

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2014**

**UNAUDITED**

*Prepared by:*

**Finance Department**

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# CITY OF MAUMEE, OHIO

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## ***Management's Discussion and Analysis For the Year Ended December 31, 2014***

***Unaudited***

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The discussion and analysis of the City of Maumee's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2014 are as follows:

- ❑ In total, net position increased \$1,622,725. Net position of governmental activities increased \$731,976, from 2013. Net position of business-type activities increased \$890,749 or 7.8% from 2013.
- ❑ General revenues related to governmental activities accounted for \$21.7 million in revenue or 77.7% of all governmental activities revenues. Program specific revenues related to governmental activities in the form of charges for services and grants and contributions accounted for 22.3% of total governmental activities revenues of \$27.9 million.
- ❑ The City had \$27 million in expenses related to governmental activities; only \$6.2 million of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$17.5 million in revenues, including other financing sources, and \$18.4 million in expenditures, including transfers out to other funds. The general fund's fund balance decreased \$922,528 to \$10,811,548 on an accrual basis.
- ❑ Net position for enterprise funds increased by \$974,582 on the fund financial statements.
- ❑ Long-Term debt, excluding compensated absences and the workers' comp liability, decreased by \$1,170,199 from 2013 to 2014.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

# CITY OF MAUMEE, OHIO

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## *Management's Discussion and Analysis For the Year Ended December 31, 2014*

*Unaudited*

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### **Government-wide Statements**

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

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

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's infrastructure and continued business investment within the City.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, basic utility services, transportation and general government.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water and sewer services are reported as business-type activities.

### **Fund Financial Statements**

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

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

## CITY OF MAUMEE, OHIO

### *Management's Discussion and Analysis For the Year Ended December 31, 2014*

*Unaudited*

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position.

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position between 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$36,022,585	\$39,279,097	\$4,633,159	\$4,150,377	\$40,655,744	\$43,429,474
Capital assets, Net	83,784,997	81,359,007	9,316,885	8,907,527	93,101,882	90,266,534
Total assets	119,807,582	120,638,104	13,950,044	13,057,904	133,757,626	133,696,008
Deferred outflows of resources:						
Deferred loss on debt refunding	985,457	428,909	0	0	985,457	428,909
Long-term debt outstanding	27,770,804	28,536,599	1,230,801	1,305,173	29,001,605	29,841,772
Other liabilities	1,762,826	2,015,801	464,027	388,264	2,226,853	2,404,065
Total liabilities	29,533,630	30,552,400	1,694,828	1,693,437	31,228,458	32,245,837
Deferred inflows of resources:						
Property tax levy for next fiscal year	2,773,590	2,760,770	0	0	2,773,590	2,760,770
Net position						
Net investment in capital assets	66,585,400	62,898,608	8,330,869	7,807,009	74,916,269	70,705,617
Restricted	19,385,349	22,949,941	0	0	19,385,349	22,949,941
Unrestricted	2,515,070	1,905,294	3,924,347	3,557,458	6,439,417	5,462,752
Total net position	\$88,485,819	\$87,753,843	\$12,255,216	\$11,364,467	\$100,741,035	\$99,118,310

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## CITY OF MAUMEE, OHIO

### Management's Discussion and Analysis For the Year Ended December 31, 2014

*Unaudited*

Changes in Net Position – The following table shows the changes in net position for the fiscal year 2014 and 2013:

