching up to 300 employees over the next five years.

### Housing Initiative

As a result of the housing crisis of 2008 and the subsequent recession, the City of Trotwood was particularly hard hit with both mortgage foreclosures and tax delinquencies. In 2013, the city, through the Trotwood Community Improvement Corporation (TCIC) began a housing program redesigned to renovate and re-occupy troubled residential real estate. The TCIC has been working with the National Community Stabilization Trust, the County Treasurer and County Corp (local public financing agency) on this project. The TCIC has continued to acquire and rehabilitate distressed houses in targeted "tipping point" neighborhoods. The TCIC has thus far acquired over 72 properties and currently has 12 properties in inventory. The TCIC has sold 56 properties to socially responsible developers who renovate, and return the properties to the Montgomery County real property tax roll, either through the sale to an owner/occupier or held as a rental unit.

## AUDIT, AWARDS AND ACKNOWLEDGMENTS

### Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Plattenburg & Associates, Inc., an independent accounting firm, has completed an audit of the financial statements. Their opinion on the City's financial statements is included in the financial section of this Comprehensive Annual Financial Report.

### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Trotwood for its comprehensive annual financial report for the fiscal year ended December 31, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

### Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department, and other City departments as well, who assisted and contributed to the preparation of this report.

Finally, special acknowledgement is given to the Mayor and City Council for their continuing support and commitment to responsible fiscal reporting.

Respectfully Submitted,



Quincy E. Pope, Sr.  
City Manager



Chris A. Peebles  
Finance Director



**CITY OF TROTWOOD, OHIO**  
**List of Elected and Appointed Officials**  
**December 31, 2018**

**ELECTED OFFICIALS**

Mary A. McDonald	Mayor
Bettye L. Gales	Vice Mayor, Ward 1
Rhonda C. Finley	Councilmember, At Large
Robert L. Kelley, Jr.	Councilmember, At Large
Yvette F. Page	Councilmember, Ward 2
Charles R. Vaughn	Councilmember, Ward 3
Tyna R. Brown	Councilmember, Ward 4

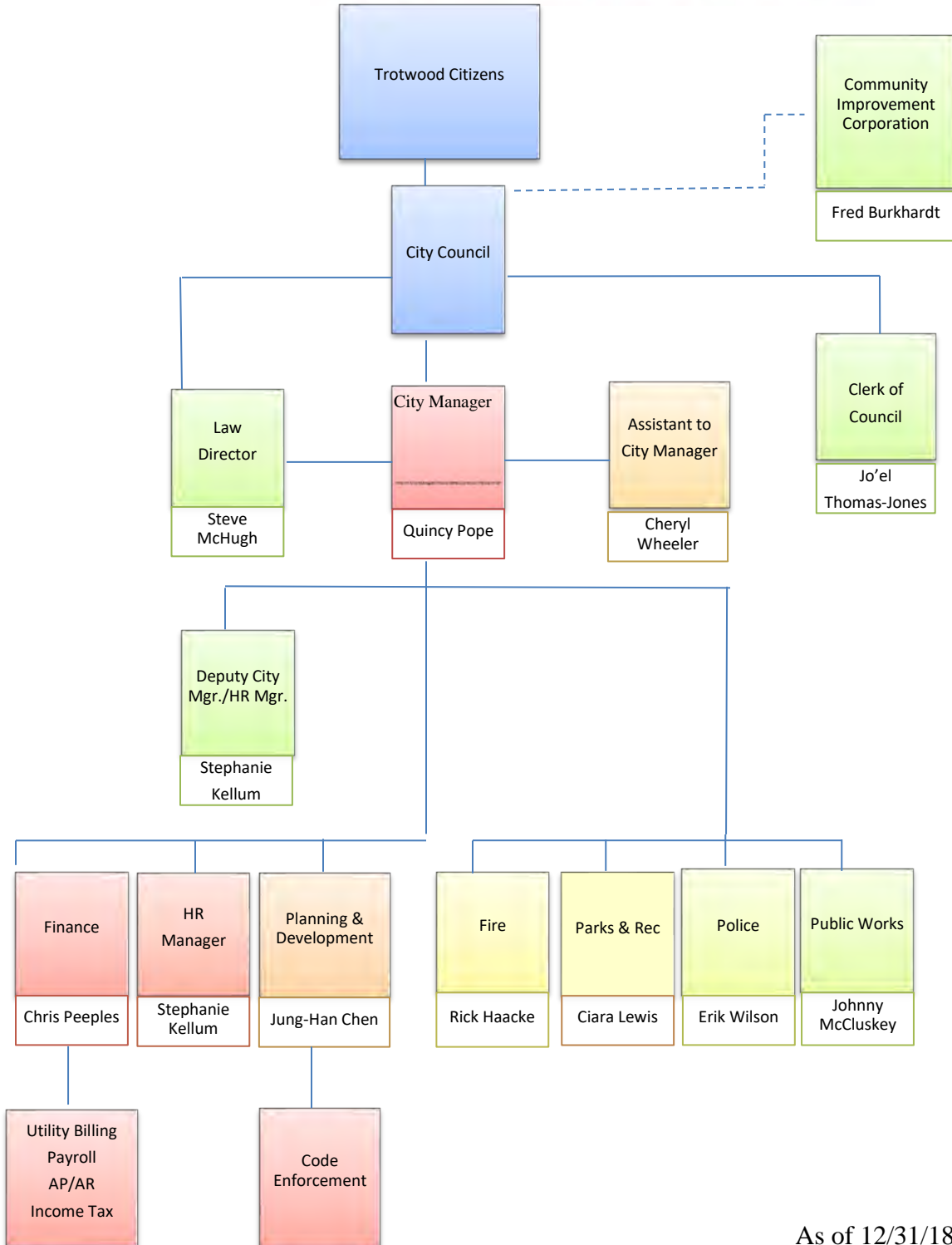
**APPOINTED OFFICIALS**

Quincy E. Pope, Sr.	City Manager
Stephanie L. Kellum	Deputy City Manager/HR Manager
Sandra L. Riege-Fuller	Clerk of Council
Chris A. Peoples	Director of Finance
Erik L. Wilson	Police Chief
Richard A. Haacke	Fire Chief
Jung-Han Chen	Director of Planning & Development
Johnny McCluskey	Public Works Supervisor
Stephen M. McHugh	Law Director



# TROTWOOD

GROWING TOGETHER



As of 12/31/18



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Trotwood  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

***FINANCIAL SECTION***

## INDEPENDENT AUDITOR'S REPORT

City of Trotwood  
Montgomery County  
3035 Olive Road  
Trotwood, Ohio 45426

### **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 Trotwood, Ohio (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

### ***Emphasis of Matters***

As discussed in Note 17 to the financial statements, during the year ended December 31, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Platterburg & Associates, Inc.*

Dayton, Ohio  
December 2, 2019

**City of Trotwood, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2018**  
**(Unaudited)**

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The City of Trotwood's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending 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 transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's performance.

**Financial Highlights**

- The City's total net position increased \$324,496. Net position of governmental activities decreased \$372,294, and net position of business-type activities increased by \$696,790.
- The General Fund reported an increase in fund balance of \$661,584.
- Business-type operations reflected an operating loss of (\$153,887).

**Overview of the Financial Statements**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major 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 the amount of funds available 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.

**Government-wide Financial Statements**

The analysis of the City as a whole begins with the Government-wide Financial Statements. These reports provide information that will help the reader to determine if the City is financially better off or worse off as a result of the year's activities. These statements include all assets and deferred outflows, and liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes to those assets. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

**City of Trotwood, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2018**  
**(Unaudited)**

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In the Government-wide Financial Statements, the City is divided into two kinds of activities.

- **Governmental Activities** - Most of the City's services are reported here including police, fire, rescue, street maintenance, parks and recreation, and general administration. Revenues received from Income taxes, property taxes, intergovernmental revenue, charges for services, and investment earnings are used to finance most of these services provided by the City.
- **Business-Type Activities** - These services include Water, Sewer, Refuse Collection, Stormwater and Community and Cultural Arts Center. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

**Fund Financial Statements**

Information about the City's major funds is presented in the Fund Financial Statements (see table of contents). Fund financial statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City, with approval of Council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are General; Street Construction Maintenance and Repair; Fire Levy; Water; Sewer; Refuse and Stormwater.

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

**Proprietary Funds** - When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**Fiduciary Funds** - The City is the fiscal agent for one agency fund. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.



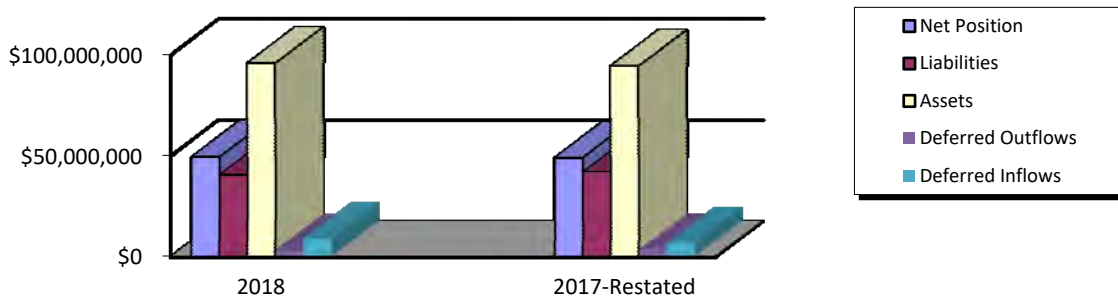
**City of Trotwood, Ohio  
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**The City as a Whole**

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2018 compared to 2017.

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 - Restated	2018	2017 - Restated	2018	2017 - Restated
<b>Assets:</b>						
Current and Other Assets	\$17,965,752	\$16,991,280	\$8,852,839	\$8,906,615	\$26,818,591	\$25,897,895
Capital Assets	50,553,173	51,221,117	18,367,467	17,180,259	68,920,640	68,401,376
<b>Total Assets</b>	<b>68,518,925</b>	<b>68,212,397</b>	<b>27,220,306</b>	<b>26,086,874</b>	<b>95,739,231</b>	<b>94,299,271</b>
<b>Deferred Outflows of Resources:</b>						
Deferred Charge on Refunding	182,851	195,912	0	0	182,851	195,912
OPEB	1,001,113	34,479	37,653	5,257	1,038,766	39,736
Pension	1,816,166	2,808,726	152,711	304,887	1,968,877	3,113,613
<b>Total Deferred Outflows of Resources</b>	<b>3,000,130</b>	<b>3,039,117</b>	<b>190,364</b>	<b>310,144</b>	<b>3,190,494</b>	<b>3,349,261</b>
<b>Liabilities:</b>						
Long-Term Liabilities	35,638,412	37,791,189	2,867,315	2,992,227	38,505,727	40,783,416
Other Liabilities	1,307,908	693,761	836,164	516,566	2,144,072	1,210,327
<b>Total Liabilities</b>	<b>36,946,320</b>	<b>38,484,950</b>	<b>3,703,479</b>	<b>3,508,793</b>	<b>40,649,799</b>	<b>41,993,743</b>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	4,706,289	4,678,661	0	0	4,706,289	4,678,661
Grants and Other Taxes	0	0	0	10,000	0	10,000
Revenue in Lieu of Taxes	524,080	645,697	0	0	524,080	645,697
OPEB	957,439	0	28,298	0	985,737	0
Pension	2,663,911	1,348,896	142,201	38,323	2,806,112	1,387,219
<b>Total Deferred Inflows of Resources</b>	<b>8,851,719</b>	<b>6,673,254</b>	<b>170,499</b>	<b>48,323</b>	<b>9,022,218</b>	<b>6,721,577</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	37,190,573	37,330,226	16,502,131	15,557,100	53,692,704	52,887,326
Restricted	6,544,788	6,851,431	0	0	6,544,788	6,851,431
Unrestricted	(18,014,345)	(18,088,347)	7,034,561	7,282,802	(10,979,784)	(10,805,545)
<b>Total Net Position</b>	<b>\$25,721,016</b>	<b>\$26,093,310</b>	<b>\$23,536,692</b>	<b>\$22,839,902</b>	<b>\$49,257,708</b>	<b>\$48,933,212</b>



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 fiscal year 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).

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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

**City of Trotwood, Ohio**  
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outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$58,598,940 to \$48,933,212.

Total net position of the City as a whole increased \$324,496. Net position of governmental activities decreased \$372,294 while net position of business-type activities increased by \$696,790. The City had an unrestricted net position balance of (\$10,979,784).

Capital assets increased mainly due to current year depreciation expense being less than current year additions. Long Term Liabilities decreased due to a decrease in net pension liability and outstanding debt.

Table 2 shows the changes in net position for the year ended December 31, 2018 and revenue and expense comparisons to 2017.

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**City of Trotwood, Ohio**  
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**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Program Revenues:</b>						
Charges for Services	\$2,305,279	\$1,991,618	\$5,198,801	\$5,206,677	\$7,504,080	\$7,198,295
Operating Grants and Contributions	1,947,559	1,490,009	0	0	1,947,559	1,490,009
Capital Grants and Contributions	956,799	0	0	315,000	956,799	315,000
<b>Total Program Revenues</b>	<b>5,209,637</b>	<b>3,481,627</b>	<b>5,198,801</b>	<b>5,521,677</b>	<b>10,408,438</b>	<b>9,003,304</b>
<b>General Revenues:</b>						
Income Taxes	5,372,176	3,973,806	0	0	5,372,176	3,973,806
Property Taxes	4,843,807	4,744,562	0	0	4,843,807	4,744,562
Grants and Entitlements	624,208	625,779	0	0	624,208	625,779
Investment Earnings	262,228	47,304	0	0	262,228	47,304
Other Revenues	1,105,341	1,035,085	22,430	21,438	1,127,771	1,056,523
<b>Total General Revenues</b>	<b>12,207,760</b>	<b>10,426,536</b>	<b>22,430</b>	<b>21,438</b>	<b>12,230,190</b>	<b>10,447,974</b>
<b>Total Revenues</b>	<b>17,417,397</b>	<b>13,908,163</b>	<b>5,221,231</b>	<b>5,543,115</b>	<b>22,638,628</b>	<b>19,451,278</b>
<b>Program Expenses:</b>						
General Government	2,941,800	3,037,812	0	0	2,941,800	3,037,812
Public Safety	9,378,058	8,354,240	0	0	9,378,058	8,354,240
Community Development	562,504	420,596	0	0	562,504	420,596
Leisure Time	243,946	264,257	0	0	243,946	264,257
Transportation and Street Repair	3,215,462	2,489,403	0	0	3,215,462	2,489,403
Interest and Other Charges	552,811	557,644	0	0	552,811	557,644
Water	0	0	1,687,151	1,392,235	1,687,151	1,392,235
Sewer	0	0	1,292,548	1,094,038	1,292,548	1,094,038
Refuse	0	0	1,316,121	1,328,085	1,316,121	1,328,085
Stormwater	0	0	1,050,914	1,095,882	1,050,914	1,095,882
Other Enterprise Funds	0	0	72,817	67,358	72,817	67,358
<b>Total Program Expenses</b>	<b>16,894,581</b>	<b>15,123,952</b>	<b>5,419,551</b>	<b>4,977,598</b>	<b>22,314,132</b>	<b>20,101,550</b>
<b>Increase (Decrease) in Net Position</b>						
before Transfers	522,816	(1,215,789)	(198,320)	565,517	324,496	(650,272)
Transfers - Internal Activities	(895,110)	0	895,110	0	0	0
<b>Change in Net Position</b>	<b>(372,294)</b>	<b>(1,215,789)</b>	<b>696,790</b>	<b>565,517</b>	<b>324,496</b>	<b>(650,272)</b>
Net Position - Beginning of Year, Restated	26,093,310	N/A	22,839,902	N/A	48,933,212	N/A
<b>Net Position - End of Year</b>	<b>\$25,721,016</b>	<b>\$26,093,310</b>	<b>\$23,536,692</b>	<b>\$22,839,902</b>	<b>\$49,257,708</b>	<b>\$48,933,212</b>

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 \$39,736 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 \$735,667. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

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	Governmental Activities	Business-type Activities	Total
Total 2018 operating expenses under GASB 75	\$16,894,581	\$5,419,551	\$22,314,132
OPEB expense under GASB 75	(702,309)	(33,358)	(735,667)
2018 contractually required contribution	17,823	0	17,823
Adjusted 2018 operating expenses	16,210,095	5,386,193	21,596,288
Total 2017 operating expenses under GASB 45	15,123,952	4,977,598	20,101,550
Change in operating expenses not related to OPEB	\$1,086,143	\$408,595	\$1,494,738

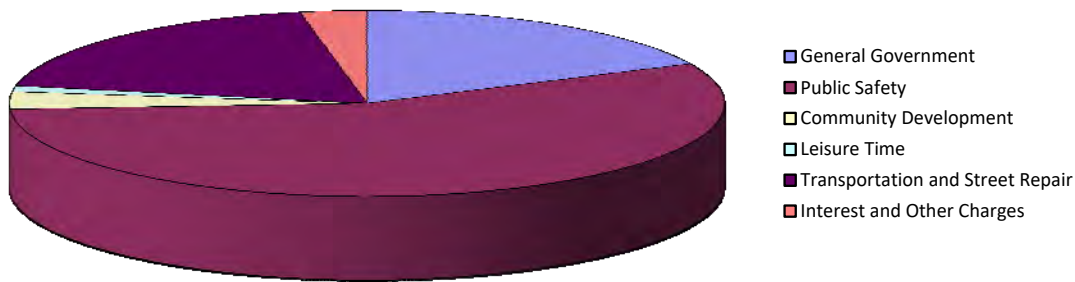
**Governmental Activities**

The City of Trotwood’s income taxes and property taxes are the largest source of revenue. These revenues represent 83.7% of the City’s governmental activities total general revenue.

Charges for services revenue increased from 2017 due to an increase in EMS transportation services revenue. Operating grants and contributions increased from 2017 due to an increase in EDGE grants. Income and property tax revenues increased from 2017 due to the timing of receivable collections. Other revenues increased from 2017 due to an increase in revenue in lieu of taxes received from the Salam Mall TIF. Total expenses increased mainly due to an increase in Transportation and Street Repair expenses related to an increase in street maintenance and paving projects for 2018 as compared to 2017. General government expenses decreased slightly from 2017 due to less growth in city wide operations. Public safety expenses increased from 2017 due to an increase in pension expense in the police and fire pension system.

Governmental Activities  
Program Expenses for 2018

	Percentage
General Government	18%
Public Safety	56%
Community Development	3%
Leisure Time	1%
Transportation and Street Repair	19%
Interest and Other Charges	3%
Total	100%



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General Government includes legislative and administration expenses, including City Council, the City Manager's office, the Law Director, Finance, Human Resources, Building Maintenance, Fleet Maintenance, Public Works Administration and various non-department charges.

***Business-Type Activities***

Business-type activities include Water, Sewer, Refuse Collection, Stormwater and the Community and Cultural Arts Center. These programs had operating revenues of \$5,221,231 and operating expenses of \$5,375,108 for fiscal year 2018. The operating expenses increased in 2018 from 2017 because of an increase in pension expense. Business activities receive no support from tax revenues. The business activities net position at the end of the year was \$23,536,692, which increased \$696,790 from 2017.

The City of Trotwood's water and sewer maintenance division services approximately 2,800 accounts within the territory which was part of the City prior to the 1996 merger with Madison Township. The City operates approximately 37.5 miles of water lines and 32 miles of sanitary sewer lines within the territory, to distribute water supplied by the City of Dayton and collect sewerage returned to Dayton for treatment at their facilities. The water fund had operating income of \$136,099 in 2018. The sewer fund had operating income of \$71,604 in 2018. The refuse fund had an operating income of \$47,884 in 2018. The stormwater fund had an operating loss of \$336,607 in 2018. The community and cultural arts center fund had an operating loss of \$72,857 in 2018.

**The City's Funds**

The City has three major governmental funds: the General Fund, Street Construction Maintenance and Repair Fund, and Fire Levy Fund. Assets of these funds comprised \$12,895,902 (72%) of the total \$17,954,832 governmental funds' assets.

**General Fund:** Fund balance at December 31, 2018 was \$2,461,772, an increase in fund balance of \$661,584 from 2017. The General fund balance increased mainly due to increases in income taxes and property taxes received.

**Street Construction Maintenance and Repair Fund:** Fund balance at December 31, 2018 was \$1,520,402, a decrease in fund balance of \$326,459 from 2017. The street construction maintenance and repair fund balance decreased mainly due to increases in Transportation and Street Repair expenditures for 2018 as compared to 2017.

