CITY OF BELLBROOK
GREENE COUNTY, OHIO

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

MELISSA DODD, CITY MANAGER / FINANCE DIRECTOR

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Julian & Grube, Inc.
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Accountant's Compilation Report

To the Members of City Council
Bellbrook, Ohio

Management is responsible for the accompanying basic financial statements of the City of Bellbrook, which comprise the statements listed in the table of contents as of December 31, 2018 and for the fiscal year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on the financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 through 14 and the required supplementary information on pages 68 through 80 be presented to supplement the basic financial statements. Although this information is not a part of the basic financial statements, the Governmental Accounting Standards Board considers it essential to placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Julian & Grube, Inc.

Westerville, Ohio
May 29, 2019

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

Financial Highlights

Key financial highlights for 2018 are as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2018 by $16,968,117 (net position). Of this amount, $640,886 is restricted in use and $20,145,407 is the net investment in capital assets. The remaining unrestricted net position is a deficit of $3,818,176.

- Net position at the beginning of the year has been restated to account for the implementation of GASB Statement No. 75; see Note 2 in the notes to the basic financial statements for more detail. Total net position decreased $169,639 as a result of current year operations. Net position of governmental activities decreased $984,333 while the net position of business-type activities increased $814,694.

- The City had $5,056,314 in expenses related to governmental activities; $474,661 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of $4,581,653 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of $3,597,320.

- The general fund had revenues of $1,072,578 in 2018 and expenditures and other financing uses of $987,430. The fund balance for the general fund increased from $1,253,010 to $1,338,158.

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 14.

Governmental Funds

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

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

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

Proprietary Funds

The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its waste collection and water operations; both funds are considered major funds.

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Government-Wide Financial Analysis

The table that follows provides a summary of the City's net position for 2018 compared to 2017. Net position for 2017 has been restated as described in Note 2.

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets						
Current and other assets	$ 6,820,099	$ 6,405,111	$ 2,757,626	$ 2,557,180	$ 9,577,725	$ 8,962,291
Capital assets, net	6,900,143	7,240,165	14,321,685	13,475,878	21,221,828	20,716,043
Total assets	13,720,242	13,645,276	17,079,311	16,033,058	30,799,553	29,678,334
Deferred outflows of resources						
Pension	1,015,529	1,058,187	143,502	333,249	1,159,031	1,391,436
OPEB	411,124	11,673	33,221	4,822	444,345	16,495
Total deferred outflows of resources	1,426,653	1,069,860	176,723	338,071	1,603,376	1,407,931
Liabilities						
Current liabilities	154,512	147,867	63,856	99,444	218,368	247,311
Long-term liabilies:						
Due within one year	99,605	175,060	162,092	156,203	261,697	331,263
Net pension liability	4,653,670	5,125,046	575,162	852,363	5,228,832	5,977,409
Net OPEB liability	4,201,629	3,632,705	418,925	394,461	4,620,554	4,027,166
Other amounts	103,917	33,174	1,198,050	1,018,448	1,301,967	1,051,622
Total liabilities	9,213,333	9,113,852	2,418,085	2,520,919	11,631,418	11,634,771
Deferred inflows of resources						
Property taxes	3,059,887	2,711,500	-	-	3,059,887	2,711,500
Pension	367,175	40,286	149,702	11,952	516,877	52,238
OPEB	191,335	-	35,295	-	226,630	-
Total deferred inflows of resources	3,618,397	2,751,786	184,997	11,952	3,803,394	2,763,738
Net position						
Net investment in capital assets	6,900,143	7,240,165	13,245,264	12,338,284	20,145,407	19,578,449
Restricted	640,886	1,052,575	-	-	640,886	1,052,575
Unrestricted (deficit)	(5,225,864)	(4,993,242)	1,407,688	1,499,974	(3,818,176)	(3,493,268)
Total net position	$ 2,315,165	$ 3,299,498	$ 14,652,952	$ 13,838,258	$ 16,968,117	$ 17,137,756

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

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

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

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

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

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

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

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $6,920,530 to $3,299,498 for governmental activities and $14,227,897 to $13,838,258 for business-type activities.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, net position was $2,315,165 and $14,652,952 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 50.29% and 83.85% of total assets for the governmental activities and business-type activities, respectively. Capital assets include land, land improvements, utility structures, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The net investment in capital assets at December 31, 2018, was $6,900,143 and $13,245,264 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

A portion of the City's net position, $640,886, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was $(3,818,176), consisting of $1,407,688 in the business-type activities and $(5,225,864) in the governmental activities.

The table that follows provides a summary of the change in net position for the City's governmental activities and business-type activities for 2018 compared to 2017. The net position at December 31, 2017 has been restated as described in Note 2.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Revenues						
Program revenues:						
Charges for services	$ 128,030	$ 214,340	$ 2,333,284	$ 2,124,799	$ 2,461,314	$ 2,339,139
Operating grants and contributions	339,244	423,507	-	-	339,244	423,507
Capital grants and contributions	7,387	284,582	600,000	436,363	607,387	720,945
Total program revenues	474,661	922,429	2,933,284	2,561,162	3,407,945	3,483,591
General revenues:						
Property and other taxes	2,779,305	2,761,153	-	-	2,779,305	2,761,153
Unrestricted grants and entitlements	638,063	582,209	-	-	638,063	582,209
Investment earnings	85,049	43,764	-	-	85,049	43,764
Gain on disposal of capital assets	26,392	16,000	3,016	-	29,408	16,000
Miscellaneous	68,511	49,283	17,624	-	86,135	49,283
Total general revenues	3,597,320	3,452,409	20,640	-	3,617,960	3,452,409
Total revenues	4,071,981	4,374,838	2,953,924	2,561,162	7,025,905	6,936,000

-Continued

Change in Net Position (Continued)

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Expenses:						
General government	491,812	514,303	-	-	491,812	514,303
Public safety	3,796,592	3,221,560	-	-	3,796,592	3,221,560
Community environment	30,749	93,415	-	-	30,749	93,415
Recreation	24,965	14,714	-	-	24,965	14,714
Transportation	712,196	695,364	-	-	712,196	695,364
Waste collection	-	-	475,028	433,143	475,028	433,143
Water	-	-	1,664,202	1,693,599	1,664,202	1,693,599
Total expenses	5,056,314	4,539,356	2,139,230	2,126,742	7,195,544	6,666,098
Change in net position	(984,333)	(164,518)	814,694	434,420	(169,639)	269,902
Net position at beginning of year	3,299,498	N/A	13,838,258	N/A	17,137,756	N/A
Net position at end of year	$ 2,315,165	$ 3,299,498	$ 14,652,952	$ 13,838,258	$ 16,968,117	$ 17,137,756

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 $16,495 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 $404,164.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 program expenses under GASB 75	$ 5,056,314	$ 2,139,230
Less OPEB expense under GASB 75	(370,412)	(33,752)
Add 2018 contractually required contributions	9,604	2,392
Adjusted 2018 program expenses	4,695,506	2,107,870
Total 2017 program expenses under GASB 45	4,539,356	2,126,742
Increase (decrease) in program expenses not related to OPEB	$ 156,150	$ (18,872)

Governmental Activities

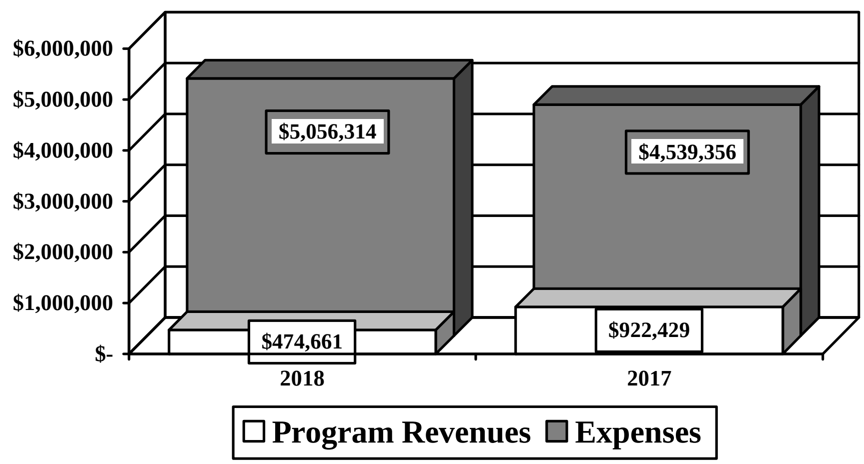
Net position for the governmental activities decreased in 2018 as revenues decreased and expenses increased. Total revenues increased $302,857 or 6.92%. The decrease in charges for services is primarily due to a decline in EMS fees. Operating grants and contributions decreased as a result of lower permissive tax collections. The City received OPWC grant funding in 2017 for road improvements which was recorded as capital grants and contributions.