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services and Sales	\$4,204,110	\$4,169,503	\$4,906,032	\$4,949,109	\$9,110,142	\$9,118,612
Operating Grants and Contributions	1,649,111	970,585	0	0	1,649,111	970,585
Capital Grants and Contributions	359,755	2,263,724	0	0	359,755	2,263,724
General Revenues:						
Property Taxes	3,560,176	3,329,960	0	0	3,560,176	3,329,960
Municipal Income Taxes	16,107,839	15,726,286	0	0	16,107,839	15,726,286
Grants and Entitlements not Restricted to Specific Programs	1,094,612	1,622,488	0	0	1,094,612	1,622,488
Investment Earnings	271,477	31,706	0	0	271,477	31,706
Miscellaneous	650,243	244,350	0	0	650,243	244,350
Total Revenues	<u>27,897,323</u>	<u>28,358,602</u>	<u>4,906,032</u>	<u>4,949,109</u>	<u>32,803,355</u>	<u>33,307,711</u>
Program Expenses:						
Security of Persons and Property	9,527,150	10,606,516	0	0	9,527,150	10,606,516
Public Health and Welfare Services	146,738	164,668	0	0	146,738	164,668
Leisure Time Activities	2,020,368	2,364,668	0	0	2,020,368	2,364,668
Community Environment	3,737,546	1,939,713	0	0	3,737,546	1,939,713
Basic Utility Services	976,801	1,236,210	0	0	976,801	1,236,210
Transportation	3,144,020	1,501,014	0	0	3,144,020	1,501,014
General Government	6,574,052	6,369,154	0	0	6,574,052	6,369,154
Interest and Fiscal Charges	903,054	1,092,656	0	0	903,054	1,092,656
Water	0	0	2,221,508	2,068,851	2,221,508	2,068,851
Sewer	0	0	1,929,393	1,960,361	1,929,393	1,960,361
Total Expenses	<u>27,029,729</u>	<u>25,274,599</u>	<u>4,150,901</u>	<u>4,029,212</u>	<u>31,180,630</u>	<u>29,303,811</u>
Excess (deficiency) before Transfers	867,594	3,084,003	755,131	919,897	1,622,725	4,003,900
Transfers In (Out)	(135,618)	125,618	135,618	(125,618)	0	0
Total Change in Net Position	731,976	3,209,621	890,749	794,279	1,622,725	4,003,900
Beginning Net Position	87,753,843	84,544,222	11,364,467	10,570,188	99,118,310	95,114,410
Ending Net Position	<u>\$88,485,819</u>	<u>\$87,753,843</u>	<u>\$12,255,216</u>	<u>\$11,364,467</u>	<u>\$100,741,035</u>	<u>\$99,118,310</u>

## CITY OF MAUMEE, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2014**

**Unaudited**

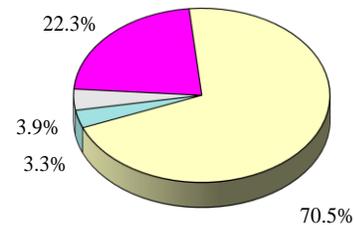
**Governmental Activities**

The City's governmental activities net position increased by \$731,976 from 2013 to 2014. The main reasons for the increase in net position for the governmental activities were the increased income taxes, hotel occupancy taxes and investment earnings compared to 2013.

The City receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City. Income tax revenue rose by \$381,553 or 2.4%, reflecting an improving local economy.

Property taxes and income taxes made up 12.8% and 57.7% respectively of revenues for governmental activities for the City in fiscal year 2014. The City's reliance upon tax revenues is demonstrated by the following graph indicating 70.5% of total revenues from general tax revenues:

Revenue Sources	2014	Percent of Total
General Shared Revenues	\$1,094,612	3.9%
Program Revenues	6,212,976	22.3%
General Tax Revenues	19,668,015	70.5%
General Other	921,720	3.3%
Total Revenue	\$27,897,323	100.00%



**Business-Type Activities**

The City's business-type activities net position increased by \$890,749. The increase in net position before transfers was \$755,131 from 2013 to 2014. Effective January 1, 2013, water rates were increased and sewer rates were lowered to adjust our target fund balances for December 31, 2013. A utility rate study is planned in 2015.