**Fire Levy Fund:** Fund balance at December 31, 2018 was \$792,910 an increase in fund balance of \$232,694 from 2017. The Fire Levy fund balance increased mainly due to revenues exceeding expenditures which is consistent with prior years.

***General Fund Budgeting Highlights***

The City's General Fund budget is formally adopted at the program or budget center level. Financial reports, which compare actual performance with the budget, are prepared monthly and presented to the Council so the Council is able to review the financial status and measure the effectiveness of the budgetary controls. As the City completed the year, its General Fund balance reported an actual fund balance of \$2,174,063, on a Non-GAAP Budgetary Basis.

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There were little variations between final budget and original budget revenues. Variations between the actual and final budget revenues were mainly due to the City underestimating taxes revenue. Variations between final budget and actual expenditures were mainly due to the City overestimating general government expenditures. Variations between original and final budget expenditures were mainly due to the City's conservative estimate for expenditures.

**Capital Assets and Debt Administration**

**Capital Assets**

At year end, the City had \$68,920,640 invested in land, buildings and improvements, equipment and infrastructure. Table 3 shows 2018 balances compared to 2017:

**Table 3**  
**Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$26,741,499	\$26,763,209	\$50,514	\$12,026	\$26,792,013	\$26,775,235
Construction in Progress	0	47,734	0	554,672	0	602,406
Buildings and Improvements	8,862,932	9,352,232	804,595	0	9,667,527	9,352,232
Equipment	9,547,897	9,645,267	571,178	418,473	10,119,075	10,063,740
Infrastructure	47,841,359	47,607,950	42,245,083	41,035,693	90,086,442	88,643,643
Accumulated Depreciation	(42,440,514)	(42,195,275)	(25,303,903)	(24,840,605)	(67,744,417)	(67,035,880)
Total Net Capital Assets	\$50,553,173	\$51,221,117	\$18,367,467	\$17,180,259	\$68,920,640	\$68,401,376

The increase in capital assets was mainly due current year depreciation expense being less than current year additions. See Note 6 to the basic financial statements for further details on the City's capital assets.

**Debt**

At year end, the City had \$15,410,787 in long-term debt and \$906,742 due within one year.

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**City of Trotwood, Ohio**  
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**Table 4**  
**Outstanding Debt at Year End**

	2018	2017
Governmental Activities		
General Obligation Bonds		
2003 Various Purpose Bonds	\$787,366	\$879,166
2007 Various Purpose Bonds	50,000	100,000
2010 Various Purpose Bonds	6,238,501	6,477,301
Premium on 2010 Bonds	297,581	315,347
2012 OAQDA Tax Exempt Energy Bonds	273,809	391,836
2012 OAQDA Energy Conservation Bonds	883,361	883,361
2016 Various Purpose Refunding	3,120,000	3,300,000
2016 Various Purpose Improvements	1,573,000	1,661,000
2017 Various Purpose Capital Improvement Bonds	230,000	255,000
Total General Obligation Bonds	<u>13,453,618</u>	<u>14,263,011</u>
Capital Leases	<u>91,833</u>	<u>8,987</u>
Total Governmental Activities Long-Term Debt	<u><u>13,545,451</u></u>	<u><u>14,271,998</u></u>
Business Type Activities:		
General Obligation Bonds		
2003 Various Purpose Bonds - Water Portion	141,317	162,917
2003 Various Purpose Bonds - Sewer Portion	141,317	162,917
2010 Various Purpose Bonds - Water Portion	81,499	82,699
2016 Various Purpose Improvements	217,000	229,000
2017 Various Purpose Capital Improvements Bonds - TCCAC	370,000	410,000
Total General Obligation Bonds	<u>951,133</u>	<u>1,047,533</u>
Loans		
2007 OPWC Loan - Sanitary Sewer	182,821	200,821
2012 OPWC Loan - Water	283,055	294,377
2012 OPWC Loan - Water	264,661	275,248
Total Loans	<u>730,537</u>	<u>770,446</u>
Capital Leases	<u>183,666</u>	<u>0</u>
Total Business-Type Activities Long-Term Debt	<u><u>1,865,336</u></u>	<u><u>1,817,979</u></u>
Total Debt	<u><u>\$15,410,787</u></u>	<u><u>\$16,089,977</u></u>

The City issued a capital lease for John Deere equipment in 2018. See Notes 8 and 9 to the basic financial statements for further details on the City's long-term debt.

**Contacting the City's Finance Department**

This financial report is designed to provide our citizens, taxpayers, customers 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 any questions about this report or need additional financial information, contact the Finance Director, City of Trotwood, 3035 Olive Road, Trotwood, Ohio 45426-2600.



City of Trotwood, Ohio  
Statement of Net Position  
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$7,682,636	\$6,645,338	\$14,327,974
Restricted Cash	10,000	0	10,000
<b>Receivables (Net):</b>			
Taxes	8,554,482	0	8,554,482
Accounts	91,615	1,309,336	1,400,951
Intergovernmental	1,124,662	10,000	1,134,662
Special Assessments	389,656	878,233	1,267,889
Prepaid Items	112,701	9,932	122,633
Nondepreciable Capital Assets	26,741,499	50,514	26,792,013
Depreciable Capital Assets, Net	23,811,674	18,316,953	42,128,627
<b>Total Assets</b>	<b>68,518,925</b>	<b>27,220,306</b>	<b>95,739,231</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Refunding	182,851	0	182,851
Pension	1,816,166	152,711	1,968,877
OPEB	1,001,113	37,653	1,038,766
<b>Total Deferred Outflows of Resources</b>	<b>3,000,130</b>	<b>190,364</b>	<b>3,190,494</b>
<b>Liabilities:</b>			
Accounts Payable	205,574	821,119	1,026,693
Accrued Wages and Benefits	259,796	11,781	271,577
Contracts Payable	780,741	0	780,741
Retainage Payable	10,000	0	10,000
Accrued Interest Payable	51,797	3,264	55,061
<b>Long-Term Liabilities:</b>			
Due Within One Year	1,002,729	235,906	1,238,635
Due In More Than One Year			
Net Pension Liability	11,407,905	564,406	11,972,311
Net OPEB Liability	10,056,723	379,877	10,436,600
Other Amounts	13,171,055	1,687,126	14,858,181
<b>Total Liabilities</b>	<b>36,946,320</b>	<b>3,703,479</b>	<b>40,649,799</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	4,706,289	0	4,706,289
Revenue in Lieu of Taxes	524,080	0	524,080
Pension	2,663,911	142,201	2,806,112
OPEB	957,439	28,298	985,737
<b>Total Deferred Inflows of Resources</b>	<b>8,851,719</b>	<b>170,499</b>	<b>9,022,218</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	37,190,573	16,502,131	53,692,704
<b>Restricted for:</b>			
Debt Service	40,106	0	40,106
Capital Projects	795,018	0	795,018
Street Construction Maintenance and Repairs	2,021,311	0	2,021,311
State Highway	87,676	0	87,676
Permissive Use Tax	79,616	0	79,616
Grants	368,881	0	368,881
Law Enforcement Trust	5,153	0	5,153
Fire Levy	1,640,416	0	1,640,416
Rescue Levy	956,733	0	956,733
Other Purposes	549,878	0	549,878
Unrestricted	(18,014,345)	7,034,561	(10,979,784)
<b>Total Net Position</b>	<b>\$25,721,016</b>	<b>\$23,536,692</b>	<b>\$49,257,708</b>

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio  
Statement of Activities  
For the Fiscal Year Ended December 31, 2018

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$2,941,800	\$570,056	\$8,159	\$0
Public Safety	9,378,058	1,559,446	379,561	311,335
Community Development	562,504	117,416	240,145	0
Leisure Time Activities	243,946	52,712	0	0
Transportation and Street Repair	3,215,462	5,649	1,319,694	645,464
Interest and Other Charges	552,811	0	0	0
<b>Total Governmental Activities</b>	<b>16,894,581</b>	<b>2,305,279</b>	<b>1,947,559</b>	<b>956,799</b>
<b>Business-Type Activities:</b>				
Water	1,687,151	1,793,664	0	0
Sewer	1,292,548	1,334,653	0	0
Refuse	1,316,121	1,363,950	0	0
Stormwater	1,050,914	706,534	0	0
Other Enterprise	72,817	0	0	0
<b>Total Business-Type Activities</b>	<b>5,419,551</b>	<b>5,198,801</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$22,314,132</b>	<b>\$7,504,080</b>	<b>\$1,947,559</b>	<b>\$956,799</b>

General Revenues:  
Income Taxes  
Property Taxes Levied for:  
    General Purposes  
    Special Revenue Purposes  
    Debt Service Purposes  
    Capital Projects Purposes  
Grants and Entitlements, Not Restricted  
Revenue in Lieu of Taxes  
Investment Earnings  
Other Revenues  
Transfers-Internal Activities  
  
Total General Revenues and Transfers  
  
Change in Net Position  
  
Net Position - Beginning of Year, Restated  
  
Net Position - 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
(\$2,363,585)	\$0	(\$2,363,585)
(7,127,716)	0	(7,127,716)
(204,943)	0	(204,943)
(191,234)	0	(191,234)
(1,244,655)	0	(1,244,655)
(552,811)	0	(552,811)
<u>(11,684,944)</u>	<u>0</u>	<u>(11,684,944)</u>
0	106,513	106,513
0	42,105	42,105
0	47,829	47,829
0	(344,380)	(344,380)
0	(72,817)	(72,817)
<u>0</u>	<u>(220,750)</u>	<u>(220,750)</u>
<u>(11,684,944)</u>	<u>(220,750)</u>	<u>(11,905,694)</u>
5,372,176	0	5,372,176
1,337,288	0	1,337,288
3,018,368	0	3,018,368
97,999	0	97,999
390,152	0	390,152
624,208	0	624,208
621,783	0	621,783
262,228	0	262,228
483,558	22,430	505,988
(895,110)	895,110	0
<u>11,312,650</u>	<u>917,540</u>	<u>12,230,190</u>
(372,294)	696,790	324,496
<u>26,093,310</u>	<u>22,839,902</u>	<u>48,933,212</u>
<u>\$25,721,016</u>	<u>\$23,536,692</u>	<u>\$49,257,708</u>

City of Trotwood, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2018

	General	Street Construction Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$2,348,621	\$1,692,821	\$835,568	\$2,794,706	\$7,671,716
Restricted Cash	0	10,000	0	0	10,000
<b>Receivables (Net):</b>					
Taxes	3,187,477	503,754	2,975,178	1,888,073	8,554,482
Accounts	0	0	0	91,615	91,615
Intergovernmental	262,225	457,130	147,218	258,089	1,124,662
Special Assessments	382,111	183	0	7,362	389,656
Prepaid Items	61,180	6,838	25,598	19,085	112,701
<b>Total Assets</b>	<b>6,241,614</b>	<b>2,670,726</b>	<b>3,983,562</b>	<b>5,058,930</b>	<b>17,954,832</b>
<b>Liabilities:</b>					
Accounts Payable	164,308	11,640	7,361	22,265	205,574
Accrued Wages and Benefits	130,187	14,152	60,895	54,562	259,796
Compensated Absences	308	7,038	0	616	7,962
Contracts Payable	6,750	217,116	0	556,875	780,741
Retainage Payable	0	10,000	0	0	10,000
<b>Total Liabilities</b>	<b>301,553</b>	<b>259,946</b>	<b>68,256</b>	<b>634,318</b>	<b>1,264,073</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	1,951,816	503,754	2,975,178	1,281,895	6,712,643
Income Taxes	906,062	0	0	0	906,062
Grants and Other Taxes	238,300	386,441	147,218	245,974	1,017,933
Special Assessments	382,111	183	0	7,362	389,656
Revenue in Lieu of Taxes	0	0	0	524,080	524,080
<b>Total Deferred Inflows of Resources</b>	<b>3,478,289</b>	<b>890,378</b>	<b>3,122,396</b>	<b>2,059,311</b>	<b>9,550,374</b>
<b>Fund Balances:</b>					
Nonspendable	61,180	6,838	25,598	19,085	112,701
Restricted	0	1,513,564	767,312	2,346,216	4,627,092
Assigned	73,603	0	0	0	73,603
Unassigned	2,326,989	0	0	0	2,326,989
<b>Total Fund Balances</b>	<b>2,461,772</b>	<b>1,520,402</b>	<b>792,910</b>	<b>2,365,301</b>	<b>7,140,385</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$6,241,614</b>	<b>\$2,670,726</b>	<b>\$3,983,562</b>	<b>\$5,058,930</b>	<b>\$17,954,832</b>

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 December 31, 2018

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Total Governmental Fund Balance		\$7,140,385
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		50,553,173
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Income Taxes	906,062	
Delinquent Property Taxes	2,006,354	
Intergovernmental	1,017,933	
Special Assessments	<u>389,656</u>	
		4,320,005
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
Internal Service Net Position		10,920
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(51,797)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(620,371)
Deferred outflow of resources associated with long-term liabilities are not reported in the funds.		
		182,851
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	1,816,166	
Deferred inflows of resources related to pensions	(2,663,911)	
Deferred outflows of resources related to OPEB	1,001,113	
Deferred inflows of resources related to OPEB	<u>(957,439)</u>	
		(804,071)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(11,407,905)	
Net OPEB Liability	(10,056,723)	
Other Amounts	<u>(13,545,451)</u>	
		<u>(35,010,079)</u>
Net Position of Governmental Activities		<u>\$25,721,016</u>

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2018

	General	Street Construction Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Taxes	\$1,371,243	\$359,016	\$2,165,343	\$1,065,226	\$4,960,828
Income Taxes	5,187,820	0	0	0	5,187,820
Charges for Services	404,582	0	335	1,026,987	1,431,904
Investment Earnings	262,228	0	0	0	262,228
Intergovernmental	536,874	954,067	299,330	1,695,402	3,485,673
Special Assessments	59,117	0	0	5,649	64,766
Fines, Licenses & Permits	306,319	0	0	513,609	819,928
Revenue in Lieu of Taxes	64,924	0	0	556,859	621,783
Other Revenues	382,137	16,081	47,989	37,352	483,559
<b>Total Revenues</b>	<b>8,575,244</b>	<b>1,329,164</b>	<b>2,512,997</b>	<b>4,901,084</b>	<b>17,318,489</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	2,664,222	0	0	4,343	2,668,565
Public Safety	3,798,566	0	2,284,410	2,440,843	8,523,819
Community Development	414,709	0	0	127,835	542,544
Leisure Time Activities	203,140	0	0	0	203,140
Transportation and Street Repair	209,323	1,614,171	0	903,370	2,726,864
Capital Outlay	0	101,833	0	866,456	968,289
<b>Debt Service:</b>					
Principal	127,014	21,600	0	652,000	800,614
Interest and Other Charges	45,986	9,852	0	512,474	568,312
<b>Total Expenditures</b>	<b>7,462,960</b>	<b>1,747,456</b>	<b>2,284,410</b>	<b>5,507,321</b>	<b>17,002,147</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,112,284</b>	<b>(418,292)</b>	<b>228,587</b>	<b>(606,237)</b>	<b>316,342</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds of Capital Leases	0	91,833	0	0	91,833
Proceeds from Sale of Capital Assets	7,300	0	4,107	4,107	15,514
Transfers In	0	0	0	422,000	422,000
Transfers (Out)	(458,000)	0	0	(40,000)	(498,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(450,700)</b>	<b>91,833</b>	<b>4,107</b>	<b>386,107</b>	<b>31,347</b>
<b>Net Change in Fund Balance</b>	<b>661,584</b>	<b>(326,459)</b>	<b>232,694</b>	<b>(220,130)</b>	<b>347,689</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,800,188</b>	<b>1,846,861</b>	<b>560,216</b>	<b>2,585,431</b>	<b>6,792,696</b>
<b>Fund Balance - End of Year</b>	<b>\$2,461,772</b>	<b>\$1,520,402</b>	<b>\$792,910</b>	<b>\$2,365,301</b>	<b>\$7,140,385</b>

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2018

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Net Change in Fund Balance - Total Governmental Funds \$347,689

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	933,355	
Depreciation Expense	<u>(1,520,176)</u>	(586,821)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. (81,123)

Governmental funds report City pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions are reported as pension and OPEB expense.

Pension contributions	972,049	
Pension Expense	(1,087,945)	
OPEB contributions	17,823	
OPEB Expense	<u>(702,309)</u>	(800,382)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Income Taxes	184,356	
Delinquent Property Taxes	(117,021)	
Intergovernmental	42,892	
Special Assessments	<u>(11,319)</u>	98,908

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 800,614

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 10,796

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(63,806)	
Amortization of Bond Premium	17,766	
Amortization of Deferred Charge on Refunding	<u>(13,061)</u>	(59,101)

(Continued)

City of Trotwood, Ohio  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended December 31, 2018

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The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

Change in Net Position - Internal Service Funds (11,041)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.

(91,833)

Change in Net Position of Governmental Activities

(\$372,294)

See accompanying notes to the basic financial statements.



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City of Trotwood, Ohio  
Statement of Net Position  
Proprietary Funds  
December 31, 2018

	Business-Type Activities				Other Enterprise Fund
	Enterprise Funds				
	Water	Sewer	Refuse	Stormwater	
<b>Current Assets:</b>					
Equity in Pooled Cash and Investments	\$2,467,560	\$1,635,979	\$259,024	\$2,246,543	\$36,232
<b>Receivables (Net):</b>					
Accounts	477,999	372,469	295,488	163,380	0
Intergovernmental	0	0	0	0	10,000
Special Assessments	58,163	41,462	545,662	232,946	0
Prepaid Items	2,806	2,731	0	4,395	0
<b>Total Current Assets</b>	<b>3,006,528</b>	<b>2,052,641</b>	<b>1,100,174</b>	<b>2,647,264</b>	<b>46,232</b>
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Nondepreciable Capital Assets	0	12,026	0	0	38,488
Depreciable Capital Assets, Net	2,573,019	670,721	0	14,294,532	778,681
<b>Total Noncurrent Assets</b>	<b>2,573,019</b>	<b>682,747</b>	<b>0</b>	<b>14,294,532</b>	<b>817,169</b>
<b>Total Assets</b>	<b>5,579,547</b>	<b>2,735,388</b>	<b>1,100,174</b>	<b>16,941,796</b>	<b>863,401</b>
<b>Deferred Outflows of Resources:</b>					
Pension	43,310	42,092	0	67,309	0
OPEB	10,679	10,378	0	16,596	0
<b>Total Deferred Outflows of Resources</b>	<b>53,989</b>	<b>52,470</b>	<b>0</b>	<b>83,905</b>	<b>0</b>
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts Payable	413,753	294,643	104,445	6,015	2,263
Accrued Wages and Benefits	2,189	663	0	8,929	0
Compensated Absences	9,373	9,010	0	16,142	0
Accrued Interest Payable	1,636	1,253	0	0	375
Long-Term Liabilities Due Within One Year	89,570	71,811	0	0	40,000
<b>Total Current Liabilities</b>	<b>516,521</b>	<b>377,380</b>	<b>104,445</b>	<b>31,086</b>	<b>42,638</b>
<b>Long-Term Liabilities:</b>					
Compensated Absences	5,945	6,181	0	11,045	0
Bonds, Notes & Loans Payable	989,795	344,160	0	0	330,000
Net Pension Liability	160,069	155,568	0	248,769	0
Net OPEB Liability	107,735	104,706	0	167,436	0
<b>Total Noncurrent Liabilities</b>	<b>1,263,544</b>	<b>610,615</b>	<b>0</b>	<b>427,250</b>	<b>330,000</b>
<b>Total Liabilities</b>	<b>1,780,065</b>	<b>987,995</b>	<b>104,445</b>	<b>458,336</b>	<b>372,638</b>
<b>Deferred Inflows of Resources:</b>					
Pension	40,329	39,195	0	62,677	0
OPEB	8,026	7,800	0	12,472	0
<b>Total Deferred Inflows of Resources</b>	<b>48,355</b>	<b>46,995</b>	<b>0</b>	<b>75,149</b>	<b>0</b>
<b>Net Position:</b>					
Net Investment in Capital Assets	1,493,654	266,776	0	14,294,532	447,169
Unrestricted	2,311,462	1,486,092	995,729	2,197,684	43,594
<b>Total Net Position</b>	<b>\$3,805,116</b>	<b>\$1,752,868</b>	<b>\$995,729</b>	<b>\$16,492,216</b>	<b>\$490,763</b>

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities Internal Service Fund
\$6,645,338	\$10,920
1,309,336	0
10,000	0
878,233	0
9,932	0
8,852,839	10,920
50,514	0
18,316,953	0
18,367,467	0
27,220,306	10,920
152,711	0
37,653	0
190,364	0
821,119	0
11,781	0
34,525	0
3,264	0
201,381	0
1,072,070	0
23,171	0
1,663,955	0
564,406	0
379,877	0
2,631,409	0
3,703,479	0
142,201	0
28,298	0
170,499	0
16,502,131	0
7,034,561	10,920
\$23,536,692	\$10,920