General revenues totaled $3,597,320 in 2018, which amounts to 88.34% of total governmental revenues. These revenues primarily consist of taxes revenue of $2,779,305 and unrestricted grants and entitlements of $638,063.

Total expenses increased $516,958 or 11.39% compared to 2017. This is due in part to recording OPEB expense of $370,412 as required under GASB 75. The City also had an increased allocation of pension expense, most of which is reflected in public safety expenses.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the following table, the City is highly dependent upon its general revenues to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses



The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 and 2017. That is, it identifies the cost of these services supported by general revenues (such as taxes revenue and unrestricted grants and entitlements).

Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program expenses:				
General government	$ 491,812	$ 465,770	$ 514,303	$ 480,167
Public safety	3,796,592	3,707,879	3,221,560	3,052,898
Community environment	30,749	13,547	93,415	76,991
Recreation	24,965	24,965	14,714	14,714
Transportation	712,196	369,492	695,364	(7,843)
Total	$ 5,056,314	$ 4,581,653	$ 4,539,356	$ 3,616,927

The dependence upon general revenues for governmental activities is apparent, with 90.61% of expenses supported through taxes and other general revenues in 2018.

Business-type Activities

Business-type activities include the waste collection and water enterprise funds. These programs had revenues, primarily charges for services, of $2,353,924 and expenses of $2,139,230 in 2018. Expenses remained comparable to the prior year and revenues saw a slight increase. Net position increased by $814,694 or 5.89%.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds reported a combined fund balance of $3,175,444 which is $130,277 higher than last year's total of $3,042,167. The schedule that follows indicates the fund balances and the total change in fund balances as of December 31, 2018 for all major and non-major governmental funds.

	Fund Balance (Deficit) 12/31/2018	Fund Balance (Deficit) 12/31/2017	Increase (Decrease)
Major funds:			
General	$ 1,338,158	$ 1,253,010	$ 85,148
Police	214,138	263,438	(49,300)
Fire	182,178	118,630	63,548
Nonmajor governmental funds	1,437,970	1,407,089	30,881
Total	$ 3,172,444	$ 3,042,167	$ 130,277

General Fund

The City's general fund balance increased $85,148 as revenues exceeded expenditures and other financing uses. The following table assists in illustrating the revenues of the general fund.

	2018 Amount	2017 Amount	Percentage Change
Revenues			
Property and other taxes	$ 621,755	$ 587,420	5.85 %
Charges for services	23,761	25,597	(7.17) %
Fines, licenses and permits	125,368	101,625	23.36 %
Intergovernmental	199,734	186,965	6.83 %
Special assessments	-	6,400	(100.00) %
Investment income	81,282	43,741	85.83 %
Miscellaneous	20,678	12,072	71.29 %
Total	$ 1,072,578	$ 963,820	11.28 %

Most general fund revenue sources increased slightly in 2018. Taxes revenue is by far the general fund's largest revenue source, representing 57.97% of total general fund revenues in 2018.

The table that follows assists in illustrating the expenditures and other financing uses of the general fund.

	2018 Amount	2017 Amount	Percentage Change
Expenditures			
General government	$ 385,556	$ 392,309	(1.72) %
Community environment	28,218	97,640	(71.10) %
Recreation	23,656	39,169	(39.61) %
Other financing uses			
Transfers out	550,000	500,000	10.00 %
Total	$ 987,430	$ 1,029,118	(4.05) %

Overall, general fund expenditures decreased slightly. The most significant decrease, community environment, came as a result of the City eliminating a full-time employment position.

Police Fund

The police fund is a major governmental fund and is used to account for property taxes and other revenues restricted for police department operations. This fund had revenues and other financing sources of $1,704,024 and expenditures of $1,753,324 in 2018. Expenditures increased slightly due to higher costs for wages and employee benefits. Fund balance decreased during the year from $263,438 to $214,138.

Fire Fund

The fire fund, a major governmental fund, is used to account for property taxes and other revenues restricted for fire department operations. This fund had revenues and other financing sources of $1,085,145 and expenditures of $1,121,597 in 2018. Both of these are comparable to prior year amounts. Fund balance increased from $118,630 to $182,178.

Proprietary Funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. Both of the City's enterprise funds are reported as major funds; the waste collection fund and water fund.

Operating revenues for both funds increased slightly in 2018, particularly the water fund which is a result of increased water usage. Operating expenses were generally similar to the prior year. The water fund also received $600,000 in capital contributions which represent OPWC grants. Net position for the water fund increased $885,978 while net position for the waste collection fund decreased $71,284.

Budgeting Highlights

The City’s budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City’s appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City’s plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly. Budgetary information is presented for the general fund and the street maintenance and repair major special revenue fund.

In the general fund, original budgeted revenues and other financing sources of $1,002,528 were increased slightly to $1,036,128 in the final budget. Actual revenues and other financing sources of $1,061,458 were $25,330 or 2.44% more than the final budgeted amount.

The final budget expenditures and other financing uses in the general fund were $1,046,953, which is $60,573 greater than the original budget expenditures and other financing uses. Actual budget basis expenditures and other financing uses totaled $996,978, or $49,975 less than the final budget.

Capital Assets and Debt Administration

Capital Assets

The following table shows 2018 balances compared to 2017. Additional detail can be found in Note 6 in the notes to the basic financial statements.

Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 262,230	$ 262,230	$ 604,370	$ 604,370	$ 866,600	$ 866,600
Construction in progress	-	-	-	48,904	-	48,904
Land improvements	144,816	155,863	12,146	13,906	156,962	169,769
Utility structures	-	-	9,815,054	8,771,288	9,815,054	8,771,288
Buildings and improvements	1,699,918	1,766,135	3,501,108	3,637,098	5,201,026	5,403,233
Machinery and equipment	154,212	200,491	134,762	159,491	288,974	359,982
Vehicles	589,601	674,788	254,245	240,821	843,846	915,609
Infrastructure	4,049,366	4,180,658	-	-	4,049,366	4,180,658
Totals	$ 6,900,143	$ 7,240,165	$ 14,321,685	$ 13,475,878	$ 21,221,828	$ 20,716,043

The City’s largest governmental capital asset category is infrastructure, which consists of roadways and road improvements. The net book value of the City’s infrastructure (cost less accumulated depreciation) represents approximately 58.69% of the City’s total governmental capital assets.

The City’s largest business-type capital asset category is utility structures (water mains and wells). The net book value of the City’s utility structures (cost less accumulated depreciation) represents approximately 68.53% of the City’s total business-type capital assets.

Debt Administration

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

	Business-type Activities	
	2018	2017
General obligation bonds	$ 225,000	$ 295,000
OPWC loans	1,076,421	842,594
Total long-term obligations	$ 1,301,421	$ 1,137,594

Total additions to long-term liabilities in 2018 were $290,000 (an OPWC loan) and total reductions were $126,173. See Note 10 in the notes to the basic financial statements for detail on the City's long-term obligations.

Economic Conditions and Outlook

The City of Bellbrook is among four cities in Ohio (out of a total of over 250 cities) that do not levy a local income tax. This means that the gain or loss of jobs in the local economy has little impact upon revenues in the General Fund. Bellbrook is a suburban, residential community with virtually no manufacturing businesses and a limited number of service and retail operations.

The largest source of revenue is property taxes, primarily generated from single-family housing. Residential development boomed in the 1980's and 1990's but has moderated recently as land available for residential building has become more limited in Bellbrook.

The State of Ohio, in an effort to balance their budget, has decreased several forms of state aid that the City currently receives. These cuts began to impact the City finances in 2011, but the full effect of their impact is now being felt. The State's current and next proposed biennial budgets do not include further reductions at this time.

Police and fire department operations are funded by their own property tax levies with major capital costs paid from the capital improvement fund. Service Department costs are funded by the water and street funds with some capital construction costs such as street reconstruction paid from the capital improvement fund.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Melissa Dodd, City Manager/Finance Director, 655 15 East Franklin Street, Bellbrook, Ohio 45305.

CITY OF BELLBROOK, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 3,040,897	$ 2,375,721	$ 5,416,618
Cash with fiscal agents	64,713	-	64,713
Receivables:			
Property taxes	3,125,699	-	3,125,699
Accounts	40,031	322,738	362,769
Accrued interest	7,233	-	7,233
Special assessments	-	1,448	1,448
Intergovernmental	434,959	-	434,959
Materials and supplies inventory	42,587	43,788	86,375
Prepayments	63,648	13,537	77,185
Net pension asset	332	394	726
Capital assets:			
Nondepreciable capital assets	262,230	604,370	866,600
Depreciable capital assets, net	6,637,913	13,717,315	20,355,228
Total capital assets, net	6,900,143	14,321,685	21,221,828
Total assets	13,720,242	17,079,311	30,799,553
Deferred outflows of resources:			
Pension	1,015,529	143,502	1,159,031
OPEB	411,124	33,221	444,345
Total deferred outflows of resources	1,426,653	176,723	1,603,376
Liabilities:			
Accounts payable	11,608	1,953	13,561
Accrued wages and benefits payable	91,655	20,528	112,183
Due to other governments	51,249	8,324	59,573
Accrued interest payable	-	988	988
Unearned revenue	-	32,063	32,063
Long-term liabilities:			
Due within one year	99,605	162,092	261,697
Due in more than one year:			
Net pension liability	4,653,670	575,162	5,228,832
Net OPEB liability	4,201,629	418,925	4,620,554
Other amounts due in more than one year	103,917	1,198,050	1,301,967
Total liabilities	9,213,333	2,418,085	11,631,418
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	3,059,887	-	3,059,887
Pension	367,175	149,702	516,877
OPEB	191,335	35,295	226,630
Total deferred inflows of resources	3,618,397	184,997	3,803,394
Net position:			
Net investment in capital assets	6,900,143	13,245,264	20,145,407
Restricted for:			
Public safety programs	293,081	-	293,081
Streets and highways	347,805	-	347,805
Unrestricted (deficit)	(5,225,864)	1,407,688	(3,818,176)
Total net position	$ 2,315,165	$ 14,652,952	$ 16,968,117

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

		Program Revenues		
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
General government.	$ 491,812	$ 26,042	$ -	$ -
Public safety . . .	3,796,592	82,653	6,060	-
Transportation.	712,196	2,133	340,571	-
Community environment	30,749	17,202	-	-
Recreation.	24,965	-	-	-
Total governmental activities	5,056,314	128,030	346,631	-
Business-type activities:				
Waste collection	475,028	403,744	-	-
Water	1,664,202	1,929,540	-	600,000
Total business-type activities.	2,139,230	2,333,284	-	600,000
Total	$ 7,195,544	$ 2,461,314	$ 346,631	$ 600,000

General revenues:

Taxes:

Property taxes . . . .

License taxes . . . .

Grants and entitlements not restricted to specific programs . . . .

Investment earnings. . . . .

Gain on sale of capital assets. . . . .

Miscellaneous. . . . .

Total general revenues . . . .

Change in net position . . . .

Net position at beginning of year (restated) .

Net position at end of year . . . .

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (465,770)	$ -	$ (465,770)
(3,707,879)	-	(3,707,879)
(369,492)	-	(369,492)
(13,547)	-	(13,547)
(24,965)	-	(24,965)
(4,581,653)	-	(4,581,653)
-	(71,284)	(71,284)
-	865,338	865,338
-	794,054	794,054
(4,581,653)	794,054	(3,787,599)
2,756,758	-	2,756,758
22,547	-	22,547
638,063	-	638,063
85,049	-	85,049
26,392	3,016	29,408
68,511	17,624	86,135
3,597,320	20,640	3,617,960
(984,333)	814,694	(169,639)
3,299,498	13,838,258	17,137,756
$ 2,315,165	$ 14,652,952	$ 16,968,117

CITY OF BELLBROOK, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Police	Fire	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	$ 1,308,949	$ 224,892	$ 202,857	$ 1,304,199	$ 3,040,897
Receivables:					
Property taxes	626,386	1,359,391	1,092,219	47,703	3,125,699
Accounts	6,294	-	33,737	-	40,031
Accrued interest	7,233	-	-	-	7,233
Intergovernmental	91,810	114,592	62,442	166,115	434,959
Materials and supplies inventory	-	6,868	2,084	33,635	42,587
Prepayments	3,738	45,893	13,783	234	63,648
Restricted assets:					
Cash with fiscal and escrow agents	-	-	-	64,713	64,713
Total assets	$ 2,044,410	$ 1,751,636	$ 1,407,122	$ 1,616,599	$ 6,819,767
Liabilities:					
Accounts payable	$ 33	$ 199	$ -	$ 11,376	$ 11,608
Accrued wages and benefits payable	5,573	46,003	32,838	7,241	91,655
Due to other governments	2,535	28,897	17,086	2,731	51,249
Total liabilities	8,141	75,099	49,924	21,348	154,512
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	613,042	1,330,202	1,069,963	46,680	3,059,887
Delinquent property tax revenue not available	13,344	29,189	22,256	1,023	65,812
Accrued interest not available	3,725	-	-	-	3,725
Miscellaneous revenue not available	-	-	20,359	-	20,359
Intergovernmental revenue not available	68,000	103,008	62,442	109,578	343,028
Total deferred inflows of resources	698,111	1,462,399	1,175,020	157,281	3,492,811
Fund balances:					
Nonspendable	3,738	52,761	15,867	33,869	106,235
Restricted	-	161,377	166,311	517,627	845,315
Committed	-	-	-	5,892	5,892
Assigned	104	-	-	880,582	880,686
Unassigned	1,334,316	-	-	-	1,334,316
Total fund balances (deficit)	1,338,158	214,138	182,178	1,437,970	3,172,444
Total liabilities, deferred inflows of resources and fund balances	$ 2,044,410	$ 1,751,636	$ 1,407,122	$ 1,616,599	$ 6,819,767

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances		$ 3,172,444
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,900,143
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Delinquent property taxes receivable	$ 65,812	
Accounts receivable	20,359	
Intergovernmental receivable	343,028	
Accrued interest receivable	3,725	
Total		432,924
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	332	
Deferred outflows of resources	1,015,529	
Deferred inflows of resources	(367,175)	
Net pension liability	(4,653,670)	
Total		(4,004,984)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	411,124	
Deferred inflows of resources	(191,335)	
Net OPEB liability	(4,201,629)	
Total		(3,981,840)
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds. The long-term liabilities consist of compensated absences.		(203,522)
Net position of governmental activities		$ 2,315,165