City of Trotwood, Ohio  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2018

	Business-Type Activities				Other Enterprise Fund
	Enterprise Funds				
	Water	Sewer	Refuse	Stormwater	
Operating Revenues:					
Charges for Services	\$1,793,664	\$1,334,653	\$1,363,950	\$706,534	\$0
Other Revenues	10,289	4,313	55	7,773	0
Total Operating Revenues	1,803,953	1,338,966	1,364,005	714,307	0
Operating Expenses:					
Personal Services	235,800	226,657	0	344,681	0
Contractual Services	1,307,897	988,582	1,316,121	147,372	46,943
Supplies and Materials	42,925	27,981	0	97,185	0
Depreciation	58,570	24,142	0	461,676	25,914
Other Expense	22,662	0	0	0	0
Total Operating Expenses	1,667,854	1,267,362	1,316,121	1,050,914	72,857
Operating Income (Loss)	136,099	71,604	47,884	(336,607)	(72,857)
Non-Operating Revenues (Expenses):					
Interest (Expense)	(19,297)	(9,695)	0	0	40
(Loss) on Disposal of Capital Assets	0	(15,491)	0	0	0
Total Non-Operating Revenues (Expenses)	(19,297)	(25,186)	0	0	40
Income (Loss) Before Contributions and Transfers	116,802	46,418	47,884	(336,607)	(72,817)
Capital Grants and Contributions	579,172	0	0	0	239,938
Transfers In	0	0	0	0	76,000
Change in Net Position	695,974	46,418	47,884	(336,607)	243,121
Net Position - Beginning of Year, Restated	3,109,142	1,706,450	947,845	16,828,823	247,642
Net Position - End of Year	\$3,805,116	\$1,752,868	\$995,729	\$16,492,216	\$490,763

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities Internal Service Fund
\$5,198,801	\$0
22,430	16,152
5,221,231	16,152
807,138	0
3,806,915	27,193
168,091	0
570,302	0
22,662	0
5,375,108	27,193
(153,877)	(11,041)
(28,952)	0
(15,491)	0
(44,443)	0
(198,320)	(11,041)
819,110	0
76,000	0
696,790	(11,041)
22,839,902	21,961
\$23,536,692	\$10,920

City of Trotwood, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2018

	Business-Type Activities				
	Enterprise Funds				Other
	Water	Sewer	Refuse	Stormwater	Enterprise Fund
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$1,817,808	\$1,326,645	\$1,356,601	\$732,049	\$0
Cash Payments to Employees	(204,842)	(200,016)	0	(323,683)	0
Cash Payments to Suppliers	(1,127,090)	(858,568)	(1,314,244)	(271,511)	(101,439)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>485,876</b>	<b>268,061</b>	<b>42,357</b>	<b>136,855</b>	<b>(101,439)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Payments from Other Funds	0	0	0	0	76,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76,000</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Payments for Capital Acquisitions	(414,465)	(138,100)	0	(308,178)	(103,148)
Debt Principal Payments	(56,709)	(39,600)	0	0	(40,000)
Debt Interest Payments	(19,473)	(9,853)	0	0	0
Proceeds on the Issuance of Capital Lease	91,833	91,833	0	0	0
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(398,814)</b>	<b>(95,720)</b>	<b>0</b>	<b>(308,178)</b>	<b>(143,148)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>87,062</b>	<b>172,341</b>	<b>42,357</b>	<b>(171,323)</b>	<b>(168,587)</b>
Cash and Cash Equivalents - Beginning of Year	2,380,498	1,463,638	216,667	2,417,866	204,819
Cash and Cash Equivalents - End of Year	2,467,560	1,635,979	259,024	2,246,543	36,232
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	136,099	71,604	47,884	(336,607)	(72,857)
<b>Adjustments:</b>					
Depreciation	58,570	24,142	0	461,676	25,914
<b>Changes in Assets &amp; Liabilities:</b>					
(Increase) Decrease in Receivables	13,855	(12,321)	(7,404)	17,742	0
(Increase) Decrease in Prepaid Items	806	829	0	2,119	0
(Increase) Decrease in Deferred Outflows of Resources	28,318	28,615	0	62,847	0
Increase (Decrease) in Payables	245,588	157,166	1,877	(29,073)	(54,496)
Increase (Decrease) in Accrued Liabilities	1,022	(594)	0	6,541	0
Increase (Decrease) in Deferred Inflows of Resources	38,197	36,985	0	56,994	0
Increase (Decrease) in Net Pension Liability	(48,173)	(49,634)	0	(123,404)	0
Increase (Decrease) in Net OPEB Liability	11,594	11,269	0	18,020	0
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$485,876</b>	<b>\$268,061</b>	<b>\$42,357</b>	<b>\$136,855</b>	<b>(\$101,439)</b>
<b>Schedule of Noncash Capital Activities:</b>					
During the fiscal year, these amounts were received representing noncash contributions of:					
Capital Assets	\$579,172	\$0	\$0	\$0	\$229,938

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities Internal Service Fund
\$5,233,103	\$16,152
(728,541)	0
(3,672,852)	(27,193)
831,710	(11,041)
76,000	0
76,000	0
(963,891)	0
(136,309)	0
(29,326)	0
183,666	0
(945,860)	0
(38,150)	(11,041)
6,683,488	21,961
6,645,338	10,920
(153,877)	(11,041)
570,302	0
11,872	0
3,754	0
119,780	0
321,062	0
6,969	0
132,176	0
(221,211)	0
40,883	0
\$831,710	(\$11,041)
\$809,110	\$0

City of Trotwood, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Fund  
December 31, 2018

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$44,075</u>
Total Assets	<u>44,075</u>
Liabilities:	
Undistributed Monies	<u>44,075</u>
Total Liabilities	<u>\$44,075</u>

See accompanying notes to the basic financial statements.



**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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**Note 1 – Description of the City and Reporting Entity**

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The City of Trotwood is a political subdivision incorporated in 1901 under the laws and constitution of the State of Ohio. The City is a suburb of Dayton located in Montgomery County in the southwestern portion of the state. Trotwood is located approximately 70 miles west of Columbus and sixty miles north of Cincinnati. Interstates 70 and 75 intersect approximately five miles northeast of the City.

**Reporting Entity**

The City is a home rule municipal corporation under Article XVIII of the Ohio Constitution utilizing the council-manager form of government. Governing direction is provided by the city charter first adopted in 1964 and subsequently amended. Overall policy direction is the responsibility of the City Council, which is composed of the Mayor and six Councilpersons, four elected from geographic districts and two at-large. The City provides many services for the benefit of its citizens including police protection, fire protection, emergency medical service, street maintenance and repair, parks maintenance, recreation programs, water distribution, sewage collection and refuse collection. On January 1, 1996, the City merged with Madison Township more than tripling its population and land area. The resulting community is the fourth most populous city in Montgomery County and is surpassed in land area only by the City of Dayton.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City participates in three jointly governed organizations: The Miami Valley Regional Planning Commission, the Miami Valley Fire/EMS Alliance and the Economic Development/Government Equity Program are discussed in the Jointly Governed Organization footnote.

**Note 2 – Summary of Significant Accounting Policies**

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

**Measurement Focus**

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Position.

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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Fund Financial Statements

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

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

**Basis of Presentation**

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. Eliminations have been made to minimize double counting of internal activities, but the interfund services provided and used are not eliminated in the process of consolidation. 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 function is self-financing or draws from the general revenues of the City.

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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Fund Financial Statements

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

**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. The City has 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, and liabilities and deferred inflows is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio.

Street Construction Maintenance and Repair – To account for the portion of the state gasoline taxes and motor vehicle registration fees designated for upkeep and maintenance of streets within the City, as well as property taxes likewise designated.

Fire Levy Fund – This special revenue fund accounts for property taxes levied for the provision of fire protection and prevention services within the City.

The other governmental funds of the City account for grants and other resources that are generally restricted to use for a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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Water Fund – To account for the provision of water services including maintenance of City-owned water lines. The City’s water distribution system does not serve the entire City; Montgomery County provides water service to that portion of the City formerly known as Madison Township.

Sewer Fund – To account for the provision of sewer services including maintenance of City-owned sewer lines.

Refuse Fund – To account for the provision of refuse and recycling collection services for all residents in the City.

Stormwater Fund – To account for the provision of stormwater services.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City’s internal service fund reports on City vehicle repair services.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds and private-purpose trust funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City’s own programs. The City currently has no private purpose trust funds and one agency fund. The Fire Loss (Insurance Escrow) agency fund is used to account for receipts and disbursements on monies related to fire insurance escrow.

**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 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.

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, revenue in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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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), fines and forfeitures, charges for services, interest, grants and fees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding, OPEB and pension. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, income taxes, OPEB, pension, grants and other taxes, special assessments and revenue in lieu of taxes. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance year 2019 operations. Revenue in lieu of taxes are deferred and recognized as inflows of resources in the period the amounts become available. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and other taxes have been recorded as deferred inflows on the governmental fund financial statements. Special assessments have been recorded as deferred inflows on the governmental funds balance sheet. Deferred outflows of resources related to pension and OPEB are reported on the government-wide statement of net position, see Notes 10 and 11.

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.

**Equity in Pooled Cash and Investments**

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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Investments are reported at fair value, which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost. For investments in open-end mutual funds, fair value is determined by the fund's share price.

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 their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio, which is the price the investment could be sold for on December 31, 2018. 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.

For purposes of the statement of cash flows and for presentation on the statement of net position and balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

Interest revenues during 2018 amounted to \$262,228.

**Prepaid Items**

Payments made for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Capital Assets**

The City of Trotwood applied the transition provisions for General Infrastructure Assets (streets, curbs, sidewalks, and culverts). The City reports current year additions and deletions for General Infrastructure Assets. The City has elected not to use the modified approach for reporting General Infrastructure 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 proprietary funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. The City's infrastructure consists of culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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do not add to the value of the asset or materially extend an asset's life are not. The City uses a \$5,000 capitalization threshold.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-50 years
Equipment	3-20 years
Infrastructure	20-75 years

**Compensated Absences**

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements a liability is recorded only for the portion of unpaid compensated absences that have matured. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**Accrued Liabilities and Long-Term Obligations**

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

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

**Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net 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.

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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**Fund Balance**

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

Nonspendable Resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted Spendable resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed Spendable resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, City Council. This is done by ordinance by City Council.

Assigned Resources that are intended to be used for specific purposes as approved through the City's formal purchasing procedure by the Finance Director, as established by the council approved purchasing policy.

Unassigned Residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenditures for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

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

**Net Position**

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the City's \$6,544,788 in restricted net position, none was restricted by enabling legislation.

**Operating Revenues and Expenses**

The City, in its proprietary fund, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the



**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**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 financial statements.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The internal services provided and used are not eliminated through the process of consolidation.

**Estimates**

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

**Note 3 – Equity in Pooled Cash and Investments**

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Cash resources of several individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the City into three categories:

Active Monies Those monies required to be kept in a "cash" or "near cash" status for immediate use by the City. Such monies must by law be maintained either as cash in the City treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances, which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

**Deposits**

Custodial credit risk for deposits 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. As of December 31, 2018, \$2,406,266 of the City's bank balance of \$1,005,089 was exposed to custodial credit risk because it was uninsured and collateralized.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

As of December 31, 2018, the City had \$12,376,029 invested in STAR Ohio. Investments in STAR Ohio were rated AAAM by Standard and Poor’s and is reported at its share price (Net Asset value per share).

**Note 4 – Receivables**

Receivables at year end consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments and accounts receivable.

With the exception of certain special assessment receivables, no allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant. The City’s evaluation of the collectability of special assessments receivables indicated that the recent downturn in the economy requires allowances for doubtful accounts as follows:

	As of December 31, 2018						
	Street Construction		Other				
	General Fund	Maintenance and Repair	Governmental Funds	Water Fund	Sewer Fund	Refuse Fund	Stormwater Fund
Special Assessments Receivable	\$3,179,897	\$523	\$10,543	\$117,806	\$78,968	\$1,090,870	\$497,166
Allowance for Doubtful Accounts	(2,797,786)	(340)	(3,181)	(59,643)	(37,506)	(545,208)	(264,220)
Special Assessments Receivable, Net	\$382,111	\$183	\$7,362	\$58,163	\$41,462	\$545,662	\$232,946

**Property Taxes**

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

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

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

The assessed values of real and public utility personal property upon which current year property tax receipts were based are as follows:

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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	<u>Amount</u>
Real Property	\$225,521,430
Public Utility	<u>14,410,810</u>
Total	<u><u>\$239,932,240</u></u>

Real property taxes are payable annually or semi-annually. The first payment is due January 20 with the remainder payable by June 20. The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies, which are measurable as of yearend for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at year end, nor were they levied to finance current year operations. The receivable is therefore offset by deferred inflows.

**Income Taxes**

The City levies a 2.25% income tax on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned outside the City with a credit up to 2.25% allowed for income taxes paid to other municipalities. Additional increases in the income tax rate require voter approval.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

**Note 5 – Risk Management**

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The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Since October 2003, the City has been a member in the Public Entities Pool of Ohio (PEP), established as a risk sharing self-insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance program for its members. PEP is a corporation governed by a seven member board of directors, consisting of representatives elected by over 500 participating governments.

The City pays an annual premium to the PEP. The agreement provides that the PEP will be self-sustaining through member premiums and excess insurance. The types of coverages and deductibles per occurrences as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Legal Liability for Third Party Claims	\$2,000,000	\$10,000
Automobile Liability	2,000,000	5,000
Law Enforcement Operations	2,000,000	25,000
Wrongful Acts (Public Officials)	2,000,000	10,000
Real and Personal Property	16,185,121	5,000
Vehicles	3,232,353	1,000
Miscellaneous Property	1,417,091	5,000
Data Processing	298,365	5,000

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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The Pool retains general, automobile, police professional and public official's liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$2,000,000 in aggregate per year.

Automobile physical damage risks are retained by the Pool up to \$25,000 for each accident and location. Reinsurance coverage is provided at different levels depending on the type of vehicle.

All property risks, which include physical damage coverage on specialized-use vehicles (fire trucks and emergency vehicles), are fully reinsured. Property risks up to \$25,000 are reinsured on an individual member basis.

There has been no material change in this coverage from the prior year. Settled claims have not exceeded this coverage in any of the past three years.

**Note 6 – Capital Assets**

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Capital asset activity for the current year end was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$26,763,209	\$0	\$21,710	\$26,741,499
Construction in Progress	47,734	0	47,734	0
<b><i>Capital Assets, being depreciated:</i></b>				
Buildings and Improvements	9,352,232	0	489,300	8,862,932
Equipment	9,645,267	738,480	835,850	9,547,897
Infrastructure	47,607,950	242,609	9,200	47,841,359
Totals at Historical Cost	<u>93,416,392</u>	<u>981,089</u>	<u>1,403,794</u>	<u>92,993,687</u>
Less Accumulated Depreciation:				
Buildings and Improvements	4,898,976	189,508	442,522	4,645,962
Equipment	7,567,265	437,098	823,215	7,181,148
Infrastructure	29,729,034	893,570	9,200	30,613,404
Total Accumulated Depreciation	<u>42,195,275</u>	<u>1,520,176</u>	<u>1,274,937</u>	<u>42,440,514</u>
Governmental Activities Capital Assets, Net	<u>\$51,221,117</u>	<u>(\$539,087)</u>	<u>\$128,857</u>	<u>\$50,553,173</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$110,961
Public Safety	406,685
Leisure Time	34,644
Community Development	1,162
Transportation	966,724
Total Depreciation Expense	<u>\$1,520,176</u>

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

	Beginning Balance	Additions	Deletion	Ending Balance
<b>Business-Type Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$12,026	\$38,488	\$0	\$50,514
Construction In Progress	554,672	0	554,672	0
Total Capital Assets, not being depreciated	566,698	38,488	554,672	50,514
<b>Capital Assets, being depreciated:</b>				
Buildings and Improvements	0	804,595	0	804,595
Equipment	418,473	275,200	122,495	571,178
Infrastructure	41,035,693	1,209,390	0	42,245,083
Totals at Historical Cost	42,020,864	2,327,673	677,167	43,671,370
Less Accumulated Depreciation:				
Building and Improvements	0	25,914	0	25,914
Equipment	393,184	13,779	107,004	299,959
Infrastructure	24,447,421	530,609	0	24,978,030
Total Accumulated Depreciation	24,840,605	570,302	107,004	25,303,903
Business-Type Activities Capital Assets, Net	\$17,180,259	\$1,757,371	\$570,163	\$18,367,467

Deprecia. on expense was charged to business-type activities as follows:

Water	\$58,570
Sewer	24,142
Stormwater	461,676
Community Center	25,914
Total Depreciation Expense	\$570,302

**Note 7 – Compensated Absences**

Employees earn vacation leave ranging from 5 to 25 days per year based on length of service, except for firefighters who earn vacation leave on a pro-rated basis utilizing a 2,912-hour work year. The maximum accrual, which can be carried forward in a year, is 160 hours or one year's accumulation, whichever is greater. The City is liable for all accrued vacation upon separation or retirement.

Sick leave is accrued at the rate of 1-1/4 days for each month of service completed; firefighters accrue sick leave at the rate of 1-3/4 days per month. Accumulated sick leave in excess of 600 hours may be converted to vacation time on a 3-to-1 basis with a maximum of 10 days in any calendar year or to pay on a 3-to-1 basis with a maximum of 10 days in any calendar year. Upon retirement from active service with the City, employees with 10 to 20 years of service may convert one-third of unused sick leave (maximum 125 days) to pay; employees retiring with over 20 years of active service may convert one-half unused sick leave (maximum 130 days).

Five personal days are granted to each full-time employee of the City. Personal days must be taken within the calendar year and may not be carried forward. Additional personal time may be earned by employees who do not use any sick leave.

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

**Note 8 – Long-Term Debt**

A schedule of changes in bonds and other long-term obligations of the City during the current year as follows:

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
<u>Bonds</u>					
2003 Various Purpose, 5.11%	\$879,166	\$0	(\$91,800)	\$787,366	\$98,600
2007 Various Purpose, 4.21%	100,000	0	(50,000)	50,000	50,000
2016 Various Purpose Refunding, 2.92%	3,300,000	0	(180,000)	3,120,000	185,000
2016 Various Purpose Improvements, 2.92%	1,661,000	0	(88,000)	1,573,000	92,400
2010 Various Purpose, 3.00-4.25%	6,477,301	0	(238,800)	6,238,501	248,750
Premium on 2010 Various Purpose	315,347	0	(17,766)	297,581	0
2012 OAQDA Tax Exempt Energy, 2.02%	391,836	0	(118,027)	273,809	0
2012 OAQDA Energy Conservation, 4.28%	883,361	0	0	883,361	0
2017 Various Purpose Capital Improvement, 2.43%	255,000	0	(25,000)	230,000	0
Total Bonds	14,263,011	0	(809,393)	13,453,618	674,750
Capital Leases	8,987	91,833	(8,987)	91,833	30,611
Total Long-Term Debt	14,271,998	91,833	(818,380)	13,545,451	705,361
Net Pension Liability:					
OPERS	2,618,811	0	(721,132)	1,897,679	0
OPF	10,977,345	0	(1,467,119)	9,510,226	0
Total Net Pension Liability	13,596,156	0	(2,188,251)	11,407,905	0
Net OPEB Liability:					
OPERS	1,139,786	137,460	0	1,277,246	0
OPF	8,226,684	552,793	0	8,779,477	0
Total Net OPEB Liability	9,366,470	690,253	0	10,056,723	0
Compensated Absences	556,565	311,613	(239,845)	628,333	297,368
Total Governmental Activities Long-Term Liabilities	\$37,791,189	\$1,093,699	(\$3,246,476)	\$35,638,412	\$1,002,729

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**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Business-Type Activities</b>					
<u>Bonds</u>					
2003 Various Purpose Water, 5.11%	\$162,917	\$0	(\$21,600)	\$141,317	\$23,200
2003 Various Purpose Sewer, 5.11%	162,917	0	(21,600)	141,317	23,200
2010 Various Purpose Water, 3.00-4.25%	82,699	0	(1,200)	81,499	1,250
2016 Various Purpose Improvements, 2.92%	229,000	0	(12,000)	217,000	12,600
2017 Various Purpose Capital Improvement, 2.43%	410,000	0	(40,000)	370,000	40,000
Total Bonds Payable	1,047,533	0	(96,400)	951,133	100,250
<u>OPWC Loans</u>					
2007 Salem Bend Sewer Sanitary Relief Project, 0%	200,821	0	(18,000)	182,821	18,000
2012 Phase 4b Olde Town Watermain Improvements, 0%	294,377	0	(11,322)	283,055	11,322
2012 Phase 1b Olde Town Watermain Improvements, 0%	275,248	0	(10,587)	264,661	10,587
Total OPWC Loans	770,446	0	(39,909)	730,537	39,909
Capital Leases	0	183,666	0	183,666	61,222
Total Long-Term Debt	1,817,979	183,666	(136,309)	1,865,336	201,381
Net Pension Liability:					
OPERS	785,617	0	(221,211)	564,406	0
Total Net Pension Liability	785,617	0	(221,211)	564,406	0
Net OPEB Liability:					
OPERS	338,994	40,883	0	379,877	0
Total Net OPEB Liability	338,994	40,883	0	379,877	0
Compensated Absences	49,637	32,068	(24,009)	57,696	34,525
Total Business-Type Activities Long-Term Liabilities	\$2,992,227	\$256,617	(\$381,529)	\$2,867,315	\$235,906

Principal payments for the 2003 Various Purpose Bonds are paid from the General, the Street Maintenance and Repair, the Debt Retirement, the Industrial Park, the Water and the Sewer Fund. Principal payments for the 2007 Various Purposes Bonds are paid from the General and the Industrial Park Fund. The 2010 Various Purpose Bonds are paid from the Industrial Park, the Salem Mall Tax Increment and the Water Fund. The 2017 Various Purpose Capital Improvement Bonds will be paid from the Debt Retirement and Community and Cultural Arts Center Fund. Compensated absences will be paid from the fund from which the person is paid, which is historically the General, Special Revenue or an Enterprise Fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

In August 2003, the City issued \$3,790,000 in Various Purpose General Obligation Bonds with an interest rate of 5.11%. A portion of the bond proceeds were used to advance refund \$585,000 of outstanding 1992 Government Center renovation general obligation bonds with an interest rate of 6.70% and \$615,000 of outstanding 1994 Oakview Estates street improvement special assessment bonds with an interest rate of 6.35%.