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Police	Fire	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property and other taxes	$ 621,755	$ 1,350,685	$ 764,205	$ 83,337	$ 2,819,982
Charges for services	23,761	26,750	85,818	4,450	140,779
Fines, licenses and permits	125,368	361	-	-	125,729
Intergovernmental	199,734	207,783	119,112	352,498	879,127
Special assessments	-	-	-	790	790
Investment income	81,282	-	-	42	81,324
Other	20,678	18,445	16,010	13,378	68,511
Total revenues	1,072,578	1,604,024	985,145	454,495	4,116,242
Expenditures:					
Current:					
General government	385,556	-	-	-	385,556
Public safety	-	1,753,324	1,121,597	45,289	2,920,210
Transportation	-	-	-	361,390	361,390
Community environment	28,218	-	-	-	28,218
Recreation	23,656	-	-	-	23,656
Capital outlay	-	-	-	296,185	296,185
Total expenditures	437,430	1,753,324	1,121,597	702,864	4,015,215
Excess (deficiency) of revenues over (under) expenditures	635,148	(149,300)	(136,452)	(248,369)	101,027
Other financing sources (uses):					
Sale of assets	-	-	-	29,250	29,250
Transfers in	-	100,000	200,000	250,000	550,000
Transfers (out)	(550,000)	-	-	-	(550,000)
Total other financing sources (uses)	(550,000)	100,000	200,000	279,250	29,250
Net change in fund balances	85,148	(49,300)	63,548	30,881	130,277
Fund balance at beginning of year	1,253,010	263,438	118,630	1,407,089	3,042,167
Fund balance at end of year	$ 1,338,158	$ 214,138	$ 182,178	$ 1,437,970	$ 3,172,444

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds		$ 130,277
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital asset additions	$ 219,221	
Current year depreciation	(556,385)	
Total		(337,164)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(2,858)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Delinquent property taxes	(40,677)	
Intergovernmental revenues	(2,145)	
Special assessments	(826)	
Investment income	3,725	
Charges for services	(30,730)	
Total		(70,653)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	371,521	
OPEB	9,604	
		381,125
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(719,360)	
OPEB	(370,412)	
		(1,089,772)
Some compensated absences 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.		4,712
Change in net position of governmental activities		$ (984,333)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

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

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Property and other taxes	$ 579,275	$ 598,689	$ 621,755	$ 23,066
Charges for services	34,284	35,433	23,761	(11,672)
Fines, licenses and permits	132,307	136,742	126,449	(10,293)
Intergovernmental	183,760	189,919	192,346	2,427
Investment income	65,513	67,709	77,997	10,288
Other	7,389	7,636	19,150	11,514
Total revenues	1,002,528	1,036,128	1,061,458	25,330
Expenditures:				
Current:				
General government	379,759	426,332	394,462	31,870
Community environment	36,660	40,660	28,803	11,857
Recreation	19,961	29,961	23,713	6,248
Total expenditures	436,380	496,953	446,978	49,975
Excess of revenues over expenditures	566,148	539,175	614,480	75,305
Other financing sources (uses):				
Transfers (out)	(550,000)	(550,000)	(550,000)	-
Total other financing sources (uses)	(550,000)	(550,000)	(550,000)	-
Net change in fund balance	16,148	(10,825)	64,480	75,305
Fund balance at beginning of year	1,246,158	1,246,158	1,246,158	-
Prior year encumbrances appropriated	6,181	6,181	6,181	-
Fund balance at end of year	$ 1,268,487	$ 1,241,514	$ 1,316,819	$ 75,305

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts			**Variance with Final Budget Positive (Negative)**
	Original	**Final**	**Actual**	
Revenues:				
Property and other taxes	$ 1,300,883	$ 1,311,403	$ 1,350,685	$ 39,282
Charges for services	17,802	17,946	18,500	554
Fines, licenses and permits	587	592	361	(231)
Intergovernmental	201,490	203,120	204,798	1,678
Other	18,238	18,385	18,096	(289)
Total revenues	1,539,000	1,551,446	1,592,440	40,994
Expenditures:				
Current:				
Public safety	1,767,765	1,807,765	1,747,741	60,024
Total expenditures	1,767,765	1,807,765	1,747,741	60,024
Excess of expenditures over revenues	(228,765)	(256,319)	(155,301)	101,018
Other financing sources:				
Transfers in	100,000	100,000	100,000	-
Total other financing sources	100,000	100,000	100,000	-
Net change in fund balances	(128,765)	(156,319)	(55,301)	101,018
Fund balances at beginning of year	279,649	279,649	279,649	-
Prior year encumbrances appropriated	397	397	397	-
Fund balance at end of year	$ 151,281	$ 123,727	$ 224,745	$ 101,018

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property and other taxes.	$ 809,957	$ 743,329	$ 764,205	$ 20,876
Charges for services.	93,977	86,246	81,514	(4,732)
Intergovernmental.	128,816	118,219	119,112	893
Other	8,250	7,571	16,010	8,439
Total revenues.	1,041,000	955,365	980,841	25,476
Expenditures:				
Current:				
Public safety	1,247,516	1,226,016	1,126,833	99,183
Total expenditures	1,247,516	1,226,016	1,126,833	99,183
Excess of expenditures over revenues	(206,516)	(270,651)	(145,992)	124,659
Other financing sources:				
Transfers in	200,000	200,000	200,000	-
Total other financing sources	200,000	200,000	200,000	-
Net change in fund balances	(6,516)	(70,651)	54,008	124,659
Fund balances at beginning of year	148,742	148,742	148,742	-
Prior year encumbrances appropriated . . .	100	100	100	-
Fund balance at end of year	$ 142,326	$ 78,191	$ 202,850	$ 124,659

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-type Activities - Enterprise Funds		
	Waste Collection	**Water**	**Total**
Assets:			
Current assets:			
Equity in pooled cash and investments	$ 119,054	$ 2,256,667	$ 2,375,721
Receivables:			
Accounts	-	322,738	322,738
Special assessments	-	1,448	1,448
Materials and supplies inventory	-	43,788	43,788
Prepayments	3	13,534	13,537
Total current assets	119,057	2,638,175	2,757,232
Noncurrent assets:			
Net pension asset	13	381	394
Capital assets:			
Nondepreciable capital assets	-	604,370	604,370
Depreciable capital assets, net	-	13,717,315	13,717,315
Total capital assets, net	-	14,321,685	14,321,685
Total noncurrent assets	13	14,322,066	14,322,079
Total assets	119,070	16,960,241	17,079,311
Deferred outflows of resources:			
Pension	5,598	137,904	143,502
OPEB	1,128	32,093	33,221
Total deferred outflows of resources	6,726	169,997	176,723
Liabilities:			
Current liabilities:			
Accounts payable	-	1,953	1,953
Accrued wages and benefits payable	759	19,769	20,528
Due to other governments	311	8,013	8,324
Accrued interest payable	-	988	988
Compensated absences payable - current	1,577	24,509	26,086
Unearned revenue	23,803	8,260	32,063
General obligation bonds payable	-	75,000	75,000
OPWC loans payable	-	61,006	61,006
Total current liabilities	26,450	199,498	225,948
Long-term liabilities:			
Compensated absences payable	3,106	29,529	32,635
General obligation bonds payable	-	150,000	150,000
OPWC loans payable	-	1,015,415	1,015,415
Net pension liability	19,528	555,634	575,162
Net OPEB liability	14,223	404,702	418,925
Total long-term liabilities	36,857	2,155,280	2,192,137
Total liabilities	63,307	2,354,778	2,418,085
Deferred inflows of resources:			
Pension	6,293	143,409	149,702
OPEB	2,022	33,273	35,295
Total deferred inflows of resources	8,315	176,682	184,997
Net position:			
Net investment in capital assets	-	13,245,264	13,245,264
Unrestricted	54,174	1,353,514	1,407,688
Total net position	$ 54,174	$ 14,598,778	$ 14,652,952

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-type Activities - Enterprise Funds		
	Waste Collection	**Water**	**Total**
Operating revenues:			
Charges for services	$ 403,744	$ 1,929,540	$ 2,333,284
Other operating revenues	-	17,624	17,624
Total operating revenues	403,744	1,947,164	2,350,908
Operating expenses:			
Personal services	29,271	821,559	850,830
Contract services	445,720	263,385	709,105
Materials and supplies	37	139,761	139,798
Depreciation	-	417,825	417,825
Other	-	15,248	15,248
Total operating expenses	475,028	1,657,778	2,132,806
Operating income (loss)	(71,284)	289,386	218,102
Nonoperating revenues (expenses):			
Interest and fiscal charges	-	(6,424)	(6,424)
Gain on sale of capital assets	-	3,016	3,016
Total nonoperating revenues (expenses)	-	(3,408)	(3,408)
Income (loss) before capital contributions	(71,284)	285,978	214,694
Capital contributions	-	600,000	600,000
Change in net position	(71,284)	885,978	814,694
Net position at beginning of year	125,458	13,712,800	13,838,258
Net position at end of year	$ 54,174	$ 14,598,778	$ 14,652,952

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-type Activities - Enterprise Funds		
	Waste Collection	**Water**	**Total**
Cash flows from operating activities:			
Cash received from charges for services	$ 406,747	$ 1,910,950	$ 2,317,697
Cash received from other operations	-	16,176	16,176
Cash payments for personal services	(22,825)	(727,855)	(750,680)
Cash payments for contract services.	(479,253)	(266,265)	(745,518)
Cash payments for materials and supplies.	-	(123,857)	(123,857)
Cash payments for other expenses	(37)	(15,248)	(15,285)
Net cash provided by (used in) operating activities.	(95,368)	793,901	698,533
Cash flows from capital and related financing activities:			
Gain on sale of capital assets	-	6,480	6,480
Acquisition of capital assets	-	(1,269,945)	(1,269,945)
Principal retirement	-	(126,173)	(126,173)
Interest and fiscal charges	-	(6,663)	(6,663)
Loan issuance	-	290,000	290,000
Capital contributions.	-	600,000	600,000
Net cash used in capital and related financing activities.	-	(506,301)	(506,301)
Net increase (decrease) in cash and investments	(95,368)	287,600	192,232
Cash and investments at beginning of year	214,422	1,969,067	2,183,489
Cash and investments at end of year	$ 119,054	$ 2,256,667	$ 2,375,721
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (71,284)	$ 289,386	$ 218,102
Adjustments:			
Depreciation	-	417,825	417,825
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	2,117	(27,218)	(25,101)
(Increase) in special assessments receivable.	-	(1,080)	(1,080)
(Increase) in materials and supplies inventory.	-	15,904	15,904
Decrease in prepayments.	-	2,457	2,457
(Increase) in net pension asset	(13)	(381)	(394)
Decrease in deferred outflows - pension	8,118	181,629	189,747
(Increase) in deferred outflows - OPEB	(949)	(27,450)	(28,399)
(Decrease) in accounts payable.	(33,533)	(5,219)	(38,752)
Increase (decrease) in accrued wages and benefits	78	(2,283)	(2,205)
Increase (decrease) in due to other governments.	18	(707)	(689)
Increase in compensated absences payable	3,720	17,944	21,664
Increase in unearned revenue.	886	8,260	9,146
(Decrease) in net pension liability.	(12,040)	(265,161)	(277,201)
Increase (decrease) in net OPEB liability.	(387)	24,851	24,464
Increase in deferred inflows - pension	5,879	131,871	137,750
Increase in deferred inflows - OPEB	2,022	33,273	35,295
Net cash provided by (used in) operating activities	$ (95,368)	$ 793,901	$ 698,533

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

		Agency
Assets:		
Equity in pooled cash and investments	$	14,356
Total assets	$	14,356
Liabilities:		
Undistributed monies	$	14,356
Total liabilities.	$	14,356

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Bellbrook, Ohio (the "City") is a home rule municipal corporation under the laws of the State of Ohio and operates under its own Charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1971 and has subsequently been amended.

The City provides various services including police and fire protection, street maintenance, water utility service, planning, zoning and other general government services. Legislative power is vested in a seven-member council with separately elected Mayor serving a two-year term and six council members elected to four-year terms. The Council appoints the City Manager and Clerk of Council. The City Manager is Chief Executive Officer and the head of the administrative agencies of the City who appoints all department heads and employees.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Components units are legally separate organizations for which the elected officials of the primary government are accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. No separate government units meet the criteria for inclusion as a component unit.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the primary government, except for its fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Police fund - This fund accounts for money received and expended for the Police department.

Fire fund - This fund accounts for money received and expended for the Fire department.

The City reports the following major proprietary funds:

Water fund - This fund accounts for the operations of the water system to residential and commercial users in the service area.

Waste collection fund - This fund accounts for the provision of waste collection service to the residents and commercial users located within the City.

Additionally, the City reports the following fund type:

Agency fund - This fund accounts for assets held by the City as an agent (i.e. payroll withholdings and performance bonds).

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a current financial resources measurement focus and are reported on a modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which, for the City's purposes, is considered to be 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues considered susceptible to accrual are property taxes, franchise fees, state-levied locally shared taxes, fines and forfeitures and fees. These revenues have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in total net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 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. Appropriations are legally required for each fund at the level of personal services or other expenses on a department level.

E. Pooled Cash and Investments

To improve cash management, cash received by the City except cash held by a fiscal agent, is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "pooled cash and investments" on the financial statements.

Interest earnings are allocated to the General Fund except for funds derived from contract, trust agreement, grant terms or City policy which require crediting otherwise. Interest revenue credited to the General Fund during 2018 amounted to $81,282, which includes $61,553 assigned from other funds.

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

All investments are stated at fair value, which are based on quoted market prices.

F. Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During 2018, the City's capitalization threshold was $5,000. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

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

Description	Estimated Useful Life
Land Improvements	10 - 15 years
Buildings & Improvements	50 years
Machinery & Equipment	5 - 20 years
Vehicles	5 - 20 years
Infrastructure	20 - 50 years
Utility Structures in Service	50 - 75 years

H. Compensated Absences

Employees of the City are granted vacation and sick leave in varying amounts. In the event of separation, an employee may be reimbursed for accumulated vacation and sick leave at varying rates.

Vested vacation and sick leave is recorded as an expense in the government-wide financial statements for the period in which such leave was earned. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date.

I. Internal Activity

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

J. Fund Balance Classifications

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. The nonspendable fund balances for the City includes materials and supplies inventory and prepaid items.

Restricted - The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the General Fund, assigned amounts represent intended uses established by Council or a City official delegated that authority by City charter or ordinance. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

K. Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the end of the financial statements and reported revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position and proprietary statement of net position for pension. See Notes 8 and 9 for deferred outflows of resources related to the City's net pension liability and net OPEB liability, respectively.

In addition to liabilities, the statements of net position may 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 until that time. For the City, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, intergovernmental grants and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statements of net position. See Notes 8 and 9 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively.

M. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus 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 their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

M. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

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

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the City's postemployment benefit plan disclosures, as presented in Note 9 to the basic financial statements, and added required supplementary information which is presented after the 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.

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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:

	Governmental Activities	Business-Type Activities	Waste Collection	Water
Net position as previously reported	$ 6,920,530	$ 14,227,897	$ 139,889	$ 14,088,008
Deferred outflows - payments subsequent to measurement date	11,673	4,822	179	4,643
Net OPEB liability	(3,632,705)	(394,461)	(14,610)	(379,851)
Restated net position at January 1, 2018	$ 3,299,498	$ 13,838,258	$ 125,458	$ 13,712,800

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.