On September 9, 2010, the City refinanced \$8,155,000 in short term bond anticipation notes into \$8,000,000 in long term various purpose bonds with an interest rate between 3.00-4.25%. The bonds were issued with a premium of \$444,147 and bond issuance costs of \$240,650 and will be amortized over 25 years.



**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

On April 10, 2012, the City issued \$948,363 in Ohio Air Quality Development Authority Tax Exempt Energy Bonds at an interest rate of 2.02% throughout the life of the bonds. The bonds will mature on December 1, 2021. Principal payments will be made out of the General Fund.

On June 8, 2012, the City issued \$883,361 in Ohio Air Quality Development Authority Energy

Conservation Bonds at an interest rate of 4.28% throughout the life of the bonds. The bonds will mature on December 1, 2027. Principal payments will be made out of the General Fund.

In 2012, the City issued two OPWC loans to finance the Olde Towne Waterman improvements. The City received a total of \$657,260 (during 2012 and 2013) in loan proceeds to fund these projects.

On February 17, 2016, the City issued \$2,065,000 in Various Purpose Improvement Bonds at an interest rate of 2.92% throughout the life of the Bonds. The Bonds will mature on December 1, 2032. Principal payments will be made out of the Water Fund and Salem Mall Tax Increment Fund.

On May 26, 2017, the City issued \$665,000 in Various Purpose Capital Improvement at an interest rate of 2.43% throughout the life of the Bonds. The Bonds will mature on December 1, 2026. Principal payments will be made out of the Debt Retirement and Community and Cultural Arts Center Fund.

Principal and interest requirements to retire the City's long-term obligations outstanding at year end are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities			
	General		General		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$674,750	\$503,709	\$100,250	\$35,915	\$39,909	\$0
2020	805,424	491,704	96,388	32,692	40,908	0
2021	913,604	467,113	99,013	29,329	41,909	0
2022	888,001	432,356	99,738	25,768	46,908	0
2023	892,330	396,806	101,525	22,055	46,909	0
2024-2028	4,190,549	1,462,636	335,598	52,049	185,363	0
2029-2033	3,798,375	652,585	101,625	12,072	109,543	0
2034-2038	993,004	61,917	16,996	784	109,542	0
2039-2043	0	0	0	0	109,546	0
Total	<u>\$13,156,037</u>	<u>\$4,468,826</u>	<u>\$951,133</u>	<u>\$210,664</u>	<u>\$730,537</u>	<u>\$0</u>

**Note 9 – Capital Leases**

The City has entered into capital leases for three John Deere loaders. The City's lease obligations meet the criteria of a capital asset and has been recorded on the government-wide statements. The leased assets have been capitalized for the amount of the present value of the minimum lease payments at the inception of the lease. The following is a schedule of the future long-term minimum lease payments required under the capital lease, and the present value of the minimum lease payments is as follows:

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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Fiscal Year Ending December 31,	Long-Term Debt
2019	\$99,107
2020	99,107
2021	99,105
Total Minimum Lease Payments	297,319
Less: Amount Representing Interest	(21,820)
Present Value of Minimum Lease Payments	<u>\$275,499</u>

Capital assets acquired under the capital leases are as follows, \$275,499 in equipment.

**Note 10 - Defined Benefit Pension Plans**

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***Net Pension Liability/Net Other Postemployment Benefits (OPEB) Liability***

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting [www.opers.org/financial/reports.shtml](http://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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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<u>Group A</u> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<u>Group B</u> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<u>Group C</u> Members not in other Groups and members hired on or after January 7, 2013
<u>State and Local</u>	<u>State and Local</u>	<u>State and Local</u>
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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
<u>Public Safety</u>	<u>Public Safety</u>	<u>Public Safety</u>
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Law Enforcement</u>	<u>Law Enforcement</u>	<u>Law Enforcement</u>
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

When a traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2018**

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

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

\*\*\*\* These pension and employer health care rates are for the traditional and combined plan. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2018, The City's contractually required contribution was \$295,901 for the traditional plan. Of this amount \$24,228 is reported as accrued wages and benefits.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OPF CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

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, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member’s base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

	<u>Police</u>	<u>Firefighters</u>
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	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$743,980 for 2018. Of this amount \$62,216 is reported as accrued wages and benefits.

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

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

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the:			
Net Pension Liability	\$2,462,084	\$9,510,227	\$11,972,311
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01569400%	0.15495400%	0.17064800%
Prior Measurement Date	<u>0.01499200%</u>	<u>0.17331100%</u>	<u>0.18830300%</u>
Change in Proportionate Share	<u>0.00070200%</u>	<u>-0.01835700%</u>	<u>-0.01765500%</u>
Pension Expense	\$462,855	\$731,195	\$1,194,050

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

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$2,514	\$144,324	\$146,838
Changes in assumptions	294,236	414,411	708,647
Changes in employer proportionate share of net pension liability	73,511	0	73,511
Contributions subsequent to the measurement date	<u>295,901</u>	<u>743,980</u>	<u>1,039,881</u>
Total Deferred Outflows of Resources	<u>\$666,162</u>	<u>\$1,302,715</u>	<u>\$1,968,877</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$48,520	\$17,202	\$65,722
Changes in employer proportionate share of net pension liability	43,226	1,839,606	1,882,832
Net difference between projected and actual earnings on pension plan investments	<u>528,577</u>	<u>328,981</u>	<u>857,558</u>
Total Deferred Inflows of Resources	<u>\$620,323</u>	<u>\$2,185,789</u>	<u>\$2,806,112</u>

\$1,039,881 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS	OPF	Total
2019	\$217,348	(\$168,957)	\$48,391
2020	(17,453)	(255,450)	(272,903)
2021	(232,757)	(596,195)	(828,952)
2022	(217,200)	(508,088)	(725,288)
2023	0	(83,392)	(83,392)
Thereafter	0	(14,972)	(14,972)
Total	<u>(\$250,062)</u>	<u>(\$1,627,054)</u>	<u>(\$1,877,116)</u>

**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 periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

OPERS Traditional Plan

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
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



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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 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 percent for 2017.

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

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined 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 was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability:			
OPERS	\$4,372,035	\$2,462,084	\$869,761

**Changes between Measurement Date and Report Date** In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

**Actuarial Assumptions – OPF**

OPF's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 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	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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For the January 1, 2017, valuation, 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%

For the January 1, 2017, valuation, 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%

For the January 1, 2016 valuation, rates of death were 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.

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

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

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

Note: Assumptions are geometric

\* levered 2x

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

**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability:			
OPF	\$13,183,668	\$9,510,227	\$6,514,199

**Changes between Measurement Date and Report Date** There have been no OPF pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation studies as of the pension plan for the measurement date.

**Note 11 - Defined Benefit Other Postemployment Benefits Plans**

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***Net Other Postemployment Benefits (OPEB) Liability***

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

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” was effective. 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.

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

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - The Ohio Public Employees Retirement System (OPERS) 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.

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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.

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 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OPF) 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. OPF provides health care benefits including coverage for

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medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OPF 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 OPF 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, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF website at [www.op-f.org](http://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 OPF 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.

OPF 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 OPF 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, OPF 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 OPF 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 OPF was \$17,823 for 2018.

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***OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPF'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 expenses:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$1,657,124	\$8,779,476	\$10,436,600
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.01526000%	0.15495400%	0.17021400%
Prior Measurement Date	<u>0.01464090%</u>	<u>0.17331100%</u>	<u>0.18795190%</u>
Change in Proportionate Share	<u>0.00061910%</u>	<u>-0.01835700%</u>	<u>-0.01773790%</u>
OPEB Expense	\$160,468	\$575,199	\$735,667

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

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$1,291	\$0	\$1,291
Changes in assumptions	120,656	856,691	977,347
Changes in employer proportionate share of net OPEB liability	42,305	0	42,305
Contributions subsequent to the measurement date	<u>0</u>	<u>17,823</u>	<u>17,823</u>
Total Deferred Outflows of Resources	<u>\$164,252</u>	<u>\$874,514</u>	<u>\$1,038,766</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$0	\$44,280	\$44,280
Net difference between projected and actual earnings on OPEB plan investments	123,445	57,790	181,235
Changes in employer proportionate share of net OPEB liability	<u>0</u>	<u>760,222</u>	<u>760,222</u>
Total Deferred Inflows of Resources	<u>\$123,445</u>	<u>\$862,292</u>	<u>\$985,737</u>

\$17,823 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:



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Year Ending December 31:	OPERS	OPF	Total
2019	\$47,668	(\$6,817)	\$40,851
2020	47,668	(6,818)	40,850
2021	(23,668)	(6,818)	(30,486)
2022	(30,861)	(6,818)	(37,679)
2023	0	7,630	7,630
Thereafter	0	14,040	14,040
<b>Total</b>	<b>\$40,807</b>	<b>(\$5,601)</b>	<b>\$35,206</b>

**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of

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2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

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

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

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

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the

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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 <u>(2.85%)</u>	Discount Rate <u>(3.85%)</u>	1% Increase <u>(4.85%)</u>
City's proportionate share of the net OPEB liability:			
OPERS	\$2,201,560	\$1,657,124	\$1,216,680

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability			
OPERS	\$1,585,514	\$1,657,124	\$1,731,094

***Changes between Measurement Date and Report Date*** In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of impact to the City's net OPEB liability is not known.

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***Actuarial Assumptions – OPF***

OPF'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 OPF'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
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

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

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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 OPF's target asset allocation as of December 31, 2017, are summarized below:

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

Note: Assumptions are geometric

\* levered 2x

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

**Discount Rate** The total 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, OPF’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 OPF	\$10,974,452	\$8,779,476	\$7,090,540

**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%

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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.

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability			
OPF	\$6,820,055	\$8,779,476	\$11,420,113

***Changes between Measurement Date and Report Date*** In March 2018, the OPF Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's Net OPEB Liability is not known.

**Note 12 – Jointly Governed Organizations**

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**Miami Valley Regional Planning Commission**

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreation facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed approximately \$11,250 to this organization in 2018.

**Miami Valley Fire/EMS Alliance**

The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters, which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS services by volunteers, two representatives appointed by the members who are provided Fire/EMS services by a combination of full-time employees and volunteers and a representative appointed by members who are provided Fire/EMS services by full-time employees. Payments to the Alliance are made from the Fire Levy Fund. The City contributed approximately \$5,800 to this organization in 2018.

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**Economic Development/Government Equity Program**

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced and that County economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships and cities within Montgomery County and the County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County. The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those in communities experiencing less economic growth. In 2011, the City agreed to be a member for an additional 10 years, ending December 31, 2021. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the General Fund. The City did not contribute any money to this organization in 2018.

**Note 13 – Interfund Transactions**

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Interfund transactions at year end, consisted of the following individual transfers in and transfers out:

Fund	Transfers	
	In	Out
General	\$0	\$458,000
Other Governmental:		
Debt Retirement	82,000	40,000
Salem Mall Tax Increment	240,000	0
General Capital Improvement	100,000	0
Other Enterprise:		
Community and Cultural Arts Center	76,000	0
Total All Funds	<u>\$498,000</u>	<u>\$498,000</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

The transfer out of the Debt Retirement to the Community and Cultural Arts Center fund for \$40,000 was to make the debt service payment for the John Wolfe Water Park that is included in the 2017 Various Purpose Capital Improvement bonds.



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**Note 14 – Fund Balances**

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

Fund Balances	General	Street Construction Maintenance and Repair	Fire Levy	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$61,180	\$6,838	\$25,598	\$19,085	\$112,701
<b>Total Nonspendable</b>	<b>61,180</b>	<b>6,838</b>	<b>25,598</b>	<b>19,085</b>	<b>112,701</b>
Restricted for:					
Street Construction	0	1,513,564	0	0	1,513,564
Fire Levy	0	0	767,312	0	767,312
Rescue Levy	0	0	0	800,378	800,378
State Highway	0	0	0	62,462	62,462
Motor Vehicle License Tax	0	0	0	181,292	181,292
Permissive Use Tax	0	0	0	10,383	10,383
Drug Law Enforcement	0	0	0	1,598	1,598
Curbs/Gutters/Sidewalks Assessment	0	0	0	33,027	33,027
Grants	0	0	0	302,589	302,589
Local Law Enforcement Block	0	0	0	75	75
Park Acquisition and Development	0	0	0	2,801	2,801
Salem Mall Tax Increment	0	0	0	51,107	51,107
Enforcement and Education	0	0	0	13,455	13,455
Law Enforcement Trust	0	0	0	5,153	5,153
Redlight Enforcement	0	0	0	308,882	308,882
Government Equity Program	0	0	0	219	219
Police Levy	0	0	0	2,039	2,039
Debt Service	0	0	0	5,907	5,907
Fire Facility Improvements	0	0	0	5,162	5,162
Fire Capital Levy	0	0	0	117,151	117,151
General Capital Improvement	0	0	0	120,437	120,437
Industrial Park	0	0	0	322,099	322,099
<b>Total Restricted</b>	<b>0</b>	<b>1,513,564</b>	<b>767,312</b>	<b>2,346,216</b>	<b>4,627,092</b>
Assigned to:					
Purchases on Order	73,603	0	0	0	73,603
<b>Total Assigned</b>	<b>73,603</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,603</b>
Unassigned (Deficit)	2,326,989	0	0	0	2,326,989
<b>Total Fund Balance</b>	<b>\$2,461,772</b>	<b>\$1,520,402</b>	<b>\$792,910</b>	<b>\$2,365,301</b>	<b>\$7,140,385</b>

**City of Trotwood, Ohio**  
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Purchases on order (assigned, encumbrances) will be used for functions of the general government, safety of residences, recreational activities, economic development projects, and purchases of capital items for the City.

**Note 15 – Other Commitments**

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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	Amount
General	\$136,139
Street Construction Maintenance and Repair	454,913
Fire Levy	6,885
Water	119,879
Sewer	114,896
Stormwater	136,860
Nonmajor Funds	732,244
Total	\$1,701,816

**Note 16 – Tax Abatements**

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As of December 31, 2018, the City provides tax abatements through the Community Reinvestment Area (CRA):

The Ohio Community Reinvestment Area program (established by Ordinance 66-98) with is an economic development tool administered by the City that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Under Ohio Revised Code section 3765 to 3735.70, city, village or county can petition the Ohio Department of Development to confirm that investment in a particular geographical area. Once the Department has confirmed the investment in the area, the community may offer real estate tax exemptions to taxpayers who are willing to invest in the area. Up to 12 years may be exempt for commercial and industrial remodeling and up to 15 years may be exempt for new construction. State law requires reimbursement agreements with school districts for tax revenue losses for CRA in place after 1994. It is the City’s policy to have reimbursement agreements with school districts for any CRA prior to 1994. Payments in lieu of taxes paid by the property owner directly to the school districts as required by the agreement are not reduced from the total amount of taxes abated.

Tax Abatement Programs	City's Share of Taxes Abated
Community Reinvestment Area: Salem Avenue	\$619

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**Note 17 – Implementation of New Accounting Principles and Restatement of Net Position**

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

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (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 affected the City's postemployment benefit plan disclosures, as presented in the notes to the basic financial statements, and added required supplementary information which can be found following these notes to the basic financial statements.

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 governmental activities and business-type activities at January 1, 2018 have been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position as previously reported	\$35,425,301	\$23,173,639
Adjustments:		
Net OPEB Liability	(9,366,470)	(338,994)
Deferred Outflow		
Payments Subsequent to Measurement Date	34,479	5,257
Restated Net Position December 31, 2017	<u><u>\$26,093,310</u></u>	<u><u>\$22,839,902</u></u>

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	Enterprise Funds		
	Water	Sewer	Stormwater
Net position as previously reported	\$3,203,792	\$1,798,438	\$16,975,922
Adjustments:			
Net OPEB Liability	(96,141)	(93,437)	(149,416)
Deferred Outflow			
Payments Subsequent to Measurement Date	1,491	1,449	2,317
Restated Net Position December 31, 2017	<u>\$3,109,142</u>	<u>\$1,706,450</u>	<u>\$16,828,823</u>

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. The restatement has no effect on fund balances.

***REQUIRED SUPPLEMENTARY INFORMATION***

City of Trotwood, Ohio  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share  
 of the Net Pension Liability  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.01569400%	0.01499200%	0.01568900%	0.01771000%	0.01771000%
City's Proportionate Share of the Net Pension Liability	\$2,462,084	\$3,404,428	\$2,717,533	\$2,136,024	\$2,087,778
City's Covered Payroll	\$2,073,962	\$1,938,008	\$2,278,058	\$2,171,292	\$2,145,988
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.71%	175.67%	119.29%	98.38%	97.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

Note:

Amounts presented as of the City's measurement date which is the prior fiscal year end.  
 See accompanying notes to the required supplementary information.

City of Trotwood, Ohio  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share  
 of the Net Pension Liability  
 Ohio Police and Fire Pension Fund  
 Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability - 0619P	0.08444500%	0.09133500%	0.10685100%	0.10778140%	0.10778140%
Liability - 0619F	0.07050900%	0.08197600%	0.09023300%	0.09284040%	0.09284040%
City's Proportionate Share of the Net Pension Liability	\$9,510,227	\$10,977,345	\$12,678,552	\$10,393,046	\$9,770,911
City's Covered Payroll	\$3,798,937	\$4,154,226	\$4,608,955	\$4,027,313	\$4,303,890
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	250.34%	264.25%	275.09%	258.06%	227.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	72.20%	73.00%

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

Note:

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

See accompanying notes to the required supplementary information.

City of Trotwood, Ohio  
 Required Supplementary Information  
 Schedule of City Contributions  
 for Net Pension Liability  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$295,901	\$269,615	\$232,561	\$273,367	\$260,555
Contributions in Relation to the Contractually Required Contribution	<u>(295,901)</u>	<u>(269,615)</u>	<u>(232,561)</u>	<u>(273,367)</u>	<u>(260,555)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$2,113,579	\$2,073,962	\$1,938,008	\$2,278,058	\$2,171,292
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	12.00%

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

Note:

See accompanying notes to the required supplementary information.



City of Trotwood, Ohio  
 Required Supplementary Information  
 Schedule of City Contributions  
 for Net Pension Liability  
 Ohio Police and Fire Pension Fund  
 Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$743,980	\$721,798	\$789,303	\$925,939	\$839,589
Contributions in Relation to the Contractually Required Contribution	<u>(743,980)</u>	<u>(721,798)</u>	<u>(789,303)</u>	<u>(925,939)</u>	<u>(839,589)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,915,684	\$3,798,937	\$4,154,226	\$4,608,955	\$4,027,313
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	20.09%	20.85%

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

Note:

See accompanying notes to the required supplementary information.