NOTE 3 - POOLED CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet as "Pooled cash and investments."

A. Deposits

At December 31, 2018, the bank balance of the City's cash deposits was $1,395,178. As of December 31, 2018, $250,000 of the City's bank balance was covered by the Federal Deposit Insurance Corporation (FDIC) and $1,145,178 was exposed to custodial credit risk as described below.

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

B. Investments

The Ohio Revised Code and the City's investment policy authorize the City to invest in the State Treasury Asset Reserve of Ohio, certificates of deposit, repurchase agreements, United States treasury bills and notes, federal agency securities, bankers' acceptances and commercial paper of the highest rating. The city's investment policy applies to all funds and fund types. All deposits are made to authorized public depositories and contracts with such institutions are in accordance with the Ohio Revised Code and the City's investment policy.

NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)

The City invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2018. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The State operates the pool in accordance with Ohio Revised Code Section 135.45. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2018.

The City's investments in federal agency securities and U. S. Treasury obligations are valued using quoted market prices (Level 1 inputs). STAR Ohio has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

		Investment Maturities		
Measurement/ Investment type	Measurement Amount	Less than 1 year	1 - 2 years	Greater than 2 years
Fair value:				
Federal Farm Credit Bureau (FFCB)	$ 404,720	$ 208,252	$ 196,468	$ -
Federal Home Loan Bank (FHLB)	197,543	-	197,543	-
Federal Home Loan Mortgage Corporation (FHLMC)	589,106	207,867	182,083	199,156
Federal National Mortgage Association (FNMA)	665,394	199,568	-	465,826
U.S. Government Obligations	9,556	9,556	-	-
Amortized cost:				
STAR Ohio	2,257,951	2,257,921	-	-
Total	$ 4,124,270	$ 2,883,164	$ 576,094	$ 664,982

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from fluctuating interest rates and in accordance with the Ohio Revised Code, the City's investment policy limits investment portfolio maturities to five years or less. The investment policy also requires sufficient liquidity to be maintained in the portfolio and that investments be scheduled to mature concurrently with ongoing cash requirements so that the City's obligations can be met without selling securities.

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

Credit Risk: It is the City's policy to limit its investments that are not obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. As of December 31, 2018, the City's investment in STAR Ohio was rated AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)

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

Measurement/ Investment type	Measurement Amount	% of Total
Fair value:		
Federal Farm Credit Bureau (FFCB)	$ 404,720	9.81
Federal Home Loan Bank (FHLB)	197,543	4.79
Federal Home Loan Mortgage Corporation (FHLMC)	589,106	14.28
Federal National Mortgage Association (FNMA)	665,394	16.13
U.S. Government Obligations	9,556	0.23
Amortized cost:		
STAR Ohio	2,257,951	54.76
Total	$ 4,124,270	100.00

C. Cash with Fiscal Agent

At year-end, the City had $64,713 on deposit with the Greene County Treasurer for permissive funds collected, but not distributed yet to the City. The data regarding insurance and collateralization can be obtained from the Greene County Comprehensive Annual Financial Report for the year ended December 31, 2018. This amount is not included in the City's depository balance.

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers from
Transfers to	General
Police fund	$ 100,000
Fire fund	200,000
Nonmajor governmental funds	250,000
Total	$ 550,000

The transfers from the General Fund are used to support the operating costs of the Police and Fire Funds and capital acquisitions in the Capital Improvements Fund.

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property taxes are levied each December 31st on the assessed value listed as of the prior December 31st. Assessed values are established for real property at 35 percent of appraised market value. All property is required to be revaluated every six years. The last revaluation was completed in 2017.

NOTE 5 - PROPERTY TAXES - (Continued)

The property tax calendar is as follows:

Levy date	December 31, 2017
Lien date	December 31, 2017
First installment payment due	February 15, 2018
Second installment payment due	July 15, 2018

The Greene County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Bellbrook. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes may be paid on an annual or semi-annual basis.

The full tax rate for all City operations for the year ended December 31, 2018 was $19.50 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

Real property	$ 178,773,170
Public utility property	4,298,310
Total assessed value	$ 183,071,480

NOTE 6 - CAPITAL ASSETS

A. Governmental Activities

Changes in capital assets for the governmental activities for the year ended December 31, 2018 were as follows:

	Balance 12/31/17	Additions	Disposals	Balance 12/31/18
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 262,230	$ -	$ -	$ 262,230
Total capital assets, not being depreciated	262,230	-	-	262,230
Capital assets, being depreciated:				
Land improvements	411,067	-	-	411,067
Buildings and improvements	3,097,593	-	-	3,097,593
Machinery and equipment	652,572	-	-	652,572
Vehicles	1,970,433	55,420	(200,357)	1,825,496
Infrastructure	5,979,079	163,801	-	6,142,880
Total capital assets, being depreciated	12,110,744	219,221	(200,357)	12,129,608
Less: accumulated depreciation				
Land improvements	(255,204)	(11,047)	-	(266,251)
Buildings and improvements	(1,331,458)	(66,217)	-	(1,397,675)
Machinery and equipment	(452,081)	(46,279)	-	(498,360)
Vehicles	(1,295,645)	(137,749)	197,499	(1,235,895)
Infrastructure:	(1,798,421)	(295,093)	-	(2,093,514)
Total accumulated depreciation	(5,132,809)	(556,385)	197,499	(5,491,695)
Total capital assets, being depreciated	6,977,935	(337,164)	(2,858)	6,637,913
Governmental activities capital assets, net	$ 7,240,165	$ (337,164)	$ (2,858)	$ 6,900,143

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

General government	$ 82,943
Public safety	159,356
Transportation	314,086
Total depreciation expense - governmental activities	$ 556,385

NOTE 6 - CAPITAL ASSETS - (Continued)

B. Business-Type Activities

Changes in capital assets for the business-type activities for the year ended December 31, 2018 were as follows:

	Balance 12/31/17	Additions	Disposals	Balance 12/31/18
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 604,370	$ -	$ -	$ 604,370
Construction in progress	48,904	-	(48,904)	-
Total capital assets, not being depreciated	653,274	-	(48,904)	604,370
Capital assets, being depreciated:				
Land improvements	31,404	-	-	31,404
Utility structures in service	15,726,976	1,258,898	-	16,985,874
Buildings and improvements	5,450,107	-	-	5,450,107
Machinery and equipment	511,833	-	-	511,833
Vehicles	378,715	57,102	(19,281)	416,536
Total capital assets, being depreciated	22,099,035	1,316,000	(19,281)	23,395,754
Less: accumulated depreciation				
Land improvements	(17,498)	(1,760)	-	(19,258)
Utility structures in service	(6,955,688)	(215,132)	-	(7,170,820)
Buildings and improvements	(1,813,009)	(135,990)	-	(1,948,999)
Machinery and equipment	(352,342)	(24,729)	-	(377,071)
Vehicles	(137,894)	(40,214)	15,817	(162,291)
Total accumulated depreciation	(9,276,431)	(417,825)	15,817	(9,678,439)
Total capital assets, being depreciated	12,822,604	898,175	(3,464)	13,717,315
Business-type activities capital assets, net	$ 13,475,878	$ 898,175	$ (52,368)	$ 14,321,685

NOTE 7 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In 2004, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA), a joint insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability.

NOTE 7 - RISK MANAGEMENT - (Continued)

The City pays an annual premium to MVRMA for this coverage. The agreement provides that MVRMA will be self-sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is $2,500. During 2018, MVRMA's per occurrence retention limit for most property claims was $250,000; exceptions included a retention of $10,000 - $350,000 per occurrence for boiler and machinery. Liability had a per occurrence retention limit of $500,000. After the retention limits are reached, excess insurance will cover up to the limits stated below:

General liability	$12,000,000 per occurrence
Automobile liability	$12,000,000 per occurrence
Police professional liability	$12,000,000 per occurrence
Public officials liability	$12,000,000 per occurrence
Boiler and machinery	$100,000,000 per occurrence
Property	$1,000,000,000 per occurrence
Flood	$25,000,000 per occurrence
Earthquake	$25,000,000 per occurrence

There were no significant reductions in insurance coverage during the year in any category of risk. Settled claims did not exceed insurance coverage in each of the past three years.

The City is a member of a workers' compensation group rating plan, which allows local governments to group the experience of employers for workers compensation rating purposes. The City pays the State Workers' Compensation System a premium based on salaries paid.

Medical coverage is offered to employees through a self-funded insurance plan. The plan is offered to local governments state-wide through the Jefferson Health Plan (JHP) in Steubenville, Ohio and claims are administered by United Healthcare of Ohio. The City participates in the plan and makes payment to the JHP based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). Effective August 1, 2015, a change was made to the by-laws which eliminates the liability for incurred but not reported claims.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $128,233 for 2018. Of this amount, $13,740 is reported as due to other governments.

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

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

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $312,865 for 2018. Of this amount, $42,175 is reported as due to other governments.

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Member-Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00695100%	0.00000000%	0.06945100%	
Proportion of the net pension liability/asset current measurement date	0.00675700%	0.02079500%	0.06792400%	
Change in proportionate share	-0.00019400%	0.02079500%	-0.00152700%	
Proportionate share of the net pension liability	$ 1,060,042	$ -	$ 4,168,790	$ 5,228,832
Proportionate share of the net pension asset	-	(726)	-	(726)
Pension expense	208,711	(236)	630,364	838,839

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

	OPERS - Traditional	OPERS - Member-Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	$ 1,083	$ 1,411	$ 63,263	$ 65,757
Changes of assumptions	126,682	87	181,657	308,426
Changes in employer's proportionate percentage/ difference between employer contributions	3,789	-	339,960	343,749
City contributions subsequent to the measurement date	117,212	11,022	312,865	441,099
Total deferred outflows of resources	$ 248,766	$ 12,520	$ 897,745	$ 1,159,031

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Member-Directed	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	$ 20,891	$ -	$ 7,542	$ 28,433
Net difference between projected and actual earnings on pension plan investments	227,579	204	144,210	371,993
Changes in employer's proportionate percentage/ difference between employer contributions	38,497	-	77,954	116,451
Total deferred inflows of resources	$ 286,967	$ 204	$ 229,706	$ 516,877

$441,099 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2019.

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

	OPERS - Traditional	OPERS - Member-Directed	OP&F	Total
Year Ending December 31:				
2019	$ 74,657	$ 161	$ 239,059	$ 313,877
2020	(36,341)	156	201,145	164,960
2021	(100,213)	129	(58,850)	(158,934)
2022	(93,516)	134	(66,521)	(159,903)
2023	-	196	32,578	32,774
Thereafter	-	518	7,763	8,281
Total	$ (155,413)	$ 1,294	$ 355,174	$ 201,055

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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 1,882,365	$ 1,060,042	$ 374,473
Member-Directed Plan	(416)	(726)	(1,040)

Actuarial Assumptions – OP&F

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$ 5,779,054	$ 4,168,790	$ 2,855,496

NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

The City's contractually required contribution was $4,409 for 2018. Of this amount, $472 is reported as due to other governments.

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

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

The City's contractually required contribution to OP&F was $7,587 for 2018. Of this amount, $1,023 is reported as due to other governments.

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.00723200%	0.06945100%	
Proportion of the net OPEB liability current measurement date	0.00711000%	0.06792400%	
Change in proportionate share	-0.00012200%	-0.00152700%	
Proportionate share of the net OPEB liability	$ 772,093	$ 3,848,461	$ 4,620,554
OPEB expense	$ 61,123	$ 343,041	$ 404,164

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

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 601	$ -	$ 601
Changes of assumptions	56,218	375,530	431,748
City contributions subsequent to the measurement date	4,409	7,587	11,996
Total deferred outflows of resources	$ 61,228	$ 383,117	$ 444,345
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 19,410	$ 19,410
Net difference between projected and actual earnings on pension plan investments	57,517	25,332	82,849
Changes in employer's proportionate percentage/ difference between employer contributions	9,886	114,485	124,371
Total deferred inflows of resources	$ 67,403	$ 159,227	$ 226,630

$11,996 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS	OP&F	Total
Year Ending December 31:			
2019	$ 8,060	$ 20,264	$ 28,324
2020	8,060	20,264	28,324
2021	(12,325)	20,264	7,939
2022	(14,379)	35,813	21,434
2023	-	42,147	42,147
Thereafter	-	77,551	77,551
Total	$ (10,584)	$ 216,303	$ 205,719

Actuarial Assumptions - OPERS

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	$ 1,025,760	$ 772,094	$ 566,880

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

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

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 738,729	$ 772,094	$ 806,558

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions – OP&F

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

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

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

Note: Assumptions are geometric.
*levered 2x

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	$ 4,810,645	$ 3,848,461	$ 3,108,134

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

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

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

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 2,989,567	$ 3,848,461	$ 5,006,000

NOTE 10 - LONG-TERM OBLIGATIONS

A. The balance of long-term obligations at December 31, 2017 has been restated as described in Note 2. During 2018, the following activity occurred in the governmental activities long-term obligations:

Governmental activities:	Restated Balance 12/31/17	Increase	Decrease	Balance 12/31/18	Amounts Due in One Year
Compensated Absences	$ 208,234	$ 126,633	$ (131,345)	$ 203,522	$ 99,605
Net Pension Liability	5,125,046	-	(471,376)	4,653,670	-
Net OPEB Liability	3,632,705	568,924	-	4,201,629	-
Total Governmental Activities	$ 8,965,985	$ 695,557	$ (602,721)	$ 9,058,821	$ 99,605

The City pays obligations related to employee compensation from the fund benefitting from their service.

B. During 2018, the following activity occurred in the business-type activities long-term obligations:

Business-type activities:	Restated Balance 12/31/17	Increase	Decrease	Balance 12/31/18	Amounts Due in One Year
General Obligation Bonds:					
Waterworks system - 2012 2.00 - 2.65%	$ 295,000	$ -	$ (70,000)	$ 225,000	$ 75,000
Total General Obligation Bonds	295,000	-	(70,000)	225,000	75,000
Ohio Public Works Commission loan:					
Water treatment plant improvement - 2010 - 0.00%	842,594	-	(56,173)	786,421	56,173
Upper hillside water main - 2018 - 0.00%	-	290,000	-	290,000	4,833
Total OPWC loans	842,594	290,000	(56,173)	1,076,421	61,006
Other Obligations:					
Compensated Absences	37,057	51,694	(30,030)	58,721	26,086
Net Pension Liability	852,363	-	(277,201)	575,162	-
Net OPEB Liability	394,461	24,464	-	418,925	-
Total Other Obligations	1,283,881	76,158	(307,231)	1,052,808	26,086
Total Governmental Activities	$ 2,421,475	$ 366,158	$ (433,404)	$ 2,354,229	$ 162,092

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2018, follows:

Year Ending	General Obligation Bonds		OPWC Loans	
December 31,	Principal	Interest	Principal	Interest
2019	$ 75,000	$ 4,969	$ 61,006	$ -
2020	75,000	2,981	65,840	-
2021	75,000	994	65,840	-
2022	-	-	65,839	-
2023	-	-	65,840	-
2024 - 2028	-	-	329,198	-
2029 - 2033	-	-	273,025	-
2034 - 2038	-	-	48,333	-
2039 - 2043	-	-	48,333	-
2044 - 2048	-	-	48,333	-
2049	-	-	4,834	-
Total	$ 225,000	$ 8,944	$ 1,076,421	$ -

D. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2018, the City's total debt margin was $19,222,505 and the unvoted debt margin was $10,068,931.