City of Trotwood, Ohio  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share  
 of the Net Postemployment Benefits Other Than Pension (OPEB) Liability  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Two Fiscal Years (1)

	2018	2017
City's Proportion of the Net OPEB Liability	0.01526000%	0.01464090%
City's Proportionate Share of the Net OPEB Liability	\$1,657,124	\$1,478,781
City's Covered Payroll	\$2,073,962	\$1,938,008
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	79.90%	76.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note:

Amounts presented as of the City's measurement date which is the prior fiscal year end. See accompanying notes to the required supplementary information.

City of Trotwood, Ohio  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share  
 of the Net Postemployment Benefits Other Than Pension (OPEB) Liability  
 Ohio Police and Fire Pension Fund  
 Last Two Fiscal Years (1)

	2018	2017
City's Proportion of the Net OPEB Liability - 0619P	0.08444500%	0.09133500%
City's Proportion of the Net OPEB Liability - 0619F	0.07050900%	0.08197600%
City's Proportionate Share of the Net OPEB Liability	\$8,779,476	\$8,226,683
City's Covered Payroll	\$3,798,937	\$4,154,226
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	231.10%	198.03%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note:

Amounts presented as of the City's measurement date which is the prior fiscal year end. See accompanying notes to the required supplementary information.

City of Trotwood, Ohio  
 Required Supplementary Information  
 Schedule of City Contributions to  
 Postemployment Benefits Other Than Pension (OPEB)  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Three Fiscal Years (1)

	2018	2017	2016
Contractually Required Contribution to OPEB	\$0	\$22,932	\$38,760
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>0</u>	<u>(22,932)</u>	<u>(38,760)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$2,113,579	\$2,073,962	\$1,938,008
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	1.11%	2.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

Note:

See accompanying notes to the required supplementary information.

City of Trotwood, Ohio  
 Required Supplementary Information  
 Schedule of City Contributions to  
 Postemployment Benefits Other Than Pension (OPEB)  
 Ohio Police and Fire Pension Fund  
 Last Three Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution to OPEB	\$17,823	\$16,804	\$18,884
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>(17,823)</u>	<u>(16,804)</u>	<u>(18,884)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,915,684	\$3,798,937	\$4,154,226
Contributions to OPEB as a Percentage of Covered Payroll	0.46%	0.44%	0.45%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

Note:

See accompanying notes to the required supplementary information.

City of Trotwood, Ohio  
Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Property and Other Local Taxes	\$1,323,136	\$1,324,282	\$1,371,243	\$46,961
Income Taxes	5,147,695	5,152,153	5,334,856	182,703
Charges for Services	390,388	390,726	404,582	13,856
Investment Earnings	253,028	253,247	262,228	8,981
Intergovernmental	515,880	516,326	534,636	18,310
Special Assessments	57,043	57,092	59,117	2,025
Fines, Licenses & Permits	295,573	295,828	306,319	10,491
Other Revenues	241,813	242,023	250,605	8,582
<b>Total Revenues</b>	<b>8,224,556</b>	<b>8,231,677</b>	<b>8,523,586</b>	<b>291,909</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<u>General Government</u>				
Mayor and Council	315,888	312,325	304,524	7,801
City Manager	252,460	249,612	243,377	6,235
Finance	414,343	409,670	399,437	10,233
Utility Billing	212,393	209,997	204,752	5,245
Income Tax	445,930	440,900	429,887	11,013
Law Director	217,131	214,681	209,319	5,362
Public Works Administration	20,038	19,812	19,317	495
Building and Grounds	281,571	278,395	271,441	6,954
Fleet Maintenance	14,178	14,018	13,668	350
Personnel	61,090	60,401	58,892	1,509
Strategic Initiatives	15,612	15,436	15,050	386
Non-Departmental	479,797	474,385	462,536	11,849
<b>Total General Government</b>	<b>2,730,431</b>	<b>2,699,632</b>	<b>2,632,200</b>	<b>67,432</b>
<u>Public Safety</u>				
Police Administration	431,478	426,611	415,955	10,656
Police Patrol	2,534,419	2,505,832	2,443,241	62,591
Criminal Investigation	570,788	564,349	550,253	14,096
Police Communications	448,782	443,720	432,637	11,083
<b>Total Public Safety</b>	<b>3,985,467</b>	<b>3,940,512</b>	<b>3,842,086</b>	<b>98,426</b>
<u>Leisure Time Activities</u>				
Parks Maintenance	84,505	83,552	81,465	2,087
Cemeteries	30,971	30,622	29,857	765
Recreation Programs	103,252	102,087	99,537	2,550
<b>Total Leisure Time Activities</b>	<b>218,728</b>	<b>216,261</b>	<b>210,859</b>	<b>5,402</b>
<u>Community Development</u>				
Planning and Zoning	144,348	142,720	139,155	3,565
Code Enforcement and Inspection	118,221	116,888	113,968	2,920
Mowing and Weed Removal	106,914	105,708	103,068	2,640
<b>Total Community Development</b>	<b>369,483</b>	<b>365,316</b>	<b>356,191</b>	<b>9,125</b>

Continued

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Transportation &amp; Street Repair</u>				
Utility Billing	226,730	224,172	218,573	5,599
Total Transportation & Street Repair	226,730	224,172	218,573	5,599
Debt Service:				
Principal Retirement	122,432	121,051	118,027	3,024
Interest and Fiscal Charges	47,429	46,894	45,723	1,171
Total Expenditures	7,700,700	7,613,838	7,423,659	190,179
Excess of Revenues Over (Under) Expenditures	523,856	617,839	1,099,927	482,088
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	7,044	7,050	7,300	250
Transfers (Out)	(475,092)	(469,733)	(458,000)	11,733
Total Other Financing Sources (Uses)	(468,048)	(462,683)	(450,700)	11,983
Net Change in Fund Balance	55,808	155,156	649,227	494,071
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,524,836	1,524,836	1,524,836	0
Fund Balance End of Year	\$1,580,644	\$1,679,992	\$2,174,063	\$494,071

See accompanying notes to the required supplementary information.

City of Trotwood, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2018

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property and Other Local Taxes	\$2,040,202	\$2,040,202	\$2,165,343	\$125,141
Charges for Services	316	316	335	19
Intergovernmental	282,031	282,031	299,330	17,299
Other Revenues	45,216	45,216	47,989	2,773
<b>Total Revenues</b>	<b>2,367,765</b>	<b>2,367,765</b>	<b>2,512,997</b>	<b>145,232</b>
Expenditures:				
Current:				
Public Safety	2,415,644	2,415,644	2,307,962	107,682
<b>Total Expenditures</b>	<b>2,415,644</b>	<b>2,415,644</b>	<b>2,307,962</b>	<b>107,682</b>
Excess of Revenues Over (Under) Expenditures	(47,879)	(47,879)	205,035	252,914
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	3,870	3,870	4,107	237
<b>Total Other Financing Sources (Uses)</b>	<b>3,870</b>	<b>3,870</b>	<b>4,107</b>	<b>237</b>
Net Change in Fund Balance	(44,009)	(44,009)	209,142	253,151
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	619,933	619,933	619,933	0
<b>Fund Balance End of Year</b>	<b>\$575,924</b>	<b>\$575,924</b>	<b>\$829,075</b>	<b>\$253,151</b>

See accompanying notes to the required supplementary information.



City of Trotwood, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2018

	Street Construction Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property and Other Local Taxes	\$346,980	\$346,980	\$359,016	\$12,036
Intergovernmental	912,411	912,411	944,062	31,651
Other Revenues	15,542	15,542	16,081	539
<b>Total Revenues</b>	<b>1,274,933</b>	<b>1,274,933</b>	<b>1,319,159</b>	<b>44,226</b>
Expenditures:				
Current:				
Transportation & Street Repair	2,136,263	2,136,263	1,849,952	286,311
Debt Service:				
Principal Retirement	24,943	24,943	21,600	3,343
Interest and Fiscal Charges	11,377	11,377	9,852	1,525
<b>Total Expenditures</b>	<b>2,172,583</b>	<b>2,172,583</b>	<b>1,881,404</b>	<b>291,179</b>
Excess of Revenues Over (Under) Expenditures	(897,650)	(897,650)	(562,245)	335,405
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(897,650)	(897,650)	(562,245)	335,405
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,810,153	1,810,153	1,810,153	0
<b>Fund Balance End of Year</b>	<b>\$912,503</b>	<b>\$912,503</b>	<b>\$1,247,908</b>	<b>\$335,405</b>

See accompanying notes to the required supplementary information.

**City of Trotwood, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended December 31, 2018**

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**Note 1 – Budgetary Process**

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The City's funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the program or budget center level for the General fund and the function level for all other budgeted funds.

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

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

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general, fire levy, and street construction maintenance and repair funds 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 GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general, fire levy, and street construction maintenance and repair funds.

**City of Trotwood, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended December 31, 2018**

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**Net Change in Fund Balance**

	General	Fire Levy	Street Construction, Maintenance and Repair
GAAP Basis	\$661,584	\$232,694	(\$326,459)
Revenue Accruals	(51,658)	0	(10,005)
Expenditure Accruals	135,879	(17,058)	320,965
Issuance of Capital Lease	0	0	(91,833)
Encumbrances	(96,578)	(6,494)	(454,913)
Budget Basis	<u>\$649,227</u>	<u>\$209,142</u>	<u>(\$562,245)</u>

**Note 2 – Net Pension Liability**

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**Ohio Public Employees Retirement System (Traditional Plan)**

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

**Ohio Police and Fire Pension Fund**

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date.

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

**City of Trotwood, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended December 31, 2018**

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**Note 3 – Net Other Post Employment Benefits (OPEB) Liability**

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**Ohio Public Employees Retirement System**

Changes in benefit terms: There were no changes in benefit terms for 2018.

Changes in assumptions: The single discount rate changed from 4.23% to 3.85% for 2018.

Changes between Measurement Date and Report Date: In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5% to 6.0%. This change will be effective for the 2018 valuation. The exact amount of impact to the City's net OPEB liability is not known.

**Ohio Police and Fire Pension Fund**

Changes in benefit terms: There were no changes in benefit terms for 2018.

Changes in assumptions: The single discount rate changed from 3.79% to 3.24% for 2018.

Changes between Measurement Date and Report Date: In March 2018, the OPF Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's Net OPEB Liability is not known.

***COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES***

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

### **Debt Service Fund**

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

### **Capital Projects Funds**

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

City of Trotwood, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$2,167,883	\$5,907	\$620,916	\$2,794,706
<b>Receivables (Net):</b>				
Taxes	651,510	143,071	1,093,492	1,888,073
Accounts	91,615	0	0	91,615
Intergovernmental	212,707	9,133	36,249	258,089
Special Assessments	7,362	0	0	7,362
Prepaid Items	19,085	0	0	19,085
<b>Total Assets</b>	<b>3,150,162</b>	<b>158,111</b>	<b>1,750,657</b>	<b>5,058,930</b>
<b>Liabilities:</b>				
Accounts Payable	20,106	0	2,159	22,265
Accrued Wages and Benefits	54,562	0	0	54,562
Compensated Absences	616	0	0	616
Contracts Payable	556,875	0	0	556,875
<b>Total Liabilities</b>	<b>632,159</b>	<b>0</b>	<b>2,159</b>	<b>634,318</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	569,412	143,071	569,412	1,281,895
Grants and Other Taxes	200,592	9,133	36,249	245,974
Special Assessments	7,362	0	0	7,362
Revenue in Lieu of Taxes	0	0	524,080	524,080
<b>Total Deferred Inflows of Resources</b>	<b>777,366</b>	<b>152,204</b>	<b>1,129,741</b>	<b>2,059,311</b>
<b>Fund Balances:</b>				
Nonspendable	19,085	0	0	19,085
Restricted	1,721,552	5,907	618,757	2,346,216
<b>Total Fund Balances</b>	<b>1,740,637</b>	<b>5,907</b>	<b>618,757</b>	<b>2,365,301</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$3,150,162</b>	<b>\$158,111</b>	<b>\$1,750,657</b>	<b>\$5,058,930</b>

City of Trotwood, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property and Other Taxes	\$564,668	\$100,537	\$400,021	\$1,065,226
Charges for Services	1,026,987	0	0	1,026,987
Intergovernmental	1,604,340	18,325	72,737	1,695,402
Special Assessments	5,649	0	0	5,649
Fines, Licenses & Permits	513,609	0	0	513,609
Revenue in Lieu of Taxes	0	0	556,859	556,859
Other Revenues	33,444	0	3,908	37,352
<b>Total Revenues</b>	<b>3,748,697</b>	<b>118,862</b>	<b>1,033,525</b>	<b>4,901,084</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	4,343	0	0	4,343
Public Safety	2,331,910	0	108,933	2,440,843
Community Development	127,835	0	0	127,835
Transportation and Street Repair	903,370	0	0	903,370
Capital Outlay	579,172	0	287,284	866,456
<b>Debt Service:</b>				
Principal	0	145,000	507,000	652,000
Interest and Other Charges	0	18,462	494,012	512,474
<b>Total Expenditures</b>	<b>3,946,630</b>	<b>163,462</b>	<b>1,397,229</b>	<b>5,507,321</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(197,933)</b>	<b>(44,600)</b>	<b>(363,704)</b>	<b>(606,237)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	4,107	0	0	4,107
Transfers In	0	82,000	340,000	422,000
Transfers (Out)	0	(40,000)	0	(40,000)
<b>Total Other Financing Sources (Uses)</b>	<b>4,107</b>	<b>42,000</b>	<b>340,000</b>	<b>386,107</b>
<b>Net Change in Fund Balance</b>	<b>(193,826)</b>	<b>(2,600)</b>	<b>(23,704)</b>	<b>(220,130)</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,934,463</b>	<b>8,507</b>	<b>642,461</b>	<b>2,585,431</b>
<b>Fund Balance - End of Year</b>	<b>\$1,740,637</b>	<b>\$5,907</b>	<b>\$618,757</b>	<b>\$2,365,301</b>



## **NONMAJOR SPECIAL REVENUE FUNDS**

### **Fund Descriptions**

**State Highway** - To account for the remaining 7.5% of the City's share of state gasoline taxes and motor vehicle license fees. State law requires that such monies be spent on state highways construction and improvements.

**Motor Vehicle License Tax** - To account for the \$5 license tax levied by the City. This money is used for street construction, maintenance and repair.

**Permissive Use Tax** - To account for the funding allocated by the County to the City for specific projects qualified by the County. State law requires that such funding be spent on street construction, maintenance and repair of the specified projects.

**Drug Law Enforcement** - To account for monies designated to be used for drug law enforcement.

**Curbs/Gutters/Sidewalks Assessment** - To account for monies designated to be used for curb, gutter and sidewalk assessments.

**Grants** - To account for revenues received from federal, state and local grants such as Community Development Block Grants, State Issue II grants and grants from Montgomery County.

**Local Law Enforcement Block** - To account for grant payments from the Federal Local Law Enforcement Block Grant program required to be used for specified law enforcement purposes.

**Enforcement and Education** - To account for monies received from fines for operating a motor vehicle under the influence of alcohol or other mind altering substances. State law requires that these proceeds be used to enforce such laws or to educate the public about such laws.

**Law Enforcement Trust** - To account for the fines generated in the prosecution of those in possession of contraband and the proceeds gained from the sale of confiscated contraband. This money may be spent for any law enforcement activity.

**Redlight Enforcement** - To account for the fines generated from any traffic light violations.

**Government Equity Program** - To account for Montgomery County shared revenues from its Government Equity formula allocation program which is to be used for economic development activities.

**Rescue Levy** - To account for property taxes levied for the provision of emergency medical services provided within the City by the Trotwood Rescue Unit.

**Police Levy** - To account for property taxes previously levied for the partial provision of police protection services within the City.

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City of Trotwood, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2018

	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment	Grants
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$58,847	\$333,427	\$310,383	\$1,598	\$33,027	\$318,848
<b>Receivables (Net):</b>						
Taxes	0	82,098	0	0	0	0
Accounts	0	0	0	0	0	0
Intergovernmental	34,550	0	0	0	0	141,908
Special Assessments	0	0	0	0	7,362	0
Prepaid Items	723	0	0	0	0	0
<b>Total Assets</b>	<b>94,120</b>	<b>415,525</b>	<b>310,383</b>	<b>1,598</b>	<b>40,389</b>	<b>460,756</b>
<b>Liabilities:</b>						
Accounts Payable	241	0	0	0	0	0
Accrued Wages and Benefits	1,260	0	0	0	0	0
Compensated Absences	616	0	0	0	0	0
Contracts Payable	0	165,000	300,000	0	0	91,875
<b>Total Liabilities</b>	<b>2,117</b>	<b>165,000</b>	<b>300,000</b>	<b>0</b>	<b>0</b>	<b>91,875</b>
<b>Deferred Inflows of Resources</b>						
Property Taxes	0	0	0	0	0	0
Grants and Other Taxes	28,818	69,233	0	0	0	66,292
Special Assessments	0	0	0	0	7,362	0
<b>Total Deferred Inflows of Resources</b>	<b>28,818</b>	<b>69,233</b>	<b>0</b>	<b>0</b>	<b>7,362</b>	<b>66,292</b>
<b>Fund Balances:</b>						
Nonspendable	723	0	0	0	0	0
Restricted	62,462	181,292	10,383	1,598	33,027	302,589
<b>Total Fund Balances</b>	<b>63,185</b>	<b>181,292</b>	<b>10,383</b>	<b>1,598</b>	<b>33,027</b>	<b>302,589</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$94,120</b>	<b>\$415,525</b>	<b>\$310,383</b>	<b>\$1,598</b>	<b>\$40,389</b>	<b>\$460,756</b>

Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Redlight Enforcement	Government Equity Program	Rescue Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$75	\$13,537	\$5,153	\$317,816	\$219	\$772,914	\$2,039	\$2,167,883
0	0	0	0	0	569,412	0	651,510
0	0	0	0	0	91,615	0	91,615
0	0	0	0	0	36,249	0	212,707
0	0	0	0	0	0	0	7,362
0	0	0	1,929	0	16,433	0	19,085
<u>75</u>	<u>13,537</u>	<u>5,153</u>	<u>319,745</u>	<u>219</u>	<u>1,486,623</u>	<u>2,039</u>	<u>3,150,162</u>
0	82	0	78	0	19,705	0	20,106
0	0	0	8,856	0	44,446	0	54,562
0	0	0	0	0	0	0	616
0	0	0	0	0	0	0	556,875
<u>0</u>	<u>82</u>	<u>0</u>	<u>8,934</u>	<u>0</u>	<u>64,151</u>	<u>0</u>	<u>632,159</u>
0	0	0	0	0	569,412	0	569,412
0	0	0	0	0	36,249	0	200,592
0	0	0	0	0	0	0	7,362
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>605,661</u>	<u>0</u>	<u>777,366</u>
0	0	0	1,929	0	16,433	0	19,085
<u>75</u>	<u>13,455</u>	<u>5,153</u>	<u>308,882</u>	<u>219</u>	<u>800,378</u>	<u>2,039</u>	<u>1,721,552</u>
<u>75</u>	<u>13,455</u>	<u>5,153</u>	<u>310,811</u>	<u>219</u>	<u>816,811</u>	<u>2,039</u>	<u>1,740,637</u>
<u>\$75</u>	<u>\$13,537</u>	<u>\$5,153</u>	<u>\$319,745</u>	<u>\$219</u>	<u>\$1,486,623</u>	<u>\$2,039</u>	<u>\$3,150,162</u>

City of Trotwood, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended December 31, 2018

	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment	Grants
<b>Revenues:</b>						
Property and Other Taxes	\$0	\$164,647	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0	0	0
Intergovernmental	72,342	0	300,000	0	0	1,159,261
Special Assessments	0	0	0	0	5,649	0
Fines, Licenses & Permits	0	0	0	1,461	0	0
Other Revenues	4,315	0	0	0	0	1,687
<b>Total Revenues</b>	<b>76,657</b>	<b>164,647</b>	<b>300,000</b>	<b>1,461</b>	<b>5,649</b>	<b>1,160,948</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	0	0	0	0	0	4,343
Public Safety	0	0	0	3,000	0	484,925
Community Development	0	0	0	0	0	127,835
Transportation and Street Repair	130,922	356,167	324,094	0	312	91,875
Capital Outlay	0	0	0	0	0	579,172
<b>Total Expenditures</b>	<b>130,922</b>	<b>356,167</b>	<b>324,094</b>	<b>3,000</b>	<b>312</b>	<b>1,288,150</b>
<b>Excess of Revenues Over (Under) Expenditure:</b>	<b>(54,265)</b>	<b>(191,520)</b>	<b>(24,094)</b>	<b>(1,539)</b>	<b>5,337</b>	<b>(127,202)</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Capital Assets	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(54,265)</b>	<b>(191,520)</b>	<b>(24,094)</b>	<b>(1,539)</b>	<b>5,337</b>	<b>(127,202)</b>
<b>Fund Balance - Beginning of Year</b>	<b>117,450</b>	<b>372,812</b>	<b>34,477</b>	<b>3,137</b>	<b>27,690</b>	<b>429,791</b>
<b>Fund Balance - End of Year</b>	<b>\$63,185</b>	<b>\$181,292</b>	<b>\$10,383</b>	<b>\$1,598</b>	<b>\$33,027</b>	<b>\$302,589</b>

Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Redlight Enforcement	Government Equity Program	Rescue Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$400,021	\$0	\$564,668
0	0	0	0	0	1,026,987	0	1,026,987
0	0	0	0	0	72,737	0	1,604,340
0	0	0	0	0	0	0	5,649
0	937	23,995	487,216	0	0	0	513,609
0	0	0	109	0	27,333	0	33,444
0	937	23,995	487,325	0	1,527,078	0	3,748,697
0	0	0	0	0	0	0	4,343
0	495	41,987	248,007	0	1,553,496	0	2,331,910
0	0	0	0	0	0	0	127,835
0	0	0	0	0	0	0	903,370
0	0	0	0	0	0	0	579,172
0	495	41,987	248,007	0	1,553,496	0	3,946,630
0	442	(17,992)	239,318	0	(26,418)	0	(197,933)
0	0	0	0	0	4,107	0	4,107
0	0	0	0	0	4,107	0	4,107
0	442	(17,992)	239,318	0	(22,311)	0	(193,826)
75	13,013	23,145	71,493	219	839,122	2,039	1,934,463
\$75	\$13,455	\$5,153	\$310,811	\$219	\$816,811	\$2,039	\$1,740,637

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	State Highway Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$71,676	\$71,531	(\$145)
Other Revenues	4,324	4,315	(9)
<b>Total Revenues</b>	<b>76,000</b>	<b>75,846</b>	<b>(154)</b>
Expenditures:			
Current:			
Transportation & Street Repair	179,706	140,006	39,700
<b>Total Expenditures</b>	<b>179,706</b>	<b>140,006</b>	<b>39,700</b>
<b>Net Change in Fund Balance</b>	<b>(103,706)</b>	<b>(64,160)</b>	<b>39,546</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	114,345	114,345	0
<b>Fund Balance End of Year</b>	<b>\$10,639</b>	<b>\$50,185</b>	<b>\$39,546</b>



City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Motor Vehicle License Tax Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$166,000	\$164,142	(\$1,858)
Total Revenues	<u>166,000</u>	<u>164,142</u>	<u>(1,858)</u>
Expenditures:			
Current:			
Transportation & Street Repair	360,540	356,167	4,373
Total Expenditures	<u>360,540</u>	<u>356,167</u>	<u>4,373</u>
Net Change in Fund Balance	(194,540)	(192,025)	2,515
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>360,451</u>	<u>360,451</u>	<u>0</u>
Fund Balance End of Year	<u>\$165,911</u>	<u>\$168,426</u>	<u>\$2,515</u>

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Permissive Use Tax Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$300,000	\$300,000	\$0
Total Revenues	300,000	300,000	0
Expenditures:			
Current:			
Transportation & Street Repair	334,373	324,094	10,279
Total Expenditures	334,373	324,094	10,279
Net Change in Fund Balance	(34,373)	(24,094)	10,279
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	34,479	34,479	0
Fund Balance End of Year	\$106	\$10,385	\$10,279

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$400	\$1,461	\$1,061
Total Revenues	400	1,461	1,061
Expenditures:			
Current:			
Public Safety	3,000	3,000	0
Total Expenditures	3,000	3,000	0
Net Change in Fund Balance	(2,600)	(1,539)	1,061
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,137	3,137	0
Fund Balance End of Year	\$537	\$1,598	\$1,061

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Curbs/Gutters/ Sidewalks Assessment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$5,600	\$5,649	\$49
Total Revenues	5,600	5,649	49
Expenditures:			
Current:			
Transportation & Street Repair	30,000	312	29,688
Total Expenditures	30,000	312	29,688
Net Change in Fund Balance	(24,400)	5,337	29,737
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	27,691	27,691	0
Fund Balance End of Year	\$3,291	\$33,028	\$29,737

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$800,237	\$1,086,359	\$286,122
Other Revenues	1,243	1,687	444
Total Revenues	<u>801,480</u>	<u>1,088,046</u>	<u>286,566</u>
Expenditures:			
Current:			
General Government	22,989	21,218	1,771
Public Safety	538,406	496,925	41,481
Community Development	138,506	127,835	10,671
Transportation & Street Repair	81,261	75,000	6,261
Capital Outlay	<u>696,028</u>	<u>642,403</u>	<u>53,625</u>
Total Expenditures	<u>1,477,190</u>	<u>1,363,381</u>	<u>113,809</u>
Net Change in Fund Balance	(675,710)	(275,335)	400,375
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>427,078</u>	<u>427,078</u>	<u>0</u>
Fund Balance End of Year	<u><u>(\$248,632)</u></u>	<u><u>\$151,743</u></u>	<u><u>\$400,375</u></u>

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Local Law Enforcement Block Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Public Safety	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	75	75	0
Fund Balance End of Year	\$75	\$75	\$0

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$500	\$937	\$437
Total Revenues	500	937	437
Expenditures:			
Current:			
Public Safety	500	500	0
Total Expenditures	500	500	0
Net Change in Fund Balance	0	437	437
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,013	13,013	0
Fund Balance End of Year	\$13,013	\$13,450	\$437

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Law Enforcement Trust Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$39,000	\$23,995	(\$15,005)
Total Revenues	39,000	23,995	(15,005)
Expenditures:			
Current:			
Public Safety	56,200	56,096	104
Total Expenditures	56,200	56,096	104
Net Change in Fund Balance	(17,200)	(32,101)	(14,901)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	33,939	33,939	0
Fund Balance End of Year	\$16,739	\$1,838	(\$14,901)



City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Redlight Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$309,931	\$487,216	\$177,285
Other Revenues	69	109	40
Total Revenues	<u>310,000</u>	<u>487,325</u>	<u>177,325</u>
Expenditures:			
Current:			
Public Safety	<u>367,668</u>	<u>247,991</u>	<u>119,677</u>
Total Expenditures	<u>367,668</u>	<u>247,991</u>	<u>119,677</u>
Net Change in Fund Balance	(57,668)	239,334	297,002
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>72,359</u>	<u>72,359</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$14,691</u></u>	<u><u>\$311,693</u></u>	<u><u>\$297,002</u></u>

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

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	Government Equity Program Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Community Development	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	220	220	0
Fund Balance End of Year	\$220	\$220	\$0

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Final Budget	Rescue Levy Fund Actual	Variance from Final Budget
<b>Revenues:</b>			
Property and Other Local Taxes	\$430,226	\$400,021	(\$30,205)
Charges for Services	1,114,039	1,035,826	(78,213)
Intergovernmental	78,229	72,737	(5,492)
Other Revenues	29,397	27,333	(2,064)
<b>Total Revenues</b>	<b>1,651,891</b>	<b>1,535,917</b>	<b>(115,974)</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public Safety	1,752,990	1,545,086	207,904
<b>Total Expenditures</b>	<b>1,752,990</b>	<b>1,545,086</b>	<b>207,904</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(101,099)</b>	<b>(9,169)</b>	<b>91,930</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Capital Assets	4,417	4,107	(310)
<b>Total Other Financing Sources (Uses)</b>	<b>4,417</b>	<b>4,107</b>	<b>(310)</b>
<b>Net Change in Fund Balance</b>	<b>(96,682)</b>	<b>(5,062)</b>	<b>91,620</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>771,214</b>	<b>771,214</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$674,532</b>	<b>\$766,152</b>	<b>\$91,620</b>

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Police Levy Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Property and Other Local Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Public Safety	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,039	2,039	0
Fund Balance End of Year	\$2,039	\$2,039	\$0

## **NONMAJOR DEBT SERVICE FUND**

### **Fund Description**

**Debt Retirement Fund** - To account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessments levies when the government is obligated in some manner for payment. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the Debt Retirement Fund has been included in the Nonmajor Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance. The Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follow this page.

City of Trotwood, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2018

	Debt Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Property and Other Local Taxes	\$98,087	\$100,537	\$2,450
Intergovernmental	17,879	18,325	446
<b>Total Revenues</b>	<b>115,966</b>	<b>118,862</b>	<b>2,896</b>
Expenditures:			
Debt Service:			
Principal Retirement	185,180	185,000	180
Interest and Fiscal Charges	18,480	18,462	18
<b>Total Expenditures</b>	<b>203,660</b>	<b>203,462</b>	<b>198</b>
Excess of Revenues Over (Under) Expenditures	(87,694)	(84,600)	3,094
Other Financing Sources (Uses):			
Transfers In	80,002	82,000	1,998
<b>Total Other Financing Sources (Uses)</b>	<b>80,002</b>	<b>82,000</b>	<b>1,998</b>
Net Change in Fund Balance	(7,692)	(2,600)	5,092
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,505	8,505	0
<b>Fund Balance End of Year</b>	<b>\$813</b>	<b>\$5,905</b>	<b>\$5,092</b>

## **NONMAJOR CAPITAL PROJECT FUNDS**

### **Fund Descriptions**

**Park Acquisition and Development** - To account for residential subdivision fees paid in lieu of parkland dedication to be used for the acquisition and development of city parks, and for other resources designated for the same purposes.

**Industrial Park** - To account for site acquisition and infrastructure installation for an industrial park development project on Olive Road.

**Fire Facility Improvements** – To account for resources related to the Fire Facility Improvements.

**Salem Mall Tax Increment** – To account for resources related to the Salem Mall.

**Fire Capital Levy** – To account for property taxes levied for the provision to buy capital items for the fire protection and prevention services within the City.

**General Capital Improvements** – To account for resources related to general capital improvements.

City of Trotwood, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2018

	Park Acquisition and Development	Industrial Park	Fire Facility Improvements	Salem Mall Tax Increment	Fire Capital Levy
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$2,801	\$322,099	\$5,162	\$51,107	\$119,310
<b>Receivables (Net):</b>					
Taxes	0	372,251	0	151,829	569,412
Intergovernmental	0	0	0	0	36,249
<b>Total Assets</b>	<b>2,801</b>	<b>694,350</b>	<b>5,162</b>	<b>202,936</b>	<b>724,971</b>
<b>Liabilities:</b>					
Accounts Payable	0	0	0	0	2,159
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,159</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	0	0	0	0	569,412
Grants and Other Taxes	0	0	0	0	36,249
Pension	0	372,251	0	151,829	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>372,251</b>	<b>0</b>	<b>151,829</b>	<b>605,661</b>
<b>Fund Balances:</b>					
Restricted	2,801	322,099	5,162	51,107	117,151
<b>Total Fund Balances</b>	<b>2,801</b>	<b>322,099</b>	<b>5,162</b>	<b>51,107</b>	<b>117,151</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$2,801</b>	<b>\$694,350</b>	<b>\$5,162</b>	<b>\$202,936</b>	<b>\$724,971</b>



General Capital Improvement	Total Nonmajor Capital Projects Funds
\$120,437	\$620,916
0	1,093,492
<u>0</u>	<u>36,249</u>
<u>120,437</u>	<u>1,750,657</u>
<u>0</u>	<u>2,159</u>
<u>0</u>	<u>2,159</u>
0	569,412
0	36,249
<u>0</u>	<u>524,080</u>
<u>0</u>	<u>1,129,741</u>
<u>120,437</u>	<u>618,757</u>
<u>120,437</u>	<u>618,757</u>
<u>\$120,437</u>	<u>\$1,750,657</u>

City of Trotwood, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended December 31, 2018

	Park Acquisition and Development	Industrial Park	Fire Facility Improvements	Salem Mall Tax Increment	Fire Capital Levy
Revenues:					
Property and Other Taxes	\$0	\$0	\$0	\$0	\$400,021
Intergovernmental	0	0	0	0	72,737
Revenue in Lieu of Taxes	0	333,822	0	223,037	0
Other Revenues	0	0	0	0	3,908
<b>Total Revenues</b>	<b>0</b>	<b>333,822</b>	<b>0</b>	<b>223,037</b>	<b>476,666</b>
Expenditures:					
Current:					
Public Safety	0	0	0	0	108,933
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal	0	146,600	0	180,400	180,000
Interest and Other Charges	0	106,157	0	282,343	105,512
<b>Total Expenditures</b>	<b>0</b>	<b>252,757</b>	<b>0</b>	<b>462,743</b>	<b>394,445</b>
Excess of Revenues Over (Under) Expenditures	0	81,065	0	(239,706)	82,221
Other Financing Sources (Uses):					
Transfers In	0	0	0	240,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>240,000</b>	<b>0</b>
Net Change in Fund Balance	0	81,065	0	294	82,221
Fund Balance - Beginning of Year	2,801	241,034	5,162	50,813	34,930
Fund Balance - End of Year	\$2,801	\$322,099	\$5,162	\$51,107	\$117,151

General Capital Improvement	Total Nonmajor Capital Projects Funds
\$0	\$400,021
0	72,737
0	556,859
0	3,908
0	1,033,525
0	108,933
287,284	287,284
0	507,000
0	494,012
287,284	1,397,229
(287,284)	(363,704)
100,000	340,000
100,000	340,000
(187,284)	(23,704)
307,721	642,461
\$120,437	\$618,757

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Park Acquisition and Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Leisure Time Activities	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,801	2,801	0
Fund Balance End of Year	\$2,801	\$2,801	\$0

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Industrial Park Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$301,000	\$333,822	\$32,822
Total Revenues	301,000	333,822	32,822
Expenditures:			
Debt Service:			
Principal Retirement	147,098	146,600	498
Interest and Fiscal Charges	106,517	106,157	360
Total Expenditures	253,615	252,757	858
Net Change in Fund Balance	47,385	81,065	33,680
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	241,034	241,034	0
Fund Balance End of Year	\$288,419	\$322,099	\$33,680

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Fire Facility Improvements Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,162	5,162	0
Fund Balance End of Year	\$5,162	\$5,162	\$0

City of Trotwood, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2018

	Salem Mall Tax Increment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$232,653	\$223,037	(\$9,616)
Total Revenues	<u>232,653</u>	<u>223,037</u>	<u>(9,616)</u>
Expenditures:			
Debt Service:			
Principal Retirement	180,480	180,400	80
Interest and Fiscal Charges	<u>282,467</u>	<u>282,343</u>	<u>124</u>
Total Expenditures	<u>462,947</u>	<u>462,743</u>	<u>204</u>
Excess of Revenues Over (Under) Expenditures	<u>(230,294)</u>	<u>(239,706)</u>	<u>(9,412)</u>
Other Financing Sources (Uses):			
Transfers In	<u>250,347</u>	<u>240,000</u>	<u>(10,347)</u>
Total Other Financing Sources (Uses)	<u>250,347</u>	<u>240,000</u>	<u>(10,347)</u>
Net Change in Fund Balance	20,053	294	(19,759)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>50,812</u>	<u>50,812</u>	<u>0</u>
Fund Balance End of Year	<u>\$70,865</u>	<u>\$51,106</u>	<u>(\$19,759)</u>

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Fire Capital Levy Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Property and Other Local Taxes	\$380,419	\$400,021	\$19,602
Intergovernmental	69,173	72,737	3,564
Other Revenues	3,716	3,908	192
Total Revenues	<u>453,308</u>	<u>476,666</u>	<u>23,358</u>
Expenditures:			
Capital Outlay	124,248	113,659	10,589
Debt Service:			
Principal Retirement	196,770	180,000	16,770
Interest and Fiscal Charges	115,342	105,512	9,830
Total Expenditures	<u>436,360</u>	<u>399,171</u>	<u>37,189</u>
Net Change in Fund Balance	16,948	77,495	60,547
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>34,929</u>	<u>34,929</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$51,877</u></u>	<u><u>\$112,424</u></u>	<u><u>\$60,547</u></u>



City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	General Capital Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Property and Other Local Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Capital Outlay	370,661	365,298	5,363
Total Expenditures	370,661	365,298	5,363
Excess of Revenues Over (Under) Expenditures	(370,661)	(365,298)	5,363
Other Financing Sources (Uses):			
Transfers In	100,000	100,000	0
Total Other Financing Sources (Uses)	100,000	100,000	0
Net Change in Fund Balance	(270,661)	(265,298)	5,363
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	363,211	363,211	0
Fund Balance End of Year	<u>\$92,550</u>	<u>\$97,913</u>	<u>\$5,363</u>

## **NONMAJOR FUNDS**

***Fiduciary Fund:*** Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

### **Fund Description**

**Agency Fund - Fire Loss** - To account for receipts and disbursements on monies related to fire insurance.

City of Trotwood, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Fund  
For the Fiscal Year Ended December 31, 2018

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	Fire Loss			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$32,400	\$11,675	\$0	\$44,075
Total Assets	<u>32,400</u>	<u>11,675</u>	<u>0</u>	<u>44,075</u>
Liabilities:				
Undistributed Monies	32,400	11,675	0	44,075
Total Liabilities	<u>\$32,400</u>	<u>\$11,675</u>	<u>\$0</u>	<u>\$44,075</u>

***STATISTICAL SECTION***

## STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### **Contents**

**Financial Trends** - These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

**Revenue Capacity** - These schedules contain information to help the reader understand and assess the City's most significant local revenue sources, the property and income tax.

**Debt Capacity** - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**Economic and Demographic Information** - These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

**Operating Information** - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**Sources** - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Trotwood, Ohio  
 Net Position by Component  
 Last Ten Calendar Years  
 (accrual basis of accounting)  
 Schedule 1

	Calendar Year									
	2009	2010	2011	2012	2013 (1)	2014 (1)	2015 (1)	2016	2017 (2)	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$39,438,652	\$40,915,075	\$41,557,908	\$41,722,668	\$41,628,553	\$38,381,366	\$38,174,194	\$38,079,036	\$37,330,226	\$37,190,573
Restricted	2,293,955	2,465,871	2,872,633	3,079,582	3,904,525	4,580,526	4,790,869	5,935,624	6,851,431	6,544,788
Unrestricted	2,822,983	3,890,365	3,304,999	2,364,978	2,755,160	(7,440,881)	(7,070,564)	(7,373,570)	(18,088,347)	(18,014,345)
Total governmental activities net position	\$44,555,590	\$47,271,311	\$47,735,540	\$47,167,228	\$46,288,238	\$35,521,011	\$35,894,499	\$36,641,090	\$26,093,310	\$25,721,016
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$17,525,298	\$17,308,100	\$17,486,158	\$16,951,303	\$17,567,758	\$16,335,168	\$16,064,172	\$15,637,455	\$15,557,100	\$16,502,131
Unrestricted	1,887,258	3,266,183	2,701,790	2,814,752	4,776,408	4,999,800	5,343,112	6,970,667	7,282,802	7,034,561
Total business-type activities net position	\$19,412,556	\$20,574,283	\$20,187,948	\$19,766,055	\$22,344,166	\$21,334,968	\$21,407,284	\$22,608,122	\$22,839,902	\$23,536,692
<b>Total Primary Government</b>										
Net Investment in Capital Assets	\$56,963,950	\$58,223,175	\$59,044,066	\$58,673,971	\$59,196,311	\$54,716,534	\$54,238,366	\$53,716,491	\$52,887,326	\$53,692,704
Restricted	2,293,955	2,465,871	2,872,633	3,079,582	3,904,525	4,580,526	4,790,869	5,935,624	6,851,431	6,544,788
Unrestricted	4,710,241	7,156,548	6,006,789	5,179,730	7,531,568	(2,441,081)	(1,727,452)	(402,903)	(10,805,545)	(10,979,784)
Total primary government net position	\$63,968,146	\$67,845,594	\$67,923,488	\$66,933,283	\$70,632,404	\$56,855,979	\$57,301,783	\$59,249,212	\$48,933,212	\$49,257,708

(1) - Amounts reflect a prior period adjustment

(2) - Restated for GASB Statement No. 75 Implementation

Source: City Records

City of Trotwood, Ohio  
Changes in Net Position  
Last Ten Calendar Years  
(accrual basis of accounting)  
Schedule 2

	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental Activities:										
General Government	\$3,172,950	\$2,232,408	\$3,062,455	\$3,210,313	\$3,220,714	\$3,444,386	\$2,556,659	\$2,687,146	\$3,037,812	\$2,941,800
Public Safety	8,603,664	8,338,531	8,583,577	8,713,796	8,499,414	9,526,215	8,631,605	9,184,331	8,354,240	9,378,058
Community Development	600,620	885,151	1,029,674	1,352,215	1,310,140	699,877	732,670	501,769	420,596	562,504
Leisure Time Activities	362,824	364,636	383,732	463,194	377,420	401,685	274,096	246,292	264,257	243,946
Transportation & Street Repair	2,630,672	2,473,363	2,754,010	3,035,008	2,191,630	2,439,518	2,303,614	1,753,586	2,489,403	3,215,462
Interest and Fiscal Charges	629,723	603,972	679,405	677,856	650,130	597,691	582,626	624,961	557,644	552,811
Bond Issuance Cost	0	0	0	0	0	0	0	47,327	0	0
<b>Total Governmental Activities Expenses</b>	<b>16,000,433</b>	<b>14,898,061</b>	<b>16,492,853</b>	<b>17,452,382</b>	<b>16,249,448</b>	<b>17,109,372</b>	<b>15,081,270</b>	<b>15,045,412</b>	<b>15,123,952</b>	<b>16,894,581</b>
Business-Type Activities:										
Water	1,576,732	1,032,248	1,338,543	1,509,516	1,286,474	1,380,311	1,553,195	1,090,098	1,392,235	1,687,151
Sewer	986,256	771,290	982,998	927,308	968,372	1,016,239	1,157,858	792,109	1,094,038	1,292,548
Refuse	1,493,178	1,075,134	1,432,650	1,420,131	1,450,538	1,417,130	1,365,870	1,308,254	1,328,085	1,316,121
Stormwater	603,839	817,277	1,025,845	821,225	735,306	801,034	930,608	1,016,447	1,095,882	1,050,914
Other Enterprise Funds	0	0	0	0	0	0	0	0	67,358	72,817
<b>Total Business-Type Activities Expenses</b>	<b>4,660,005</b>	<b>3,695,949</b>	<b>4,780,036</b>	<b>4,678,180</b>	<b>4,440,690</b>	<b>4,614,714</b>	<b>5,007,531</b>	<b>4,206,908</b>	<b>4,977,598</b>	<b>5,419,551</b>
<b>Total Primary Government Expenses</b>	<b>\$20,660,438</b>	<b>\$18,594,010</b>	<b>\$21,272,889</b>	<b>\$22,130,562</b>	<b>\$20,690,138</b>	<b>\$21,724,086</b>	<b>\$20,088,801</b>	<b>\$19,252,320</b>	<b>\$20,101,550</b>	<b>\$22,314,132</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$688,724	\$320,538	\$586,951	\$518,244	\$510,089	\$509,235	\$464,920	\$490,693	\$561,505	\$570,056
Public Safety	1,421,970	1,313,859	1,456,169	1,841,053	1,402,282	1,822,791	1,388,996	1,172,137	1,130,222	1,559,446
Community Development	85,627	105,285	95,490	136,821	178,106	145,151	122,850	226,772	252,803	117,416
Leisure Time Activities	25,242	26,048	17,598	19,783	34,329	29,480	29,890	34,853	41,440	52,712
Transportation and Street Repair	19,219	13,620	9,183	473	0	502	359	613	5,648	5,649
Operating Grants and Contributions	2,512,349	1,385,532	1,722,345	1,431,386	1,733,156	2,337,780	1,836,233	1,600,558	1,490,009	1,947,559
Capital Grants and Contributions	1,832,990	1,444,975	1,465,441	1,769,666	416,073	11,225	59,572	181,130	0	956,799
<b>Total Governmental Activities Program Revenues</b>	<b>6,586,121</b>	<b>4,609,857</b>	<b>5,353,177</b>	<b>5,717,426</b>	<b>4,274,035</b>	<b>4,856,164</b>	<b>3,902,820</b>	<b>3,706,756</b>	<b>3,481,627</b>	<b>5,209,637</b>
Business-Type Activities:										
Charges for Services:										
Water	1,407,494	1,473,421	1,440,360	1,138,393	2,109,507	1,544,234	1,616,886	1,821,748	1,751,408	1,793,664
Sewer	962,845	1,134,721	1,034,511	842,995	1,439,045	1,146,375	1,229,674	1,337,573	1,286,679	1,334,653
Refuse	1,513,051	1,297,453	1,276,413	1,562,730	1,477,665	1,407,946	1,366,618	1,427,739	1,430,724	1,363,950
Stormwater	701,665	869,985	664,331	632,778	1,066,961	746,107	711,307	802,561	737,866	706,534
Capital Grants and Contributions	0	0	0	714,225	0	0	0	0	315,000	0
<b>Total Business-Type Activities Program Revenues</b>	<b>4,585,055</b>	<b>4,775,580</b>	<b>4,415,615</b>	<b>4,891,121</b>	<b>6,093,178</b>	<b>4,844,662</b>	<b>4,924,485</b>	<b>5,389,621</b>	<b>5,521,677</b>	<b>5,198,801</b>
<b>Total Primary Government Program Revenues</b>	<b>\$11,171,176</b>	<b>\$9,385,437</b>	<b>\$9,768,792</b>	<b>\$10,608,547</b>	<b>\$10,367,213</b>	<b>\$9,700,826</b>	<b>\$8,827,305</b>	<b>\$9,096,377</b>	<b>\$9,003,304</b>	<b>\$10,408,438</b>

City of Trotwood, Ohio  
Changes in Net Position  
Last Ten Calendar Years  
(accrual basis of accounting)  
Schedule 2 (Continued)

	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(\$9,414,312)	(\$10,288,204)	(\$11,139,676)	(\$11,734,956)	(\$11,975,413)	(\$12,253,208)	(\$11,178,450)	(\$11,338,656)	(\$11,642,325)	(\$11,684,944)
Business-Type Activities	(74,950)	1,079,631	(364,421)	212,941	1,652,488	229,948	(83,046)	1,182,713	544,079	(220,750)
<b>Total Primary Government Net Expenses</b>	<b>(\$9,489,262)</b>	<b>(\$9,208,573)</b>	<b>(\$11,504,097)</b>	<b>(\$11,522,015)</b>	<b>(\$10,322,925)</b>	<b>(\$12,023,260)</b>	<b>(\$11,261,496)</b>	<b>(\$10,155,943)</b>	<b>(\$11,098,246)</b>	<b>(\$11,905,694)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Income Taxes	\$4,785,979	\$5,298,769	\$5,040,411	\$4,911,790	\$5,666,888	\$4,672,734	\$5,020,072	\$5,110,289	\$3,973,806	\$5,372,176
Property Taxes	4,459,999	5,235,900	5,381,391	3,902,277	4,443,580	6,261,231	4,818,175	5,049,513	4,744,562	4,843,807
Grants and Entitlements not Restricted	1,328,460	1,883,135	625,816	1,194,125	856,478	666,337	668,157	616,185	625,779	624,208
Revenue in Lieu of Taxes	243,735	285,209	266,173	314,945	1,796,840	730,615	752,528	764,068	533,835	621,783
Investment Earnings	5,950	2,765	1,628	1,985	1,339	3,636	4,836	8,930	47,304	262,228
Other Revenues	578,038	305,224	265,986	432,197	853,239	550,164	287,670	536,262	501,250	483,558
Transfers-Internal Activities	20,000	(7,077)	22,500	25,000	(450,747)	0	0	0	0	(895,110)
<b>Total Governmental Activities</b>	<b>11,422,161</b>	<b>13,003,925</b>	<b>11,603,905</b>	<b>10,782,319</b>	<b>13,167,617</b>	<b>12,884,717</b>	<b>11,551,438</b>	<b>12,085,247</b>	<b>10,426,536</b>	<b>11,312,650</b>
Business-type activities:										
Investment Earnings	1,166	867	550	1,102	627	0	0	0	0	0
Other Revenues	34	3,729	36	128	4,773	5,906	10,827	18,125	21,438	22,430
Transfers-Internal Activities	(20,000)	77,500	(22,500)	(25,000)	450,747	0	0	0	0	895,110
<b>Total Business-Type Activities</b>	<b>(18,800)</b>	<b>82,096</b>	<b>(21,914)</b>	<b>(23,770)</b>	<b>456,147</b>	<b>5,906</b>	<b>10,827</b>	<b>18,125</b>	<b>21,438</b>	<b>917,540</b>
<b>Total Primary Government</b>	<b>\$11,403,361</b>	<b>\$13,086,021</b>	<b>\$11,581,991</b>	<b>\$10,758,549</b>	<b>\$13,623,764</b>	<b>\$12,890,623</b>	<b>\$11,562,265</b>	<b>\$12,103,372</b>	<b>\$10,447,974</b>	<b>\$12,230,190</b>
<b>Change in Net Position</b>										
Governmental Activities	\$2,007,849	\$2,715,721	\$464,229	(\$952,637)	\$1,192,204	\$631,509	\$372,988	\$746,591	(\$1,215,789)	(\$372,294)
Business-Type Activities	(93,750)	1,161,727	(386,335)	189,171	2,108,635	235,854	(72,219)	1,200,838	565,517	696,790
<b>Total Primary Government</b>	<b>\$1,914,099</b>	<b>\$3,877,448</b>	<b>\$77,894</b>	<b>(\$763,466)</b>	<b>\$3,300,839</b>	<b>\$867,363</b>	<b>\$300,769</b>	<b>\$1,947,429</b>	<b>(\$650,272)</b>	<b>\$324,496</b>

Source: City Records



City of Trotwood, Ohio  
Fund Balances, Governmental Funds  
Last Ten Calendar Years  
(modified accrual basis of accounting)  
Schedule 3

	Calendar Year									
	2009	2010	2011 (1)	2012	2013	2014	2015 (2)	2016	2017	2018
General Fund										
Reserved	\$170,941	\$323,338		\$678,551	\$269,342	\$164,115	\$124,804	\$50,066	\$87,440	\$61,180
Unreserved	768,523	1,860,427		183,290	435,828	594,737	642,211	1,311,897	39,055	73,603
Nonspendable			327,879							
Assigned										
Unassigned			1,372,066	861,841	705,170	758,852	767,015	1,361,963	1,673,693	2,326,989
Total General Fund	939,464	2,183,765	1,699,945	1,661,682	1,170,140	1,412,947	1,533,830	2,713,926	1,800,188	2,451,772
All Other Governmental Funds										
Reserved	2,712,223	2,492,175								
Unreserved, Reported in:										
Special Revenue Funds	(1,373,686)	(1,172,862)								
Debt Service Funds	68,819	4,656								
Capital Projects Funds	(9,758,212)	(1,739,335)								
Nonspendable			0	0	0	0	0	0	66,401	51,521
Restricted			1,538,308	1,749,174	2,312,433	2,829,704	2,933,688	3,757,422	4,926,107	4,627,092
Unassigned			(2,321,494)	(2,132,793)	(2,372,170)	(2,117,730)	(1,915,872)	0	0	0
Total all Other Governmental Funds	(\$8,350,856)	(\$415,366)	(\$783,186)	(\$383,619)	(\$59,737)	\$711,974	\$1,017,816	\$3,757,422	\$4,992,508	\$4,678,613

Source: City Records

(1) - Prior year amounts have not been restated for the implementation of GASB Statement 54. The change in the classification of fund balance amounts in 2011 are discussed in the Notes to the Financial Statements.

(2) - Restated

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City of Trotwood, Ohio  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Calendar Years  
 (modified accrual basis of accounting)  
 Schedule 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$9,296,348	\$10,236,302	\$9,470,903	\$9,221,597	\$8,661,385	\$11,132,384	\$9,727,407	\$9,866,481	\$9,968,919	\$10,148,648
Charges for Services	1,709,363	1,169,280	1,385,887	1,448,384	1,351,569	1,568,134	1,563,548	1,491,086	1,504,934	1,431,904
Investment Earnings	5,950	2,765	1,628	1,985	1,341	3,636	4,836	8,930	47,304	262,228
Intergovernmental	5,719,250	4,973,269	4,089,584	3,696,921	3,618,810	3,037,163	2,515,346	2,208,380	2,236,895	3,485,673
Special Assessments	49,752	61,125	47,361	75,378	117,304	98,072	47,241	93,048	139,768	64,766
Fines, Licenses & Permits	481,668	548,145	727,987	992,612	655,933	840,957	396,226	340,934	354,384	819,928
Revenue in Lieu of Taxes	243,735	266,986	285,046	314,945	1,796,840	730,615	752,528	764,068	533,836	621,783
Other Revenues	578,037	305,223	261,485	432,196	853,237	550,161	287,671	536,261	501,249	483,559
<b>Total Revenues</b>	<b>\$18,084,103</b>	<b>\$17,563,095</b>	<b>\$16,269,881</b>	<b>\$16,184,018</b>	<b>\$17,056,419</b>	<b>\$17,961,122</b>	<b>\$15,294,803</b>	<b>\$15,309,188</b>	<b>\$15,287,289</b>	<b>\$17,318,489</b>
<b>Expenditures</b>										
<b>Current:</b>										
General Government	\$2,985,350	\$2,146,466	\$2,939,192	\$3,043,505	\$2,869,875	\$3,082,600	\$2,473,711	\$2,324,004	\$2,642,651	\$2,668,565
Public Safety	8,233,223	8,060,103	8,156,930	8,144,645	7,952,880	9,204,008	8,261,875	7,899,774	7,549,155	8,523,819
Community Development	588,409	883,977	1,027,674	1,351,751	1,296,813	735,593	731,551	477,102	395,010	542,544
Leisure Time Activities	295,161	328,681	340,410	416,767	338,705	366,683	248,634	201,743	199,411	203,140
Transportation and Street Repair	1,062,396	1,721,843	1,797,058	1,639,448	1,370,506	1,882,417	1,587,466	1,444,097	1,408,609	2,726,864
Capital Outlay	2,505,113	3,596,228	1,341,925	2,465,112	1,295,827	73,921	323,675	23,009	389,416	968,289
Debt Service										
Principal	520,366	862,114	843,569	902,503	1,101,506	1,126,425	749,413	799,987	866,747	800,614
Interest	636,247	568,610	697,263	690,605	678,188	636,179	604,473	629,716	566,226	568,312
Bond Issuance Costs	0	240,650	0	0	0	0	0	47,327	0	0
<b>Total Expenditures</b>	<b>\$16,826,265</b>	<b>\$18,408,672</b>	<b>\$17,144,021</b>	<b>\$18,654,336</b>	<b>\$16,904,300</b>	<b>\$17,107,826</b>	<b>\$14,980,798</b>	<b>\$13,846,759</b>	<b>\$14,017,225</b>	<b>\$17,002,147</b>

City of Trotwood, Ohio  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Calendar Years  
 (modified accrual basis of accounting)  
 Schedule 4 (Continued)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess of revenues over (under) expenditures	\$1,257,838	(\$845,577)	(\$874,140)	(\$2,470,318)	\$152,119	\$853,296	\$314,005	\$1,462,429	\$1,270,064	\$316,342
Other Financing Sources (Uses)										
Proceeds From Sale of Capital Assets	\$1,346	\$74,838	\$0	\$0	\$15,092	\$525	\$0	\$9,159	\$43,247	\$91,833
Issuance of Long-Term Capital-Related Debt	0	8,000,000	0	1,831,724	0	0	0	1,815,000	360,000	0
Sale of Refunding Bonds	0	0	0	0	0	0	0	3,370,000	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0	0	0	0	(3,322,034)	0	0
Premium on Bonds Sold	0	444,147	0	0	0	0	0	0	0	0
Inception of Capital Lease	0	1,583,883	0	232,257	0	42,766	0	0	0	15,514
Transfers In	531,000	22,500	258,410	744,800	187,000	0	65,000	230,000	390,000	422,000
Transfers (Out)	(511,000)	(100,000)	(235,910)	(777,000)	(187,000)	0	(65,000)	(230,000)	(390,000)	(498,000)
Total Other Financing Sources (Uses)	21,346	10,025,368	22,500	2,031,781	15,092	43,291	0	1,872,125	403,247	31,347
Net Change in Fund Balances	\$1,279,184	\$9,179,791	(\$851,640)	(\$438,537)	\$167,211	\$896,587	\$314,005	\$3,334,554	\$1,673,311	\$347,689
Debt service as a percentage of noncapital expenditures (1)	7.7%	11.4%	9.6%	9.7%	11.0%	10.6%	9.3%	11.0%	10.4%	8.5%

Source: City Records

(1) - Noncapital expenditures is the amount for "capital assets used in governmental activities" in the "reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental funds to the statement of activities"

City of Trotwood, Ohio  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Calendar Years  
 Schedule 5

Calendar Year (1)	Tangible Personal Property		Total Assessed Value	Total Estimated Actual Value	Total Direct Rate
	Real Property	and Utilities Personal			
	Assessed Value	Assessed Value			
2009	\$327,506,030	\$10,757,430	\$338,263,460	\$975,075,555	16.65
2010	318,888,480	9,317,140	328,205,620	939,390,777	19.65
2011	313,729,310	9,477,670	323,206,980	905,847,127	19.65
2012	262,916,010	9,738,930	272,654,940	776,199,943	19.65
2013	256,295,220	10,405,180	266,700,400	758,994,451	19.65
2014	254,675,910	11,473,980	266,149,890	757,112,724	23.80
2015	227,869,200	12,386,660	240,255,860	682,866,052	23.80
2016	226,483,400	12,779,880	239,263,280	679,916,484	23.80
2017	225,170,570	13,755,120	238,925,690	678,670,135	23.80
2018	225,521,430	14,410,810	239,932,240	681,356,523	23.80

Source: County Auditor

(1) - Both Tangible Personal Property and Public Utility Personal Property are expected to further decrease over the next three years due to a change made by the State of Ohio in its tax structure. Currently the State is reimbursing the City for these lost revenues and plans to reimburse 100% of these losses through 2010 at which time the reimbursement is expected to be reduced until 2017.

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed.

City of Trotwood, Ohio  
Special Assessment Billings and Collections  
Last Ten Calendar Years  
Schedule 6

Calendar Year	Current Assessments		Current Assessment Collections		Percent of Current Assessments Collected		Delinquent Assessment Collections (2)		Total Assessment Collections		Ratio of Total Collections to Current		Outstanding Delinquent Assessments (1)		Ratio of Delinquent Assessments to Current Due	
	Due		Assessment Collections		Assessments Collected		Assessment Collections (2)		Total Assessment Collections		Ratio of Total Collections to Current		Outstanding Delinquent Assessments (1)		Ratio of Delinquent Assessments to Current Due	
2009	\$1,150,732		\$768,811		66.81%	\$114,711		\$883,522		76.78%		\$929,888		80.81%		
2010	920,708		717,180		77.89%	121,217		838,397		91.06%		1,376,386		149.49%		
2011	928,696		821,525		88.46%	0		821,525		88.46%		1,362,665		146.73%		
2012	2,092,939		411,889		19.68%	0		411,889		19.68%		1,801,083		86.06%		
2013	3,447,738		741,474		21.51%	521,171		1,262,646		36.62%		2,620,297		78.00%		
2014	3,698,172		407,314		11.01%	172,841		580,155		15.69%		3,195,736		86.41%		
2015	876,892		302,047		34.45%	165,930		467,977		53.37%		3,568,558		406.96%		
2016	1,093,871		380,678		34.80%	159,353		540,031		49.37%		4,170,891		381.30%		
2017	965,223		379,936		39.36%	189,119		569,055		58.96%		4,193,023		434.41%		
2018	471,650		310,082		65.74%	144,776		454,858		96.44%		3,869,345		820.38%		

Source: County Auditor

(1) - Includes penalties and interest assessed on delinquent accounts.

(2) - Delinquent Collections by levy year are not available. Only Delinquent Collections by collection year are available and presented.