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS

A. Miami Valley Risk Management Association

The City is a member of the Miami Valley Risk Management Association (MVRMA) which is a jointly governed organization established as a joint insurance pool. As of December 31, 2018, MVRMA had twenty members. MVRMA covers all property, crime, liability, boiler and machinery and public liability insurance. MVRMA is intended to provide broad based coverage up to established limits with increased emphasis on safety and loss prevention.

MVRMA is a corporation governed by a twenty member board of trustees consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation with each trustee having a single vote. The board is responsible for its own financial matters and the corporation maintains its own book of account. Budgeting and financing of MVRMA is subject to the approval of the board. As of December 31, 2018, the member cities were: Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Indian Hill, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington and Wyoming.

Member contributions are calculated annually to produce a sufficient sum of money within the self-insurance pool to fund administrative expenses and to create adequate reserves for claims. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA.

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

B. Jefferson Health Plan

The City is a member of the Center for Local Government Benefits Pool (CLGBP) which is a member of the Jefferson Health Plan (JHP). JHP is a jointly governed organization established as a joint insurance pool. As of December 31, 2018, JHP had over 100 members. JHP provides medical, dental and prescription benefit coverage.

JHP is governed by a nine member board of trustees elected from all members. The board is responsible for the business and financial affairs of the JHP. Member contributions are calculated annually to produce a sufficient sum of money within the self-insurance pool to fund administrative expenses and to create adequate reserves for claims. The City has no explicit and measurable equity interest in JHP and no ongoing financial responsibility to JHP.

NOTE 12 - CONTINGENT LIABILITIES

The City receives significant financial assistance from numerous Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2018.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, street maintenance and repair fund, recreation and aquatic center fund, and golf course fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

(c) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

(d) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to part of restricted, committed or assigned fund balance (GAAP basis).

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	General	Police	Fire
Budget basis	$ 64,480	$ (55,301)	$ 54,008
Net adjustment for revenue accruals	11,120	11,584	4,304
Net adjustment for expenditure accruals	9,411	(5,730)	5,229
Adjustment for encumbrances	137	147	7
GAAP basis	$ 85,148	$ (49,300)	$ 63,548

NOTE 14 - FUND BALANCE

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

Fund balance	General	Police	Fire	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies	$ -	$ 6,868	$ 2,084	$ 33,635	$ 42,587
Prepayments	3,738	45,893	13,783	234	63,648
Total nonspendable	3,738	52,761	15,867	33,869	106,235
Restricted:					
Public safety programs	-	161,377	166,311	11,605	339,293
Capital improvements				64,713	64,713
Transportation	-	-	-	441,309	441,309
Total restricted	-	161,377	166,311	517,627	845,315
Committed:					
Transportation	-	-	-	5,892	5,892
Total committed	-	-	-	5,892	5,892
Assigned:					
General government	104	-	-	-	104
Capital improvement	-	-	-	880,582	880,582
Total assigned	104	-	-	880,582	880,686
Unassigned	1,334,316	-	-	-	1,334,316
Total fund balances	$ 1,338,158	$ 214,138	$ 182,178	$ 1,437,970	$ 3,172,444

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	**2017**	**2016**	**2015**	**2014**
Traditional Plan:					
City's proportion of the net pension liability	0.006757%	0.006951%	0.007040%	0.007348%	0.007348%
City's proportionate share of the net pension liability	$ 1,060,042	$ 1,578,452	$ 1,219,417	$ 886,251	$ 866,233
City's covered payroll	$ 892,915	$ 1,003,092	$ 967,708	$ 990,742	$ 1,157,285
City's proportionate share of the net pension liability as a percentage of its covered payroll	118.72%	157.36%	126.01%	89.45%	74.85%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%
Member Directed Plan:					
City's proportion of the net pension asset	0.020795%				
City's proportionate share of the net pension asset	$ 726				
City's covered payroll	$ 104,480				
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.69%				
Plan fiduciary net position as a percentage of the total pension asset	124.46%				

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	**2017**	**2016**	**2015**	**2014**
City's proportion of the net pension liability	0.06792400%	0.06945100%	0.06922900%	0.06936800%	0.06936800%
City's proportionate share of the net pension liability	$ 4,168,790	$ 4,398,957	$ 4,453,550	$ 3,593,567	$ 3,378,453
City's covered payroll	$ 1,513,225	$ 1,493,116	$ 1,436,377	$ 1,410,189	$ 1,236,558
City's proportionate share of the net pension liability as a percentage of its covered payroll	275.49%	294.62%	310.05%	254.83%	273.21%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	68.36%	66.77%	72.20%	73.00%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017	2016	2015
Traditional Plan:				
Contractually required contribution	$ 117,212	$ 116,079	$ 120,371	$ 116,125
Contributions in relation to the contractually required contribution	(117,212)	(116,079)	(120,371)	(116,125)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 837,229	$ 892,915	$ 1,003,092	$ 967,708
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
Member Directed Plan:				
Contractually required contribution	$ 11,022			
Contributions in relation to the contractually required contribution	(11,022)			
Contribution deficiency (excess)	$ -			
City's covered payroll	$ 110,220			
Contributions as a percentage of covered payroll	10.00%			

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2014	2013
	$ 118,889	$ 150,447
	(118,889)	(150,447)
	$ -	$ -
	$ 990,742	$ 1,157,285
	12.00%	13.00%

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017	2016	2015
Contractually required contribution	$ 312,865	$ 312,758	$ 315,794	$ 296,912
Contributions in relation to the contractually required contribution	(312,865)	(312,758)	(315,794)	(296,912)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,517,265	$ 1,513,225	$ 1,493,116	$ 1,436,377
Contributions as a percentage of covered payroll	20.62%	20.67%	21.15%	20.67%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013	
$	290,039	$	210,891
	(290,039)		(210,891)
$	-	$	-
$	1,410,189	$	1,236,558
	20.57%		17.05%

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017
City's proportion of the net OPEB liability	0.007110%	0.007232%
City's proportionate share of the net OPEB liability	$ 772,094	$ 730,483
City's covered payroll	$ 892,915	$ 1,003,092
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	86.47%	72.82%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017
City's proportion of the net OPEB liability	0.06792400%	0.06945100%
City's proportionate share of the net OPEB liability	$ 3,848,461	$ 3,296,683
City's covered payroll	$ 1,513,225	$ 1,493,116
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	254.32%	220.79%
Plan fiduciary net position as a percentage of the total OPEB liability	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017	2016	2015
Contractually required contribution	$ 4,409	$ 8,929	$ 20,053	$ 19,345
Contributions in relation to the contractually required contribution	(4,409)	(8,929)	(20,053)	(19,345)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 947,449	$ 892,915	$ 1,003,092	$ 967,708
Contributions as a percentage of covered payroll	0.47%	1.00%	2.00%	2.00%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013
$ 19,806	$ 11,568
(19,806)	(11,568)
$ -	$ -
$ 990,742	$ 1,157,285
2.00%	1.00%

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	**2017**	**2016**	**2015**
Contractually required contribution	$ 7,587	$ 7,566	$ 7,741	$ 7,266
Contributions in relation to the contractually required contribution	(7,587)	(7,566)	(7,741)	(7,266)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,517,265	$ 1,513,225	$ 1,493,116	$ 1,436,377
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2014	2013
	$ 7,135	$ 47,599
	(7,135)	(47,599)
	$ -	$ -
	$ 1,410,189	$ 1,236,558
	0.50%	3.62%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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