City of Trotwood, Ohio  
 Direct and Overlapping Property Tax Rates  
 Last Ten Calendar Years  
 Schedule 7

Calendar Year	Direct Rates						Overlapping Rates					
	General Fund	Inside Bond	Fire Fund	Street Fund	Ambulance and EMS	Total Direct Rate	Trotwood-		Miami Valley		Dayton-	
							Madison City School District	Career Technology Center	Career Technology Center	Montgomery County Library	Montgomery County	
2009	6.85	0.50	6.30	1.00	2.00	16.65	60.06	2.58	2.58	1.25	20.94	
2010	6.85	0.50	8.30	2.00	2.00	19.65	60.06	2.58	2.58	1.75	20.94	
2011	6.85	0.50	8.30	2.00	2.00	19.65	60.06	2.58	2.58	1.75	20.94	
2012	6.85	0.50	8.30	2.00	2.00	19.65	60.06	2.58	2.58	1.75	20.94	
2013	6.85	0.50	8.30	2.00	2.00	19.65	60.06	2.58	2.58	3.31	20.94	
2014	6.85	0.50	12.45	2.00	2.00	23.80	61.06	2.58	2.58	3.31	20.94	
2015	6.85	0.50	12.45	2.00	2.00	23.80	61.56	2.58	2.58	3.31	21.94	
2016	6.85	0.50	12.45	2.00	2.00	23.80	62.06	2.58	2.58	3.31	22.94	
2017	6.85	0.50	12.45	2.00	2.00	23.80	62.06	2.58	2.58	3.31	22.94	
2018	6.85	0.50	12.45	2.00	2.00	23.80	62.06	4.01	4.01	3.31	22.94	

Source: County Auditor

Note: Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

City of Trotwood, Ohio  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
Schedule 8

Taxpayer	2018	
	Assessed Value	Percentage of Total Assessed Value
Dayton Power & Light Company	\$11,361,250	4.75%
Vectren Energy Delivery of Ohio	4,576,540	1.91%
Dayton Healthcare	4,220,350	1.76%
Maria Joseph Properties LLC	1,950,730	0.82%
Woodland Hills Associates	1,944,010	0.81%
Gated Properties VII LLC	1,760,820	0.74%
Shiloh Springs, LP	1,507,330	0.63%
Belle Meadow Associates LLC	1,359,750	0.57%
SOA Shiloh Springs LLC	1,330,030	0.56%
Shilo Apartments Limited	1,178,960	0.49%
All Others	208,742,470	86.96%
<b>Total Assessed Valuation</b>	<b>\$239,932,240</b>	<b>100.00%</b>

Taxpayer	2009	
	Assessed Value	Percentage of Total Assessed Value
Dayton Power & Light Company	\$7,663,810	2.27%
Dayton Healthcare	5,001,620	1.48%
Salem Square Improvement	4,337,890	1.28%
Corvus Trotwood LLC	4,136,500	1.22%
Apartments at Castlboro	2,842,400	0.84%
Lowe's Home Center, INC	1,957,620	0.58%
Belle Meadows Associates	1,904,200	0.56%
Fieldstone Limited	1,669,290	0.49%
Dayton Hudson Corp	1,555,150	0.45%
Vectren Energy Delivery	1,403,630	0.41%
All Others	305,791,350	90.42%
<b>Total Assessed Valuation</b>	<b>\$338,263,460</b>	<b>100.00%</b>

Source: County Auditor



City of Trotwood, Ohio  
Property Tax Levies and Collections  
Last Ten Calendar Years  
Schedule 9

Calendar Year	Taxes Levied for the Calendar Year (1)	Collected within the Calendar Year of the Levy		Delinquent Levied in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2009	\$4,825,545	\$4,118,788	85.35%	\$397,166	\$4,515,954	93.58%
2010	5,798,953	5,191,344	89.52%	447,938	5,639,282	97.25%
2011	5,768,525	5,168,579	89.60%	216,908	5,385,487	93.36%
2012	5,213,861	4,682,117	89.80%	434,140	5,116,257	98.13%
2013	5,108,189	4,554,602	89.16%	137,026	4,691,628	91.85%
2014	6,210,526	5,584,912	89.93%	625,614	6,210,526	100.00%
2015	5,664,786	5,109,468	90.20%	378,455	5,487,923	96.88%
2016	5,641,936	5,110,838	90.59%	451,675	5,562,513	98.59%
2017	5,634,247	5,134,796	91.14%	374,998	5,509,794	97.79%
2018	5,628,464	5,150,971	91.52%	416,056	5,567,027	98.91%

Source: County Auditor

- (1) - Taxes levied and collected are presented on a cash basis.
- (2) - State reimbursements of rollback and homestead exemptions are included.

City of Trotwood  
Income Tax Collections  
Last Ten Calendar Years  
(cash basis of accounting)  
Schedule 10

Calendar Year	Tax Rate	Withholding Collections	Non-Withholding Collections	Gross Collections	Refunds	Net Collections
2009	2.25%	\$3,849,645	\$1,058,833	\$4,908,478	\$87,154	\$4,821,324
2010	2.25%	3,982,157	1,209,641	5,191,798	65,756	5,126,042
2011	2.25%	3,691,940	1,017,084	4,709,024	78,830	4,630,194
2012	2.25%	3,902,259	1,040,093	4,942,352	63,438	4,878,914
2013	2.25%	3,696,030	1,078,265	4,774,295	53,113	4,721,182
2014	2.25%	3,714,817	1,113,293	4,828,110	59,594	4,768,516
2015	2.25%	3,713,792	1,193,983	4,907,775	49,247	4,858,528
2016	2.25%	3,757,534	1,212,991	4,970,525	77,175	4,893,350
2017	2.25%	3,744,488	1,158,832	4,903,320	71,084	4,832,236
2018	2.25%	4,076,373	1,254,708	5,331,081	107,086	5,223,995

Source: City of Dayton, Ohio; Division of Revenue and Taxation; and City of Trotwood Income Tax Division.

City of Trotwood  
Principal Income Taxpayers  
Current Year  
(Cash basis of accounting)  
Schedule 11

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Note: Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

City of Trotwood, Ohio  
Ratios of Outstanding Debt by Type  
Last Ten Calendar Years  
Schedule 12

Calendar Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds (1)	OPWC Loans	Capital Leases				
2009	\$7,490,000	\$186,602	\$0	\$14,059	\$0	\$7,690,661	0.04%	\$219	
2010	15,564,706	1,273,371	0	8,560	0	16,846,637	0.09%	467	
2011	15,026,940	949,802	0	2,983	0	15,979,725	0.08%	424	
2012	15,642,581	874,556	603,317	308,636	0	17,429,090	0.08%	438	
2013	14,915,112	482,753	575,692	912,081	0	16,885,638	0.08%	421	
2014	14,182,638	113,802	536,446	878,173	0	15,711,059	0.07%	385	
2015	13,503,133	26,128	497,030	844,264	0	14,870,555	0.07%	352	
2016	14,778,783	17,728	695,217	810,355	0	16,302,083	0.07%	379	
2017	14,265,011	8,987	1,047,533	770,446	0	16,089,977	0.07%	371	
2018	13,453,618	91,833	951,133	730,537	183,666	15,410,787	N/A	N/A	

Source: City Records

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

(1) - A portion of the General Obligation Bonds were reclassified in 2012.

N/A - information not available due to a lag in data availability

City of Trotwood, Ohio  
Ratios of General Bonded Debt Outstanding  
Last Ten Calendar Years  
Schedule 13

Calendar Year	General Bonded Debt	Less: Restricted for Debt Service (1)	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2009	\$7,490,000	\$40,802	\$7,449,198	0.76%	\$272
2010	15,564,706	57,800	15,506,906	1.65%	565
2011	15,026,940	0	15,026,940	1.66%	548
2012	16,245,898	0	16,245,898	2.09%	592
2013	15,490,804	185,561	15,305,243	2.02%	558
2014	14,719,084	47,258	14,671,826	1.94%	535
2015	14,000,163	32,955	13,967,208	2.05%	509
2016	15,474,000	32,106	15,441,894	2.27%	563
2017	15,310,544	511	15,310,033	2.26%	558
2018	14,404,751	40,106	14,364,645	2.11%	524

Source: City Records

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

(1) - Amount from Statement of Net Assets/Net Position

City of Trotwood, Ohio  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2018  
Schedule 14

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Trotwood
Dayton City School District	\$133,585,000	2.70%	\$3,606,795
Northmont City School District	51,432,807	0.44%	226,304
Trotwood-Madison City School District	23,365,000	92.24%	21,551,876
Brookville Local School District	10,815,000	0.61%	65,972
New Lebanon Local School District	1,395,000	2.15%	29,993
Miami Valley Career Center Joint Vocational School District	131,082,994	2.87%	3,762,082
Dayton Metro Library District Miscellaneous	153,425,000	3.23%	4,955,628
Subtotal Overlapping Debt	505,100,801		34,198,650
City of Trotwood - Direct Debt	13,545,451	100.00%	13,545,451
Total Direct and Overlapping Debt	\$518,646,252		\$47,744,101

Source: Ohio Municipal Advisory Council

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government.

City of Trotwood, Ohio  
 Legal Debt Margin Information  
 Last Ten Calendar Years  
 Schedule 15

Legal Debt Margin Calculation for Calendar Year 2018

Assessed Value	\$239,932,240	\$239,932,240
Statutory Legal Debt Limitation (1)	10.5%	5.5%
Total Debt Limitation	25,192,885	13,196,273
Debt Applicable to Limit:		
Gross Indebtedness	13,545,451	13,545,451
Less: Restricted for Debt Service (2)	40,106	40,106
Total Net Debt Applicable to Limit	13,505,345	13,505,345
Legal Debt Margin	\$11,687,540	(\$309,072)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Debt Limit (1)										
Debt Limit (10.5%)	\$35,517,663	\$34,461,590	\$33,936,733	\$28,628,769	\$28,003,542	\$27,945,738	\$25,226,865	\$25,122,644	\$25,087,197	\$25,192,885
Total Net Debt Applicable to Limit	12,766,842	13,292,275	12,447,785	14,169,821	13,580,102	13,083,378	12,494,976	13,524,887	14,263,491	13,505,345
Legal Debt Margin	\$22,750,821	\$21,169,315	\$21,488,948	\$14,458,948	\$14,423,440	\$14,862,360	\$12,731,889	\$11,597,757	\$10,823,706	\$11,687,540

Total Net Debt Applicable to the Limit  
 as a Percentage of Debt Limit

	35.9%	38.6%	36.7%	49.5%	48.5%	46.8%	46.8%	53.8%	56.9%	53.6%
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Calendar Year

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$18,604,490	\$18,051,309	\$17,776,384	\$14,996,022	\$14,668,522	\$14,638,244	\$13,214,072	\$13,159,480	\$13,140,913	\$13,196,273
Total Net Debt Applicable to Limit	12,766,842	13,292,275	12,447,785	14,169,821	13,580,102	13,083,378	12,494,976	13,524,887	14,263,491	13,505,345
Legal Debt Margin	\$5,837,648	\$4,759,034	\$5,328,599	\$826,201	\$1,088,420	\$1,554,866	\$719,096	(\$365,407)	(\$1,122,578)	(\$309,072)

Total Net Debt Applicable to the Limit  
 as a Percentage of Debt Limit

	68.6%	73.6%	70.0%	94.5%	92.6%	89.4%	94.6%	102.8%	108.5%	102.3%
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Source: City Records

(1) - Direct debt limitation based upon Section 133, the Uniform Bond Act of the Ohio Revised Code. Total debt limit should not exceed 10.5% of net assessed property value.  
 Total unvoted debt limit should not exceed 5.5% of net assessed property value.

(2) - Amount from Statement of Net Assets/Net Position

City of Trotwood, Ohio  
Pledged-Revenue Coverage  
Last Ten Calendar Years  
Schedule 16

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Note: The City has not had Pledged-Revenue Coverage during the last ten calendar years.

Source: City Records

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements



City of Trotwood, Ohio  
 Demographic and Economic Statistics - Montgomery County  
 Last Ten Calendar Years  
 Schedule 17

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2009	27,420	\$18,829,675	\$35,176	11.40%
2010	27,431	19,347,596	36,108	10.10%
2011	27,431	20,258,807	37,684	8.60%
2012	27,431	21,263,616	39,795	7.00%
2013	27,431	21,514,166	40,150	7.50%
2014	27,431	21,778,263	40,851	4.80%
2015	27,431	22,743,513	42,223	4.70%
2016	27,431	22,870,434	43,051	4.60%
2017	27,431	23,015,355	43,311	4.40%
2018	27,431	N/A	N/A	4.70%

Sources:

- (1) - Population estimates provided by U.S. Census Bureau (2000 Census for years 2003 - 2009 and 2010 Census for years 2010 - 2012)
- (2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts
- (3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts
- (4) - Ohio Department of Job and Family Services for Montgomery County
- N/A - Information not available due to a lag in data availability

City of Trotwood, Ohio  
 Major Employers (1)  
 Current Fiscal Year and Seven Fiscal Years Ago (2)  
 Schedule 18

2018	
Major Employers (3)	Type (4)
AES Corp./Dayton Power & Light Co.	Utility
Behr Dayton Thermal Products, LLC	Mfg
Dayton City Schools	Govt
DMAX Ltd.	Mfg
GE Capital	Fin
Green Tokai CO	Mfg
Kettering Health Network	Serv
PNC Financial Services Group	Fin
Premier Health Partners, Inc.	Serv
Reed Elsevier LexisNexis	Serv
Reynolds & Reynolds Co., Inc.	Mfg
University of Dayton	Serv
U.S. Federal Government	Govt

2011	
Major Employers (3)	Type (4)
Behr Dayton Thermal Products, LLC	Mfg
Dayton City Schools	Govt
DPL, Inc./Dayton Power & Light Co.	Util
DMAX Ltd.	Mfg
Kettering Medical Center	Health
NCR Corp.	Mfg
Premier Health Partners, Inc.	Health
Reed Elsevier LexisNexis	Pub
Reynolds & Reynolds Co., Inc.	Mfg
University of Dayton	Edu
U.S. Federal Government	Govt

Source: Ohio Department of Development

- (1) - For all of Montgomery County
- (2) - Only current fiscal year and fiscal period seven years ago information available
- (3) - In alphabetical order only
- (4) - Number of employees and percentage of population employed not available

City of Trotwood, Ohio  
 Full-Time Equivalent City Government Employees by Function/Program  
 Last Ten Calendar Years  
 Schedule 19

Function/Program	Full-Time Equivalent Employees as of December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
City Administration	3.0	3.0	3.0	3.5	3.5	3.5	2.5	2.0	2.0	3.0
City Council	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.0	0.0
Public Works Administration	3.0	3.0	3.0	3.0	3.0	2.0	1.0	1.0	1.0	1.0
Buildings and Grounds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance	8.0	8.0	8.8	8.8	8.8	9.5	10.0	9.5	9.0	9.0
Fleet Maintenance	2.1	2.1	0.0	3.0	3.0	3.0	3.0	2.0	2.0	3.0
Public Safety										
Police										
Officers	34.0	33.0	35.0	34.0	34.0	34.0	29.2	29.0	31.0	31.0
Non-Sworn	3.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	4.0	4.0
Fire	47.2	42.0	41.0	52.0	40.3	41.0	40.7	40.8	40.5	43.5
Leisure Time Activities										
Cemeteries	0.8	0.8	0.8	0.8	0.8	0.8	1.0	2.0	2.0	2.0
Parks and recreation	4.2	3.3	2.0	1.0	1.0	0.5	0.5	1.5	2.5	1.5
Community Development										
Planning and Zoning	3.0	3.0	2.5	2.0	2.0	1.5	0.8	1.5	1.5	1.5
Building Inspection/Code Enforcement	3.0	3.0	3.0	3.6	3.0	1.5	1.8	1.0	1.0	1.5
Economic Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic Utility Service										
Water	2.7	1.7	1.7	1.2	1.2	1.2	2.2	1.5	1.5	1.5
Sanitary Sewers	2.7	1.7	1.7	1.2	1.2	1.2	2.2	1.5	1.5	1.5
Refuse Collection	0.8	0.8	0.8	0.8	0.8	0.8	1.0	0.0	0.0	0.0
Transportation and Street Repair	6.9	6.5	6.5	6.5	6.5	6.5	6.7	5.5	7.0	8.0
<b>Total</b>	<b>125.4</b>	<b>116.9</b>	<b>114.8</b>	<b>126.4</b>	<b>114.1</b>	<b>112.0</b>	<b>107.6</b>	<b>103.3</b>	<b>107.5</b>	<b>112.0</b>

Source: Various City Departments

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City of Trotwood, Ohio  
 Operating Indicators by Function/Program  
 Last Ten Calendar Years  
 Schedule 20

Function/Program	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Building permits issued	43	37	37	43	37	0	0	0	0	0
Zoning permits issued	126	99	121	146	95	62	41	110	181	103
Checks issued	3,122	2,835	2,666	2,631	2,393	1,784	1,786	2,255	2,269	2,008
Ordinances adopted	29	15	13	29	95	17	22	22	32	24
Resolutions adopted	91	88	87	73	14	89	80	91	133	51
<b>Police</b>										
Calls for service	33,161	31,617	32,599	30,288	30,987	31,726	30,939	30,944	31,261	35,431
Cases assigned	854	1,255	1,371	1,316	1,205	1,062	1,044	1,114	902	1,205
Suspects charged	274	260	362	247	194	198	127	169	158	160
Percent cases closed by arrest	32%	21%	26%	19%	16%	19%	12%	15%	17.5%	13.8%
Traffic accidents	401	364	358	378	366	447	476	527	537	496
Traffic stops	4,306	3,236	3,353	2,409	2,980	3,418	2,833	2,746	4,206	2,622
<b>Fire</b>										
Calls for service	1,052	1,362	1,324	1,200	1,342	1,294	1,274	140	154	155
Average response time (minutes)	6.9	6.3	6.5	6.5	6.4	6.6	6.5	6.7	6.7	6.64
Average calls per day	2.8	3.7	3.6	3.3	3.7	3.5	3.5	0.4	0.42	0.42
Average call duration (minutes)	76.2	68.0	0.0	53.9	114.2	100.8	99.5	64.5	72.74	118.36
<b>EMS</b>										
Calls for service	3,864	4,200	4,245	4,440	4,572	5,026	5,120	5,090	5,531	5,040
Average response time (minutes)	6.2	6.6	5.9	5.2	5.9	6.0	6.3	6.8	6.32	6.78
Average calls per day	10.5	11.5	11.6	12.2	12.5	13.8	14.0	14.0	15.15	13.80
Average call duration (minutes)	58	71	0	67	72	96	92	62	70.69	47.08
<b>Fire/EMS - all other</b>										
Calls for service	0	0	0	0	0	0	0	1,343	1,178	1,284
Average response time (minutes)	0	0	0	0	0	0	0	6	5.92	6.48
Average calls per day	0	0	0	0	0	0	0	4	3.23	3.51
Average call duration (minutes)	0	0	0	0	0	0	0	29	26.81	16.56

Source: Various City Departments  
 N/A - Information not available

City of Trotwood, Ohio  
 Operating Indicators by Function/Program  
 Last Ten Calendar Years  
 Schedule 20 (Continued)

Function/Program	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Works</b>										
Street resurfacing (square yards)	0	123,200	0	93,848	25,500	25,000	27,000	29,500	57,400	76,384
Potholes repaired	8,000	9,000	9,000	9,000	9,000	9,800	11,191	11,685	15,000	21,000
Street cleaning (lane miles)	480	500	500	500	250	350	205	150	1,100	1,200
Street striping (miles)	20	10	20	20	12	35	30	30	30	25
<b>Parks and recreation</b>										
Shelter rentals	80	37	36	48	49	53	63	63	62	78
Pavilion rentals	9	2	0	2	2	0	4	3	10	4
<b>Water</b>										
Water main breaks	13	15	11	18	20	32	11	18	16	29
<b>Wastewater</b>										
Sewer main cleaning (miles)	10	12	12	11	12	15	8	20	10	7

Source: Various City Departments

N/A - Information not available

City of Trotwood, Ohio  
 Capital Asset Statistics by Function/Program  
 Last Ten Calendar Years  
 Schedule 21

Function/Program	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (lane-miles)	411	411	411	411	411	411	411	411	411	411
Streetlights	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285
Traffic signaled intersections	41	41	41	41	41	41	41	41	41	41
Parks and Recreation										
Number of Parks	7	7	7	7	7	7	7	7	7	7
Acreage	150	150	150	150	150	150	150	150	150	150
Utilities										
Water Mains (miles)	38	38	38	38	38	38	38	38	38	38
Fire Hydrants	1,096	1,096	1,096	1,096	1,225	1,235	1,235	1,235	1,235	1,235
Storm Sewers (miles)	40	40	40	40	40	40	40	40	40	40
Sanitary Sewers (miles)	32	32	32	32	32	32	32	32	32	32

Source: Various City Departments  
 N/A - Information not available

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**CITY OF TROTWOOD, OHIO**



**Yellow Book Report**

**December 31, 2018**

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

City of Trotwood  
Montgomery County  
3035 Olive Road  
Trotwood, Ohio 45426

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood, 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 December 2, 2019, wherein we noted the City adopted GASB No. 75 as disclosed in Note 17.

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

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

## Purpose of this Report

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

*Plattenburg & Associates, Inc.*

Dayton, Ohio  
December 2, 2019

OHIO AUDITOR OF STATE  
**KEITH FABER**



**CITY OF TROTWOOD**

**MONTGOMERY 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  
JANUARY 21, 2020**