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## CITY OF MAUMEE, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2014**

**Unaudited**

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$30,455,208, which is an increase from last year's balance of \$30,429,535. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2014 and 2013:

	Fund Balance December 31, 2014	Fund Balance December 31, 2013	Increase (Decrease)
General	\$10,811,548	\$11,734,076	(\$922,528)
Fallen Timbers TIF	2,695,663	2,139,468	556,195
Income Tax "B" (.5%)	13,834,942	15,528,751	(1,693,809)
General Obligation Bond			
Retirement	2,074	130,797	(128,723)
Other Governmental	3,110,981	896,443	2,214,538
Total	<u>\$30,455,208</u>	<u>\$30,429,535</u>	<u>\$25,673</u>

General Fund – The City's General Fund balance decreased from 2013 to 2014. Income Tax Revenues increased in 2014 in the General Fund by \$381,553. Increases were contributed to every taxpayer category, payroll withholding, net profit, and residential income tax. The economic recovery to Maumee businesses in 2014 improved profits and also gave reason for some business expansions. The City has continued its effort to contain costs through attrition and policy changes. In 2014, the City made several changes to reduce spending and approved a balanced budget for 2015. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2014 Revenues	2013 Revenues	Increase (Decrease)
Property Taxes	\$1,221,893	\$1,206,684	\$15,209
Municipal Income Taxes	10,739,703	10,495,114	244,589
Intergovernmental Revenue	2,135,510	2,273,602	(138,092)
Charges for Services	1,294,693	1,235,054	59,639
Licenses and Permits	282,768	348,666	(65,898)
Investment Earnings	267,115	25,884	241,231
Special Assessments	11,667	16,676	(5,009)
Fines and Forfeitures	794,580	771,787	22,793
All Other Revenue	631,066	559,153	71,913
Total	<u>\$17,378,995</u>	<u>\$16,932,620</u>	<u>\$446,375</u>

General Fund revenues in 2014 increased \$446,375 or 2.6% compared to revenues in fiscal year 2013. The most significant factors contributing to this increase in revenue were an increase in income tax revenues and investment earnings.

## **CITY OF MAUMEE, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2014***

***Unaudited***

	2014	2013	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$8,893,220	\$8,846,586	\$46,634
Public Health and Welfare Services	175,356	164,360	10,996
Leisure Time Activities	1,795,092	1,763,206	31,886
Community Environment	798,551	740,427	58,124
Basic Utility Services	975,995	1,092,341	(116,346)
Transportation	1,631,098	1,095,342	535,756
General Government	3,614,748	3,675,634	(60,886)
Total	<u>\$17,884,060</u>	<u>\$17,377,896</u>	<u>\$506,164</u>

General Fund expenditures increased \$506,164, or 2.9% compared to the prior year. Overall increases in transportation account for the majority of the increase in expenditures. Transportation expenses were higher in 2014 due to the harsh winter and snowplowing costs. Historical weather records report 37.6 inches of snowfall in 2014.

For the Fallen Timbers TIF Fund, the fund balance increase was mainly due to collections being greater than PILOT payments, construction and debt payments during 2014.

For the Income Tax "B" (0.5%) Fund, the decrease was related to an increase in capital project expenditures.

For the General Obligation Bond Retirement Fund, the fund balance decrease was mainly due to the 2014 refinancing of the 2005 improvement bonds.

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

During the course of fiscal year 2014 the City amended its General Fund budget several times, none of which were significant.

For the General Fund, final budget basis revenue, including other financial sources, of \$17.6 million did not change from the original budget estimates. The General Fund had an adequate fund balance to cover expenditures.

## CITY OF MAUMEE, OHIO

***Management's Discussion and Analysis  
For the Year Ended December 31, 2014***

***Unaudited***

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### *Capital Assets*

At the end of fiscal 2013 the City had \$93,101,882, net of accumulated depreciation, invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$83,784,997 was related to governmental activities and \$9,316,885 to the business-type activities. The following table shows fiscal year 2014 and 2013 balances:

	Governmental Activities		Increase (Decrease)
	2014	2013	
	Land	\$7,179,540	\$7,179,540
Construction in Progress	177,175	5,140,883	(4,963,708)
Buildings & Improvements	54,984,725	48,880,013	6,104,712
Machinery and Equipment	16,037,775	14,957,908	1,079,867
Infrastructure	52,876,090	50,091,969	2,784,121
Less: Accumulated Depreciation	(47,470,308)	(44,891,306)	(2,579,002)
Totals	\$83,784,997	\$81,359,007	\$2,425,990

	Business-Type Activities		Increase (Decrease)
	2014	2013	
	Land	\$118,864	\$118,864
Construction in Progress	3,549	2,676,049	(2,672,500)
Buildings and Improvements	22,373,362	18,805,469	3,567,893
Machinery and Equipment	1,843,019	1,822,742	20,277
Less: Accumulated Depreciation	(15,021,909)	(14,515,597)	(506,312)
Totals	\$9,316,885	\$8,907,527	\$409,358

The primary increase occurred in infrastructure for the Governmental Activities. This included the completion of the new service storage building, Sophia Street reconstruction and the paving program of eight streets.

The main increase for the Business-type activities was the completion of the new city-wide automated meter system. Other capital purchases were for the upgrading of pump stations for the Sanitary Sewer Division. Additional information on the City's capital assets can be found in Note 11.

## **CITY OF MAUMEE, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2014***

***Unaudited***

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#### ***Debt***

At December 31, 2014, the City had \$26.4 million in long-term obligations outstanding, \$1,881,505 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Governmental Activities:		
General Obligation Bonds	\$25,410,054	\$26,464,308
Workers' Compensation Liability	0	16,502
Ohio Police and Fire Pension Accrued Liability	47,787	49,230
Total Governmental Activities	<u>25,457,841</u>	<u>26,530,040</u>
Business-Type Activities:		
General Obligation Bonds	<u>\$986,016</u>	<u>\$1,100,518</u>
Totals	<u><u>\$26,443,857</u></u>	<u><u>\$27,630,558</u></u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Maumee lies, is limited to ten mills. At December 31, 2014, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 15.

#### **ECONOMIC FACTORS**

The City budgets conservatively for both revenue and expenditures. The City also recognizes that many amendments to the budget are required during the year and anticipates the needs and activities to be defined throughout the year. Original budget General Fund revenues were projected to increase from 2013 by 2.3% and expenditures were projected to decrease by 3.2%. Actual General Fund revenues increased by 1.2% with actual General Fund expenditures increasing by 2%.

The City's largest source of revenue is an income tax of 1.5% levied by the City. On a cash basis, the City's income tax revenue increased by 2.62% in 2014. One percent is available for general purposes while one-half percent is restricted to capital improvements.

## ***CITY OF MAUMEE, OHIO***

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2014***

***Unaudited***

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The City continued its commitment to major capital improvements in 2014. Street improvements included the reconstruction project of Sophia Street and annual City street maintenance program on eight (8) streets.

Additional capital projects included the final construction and April 2014 move in of the new 52,000 square foot Service Storage Building and the Sunshine Children's Artcrest Building project.

Other capital purchases in 2014 included a new Ambulance, three (3) new power medic units for the Ambulance Division, eight (8) new Police vehicles, four (4) new dump trucks with snow plows, a front-end loader for the Construction Division, a Fire Division pickup truck, Inspection Division SUV, and two (2) new riding lawnmowers. Capital office purchases included the annual purchase of 13 new personal computers for various city departments and the Inspection Division Scanning project of blueprints.

The business base of the City was strengthened with new companies moving to Maumee. The City's Job Creation and Retention program provided grants to firms in an effort to attract and retain employers in the City. During 2014, there were 21 firms receiving JCR grants totaling \$244,100 under this program. City Council approved two (2) new Job Creation Grants in 2014 attracting or retaining 103 jobs. In 2009, Maumee City Council authorized the establishment of a new Job Creation Mini-Grant program aimed at attracting smaller businesses to fill long-term office and building vacancies within the City. The City approved one mini-grant in 2013 to attract seven employees under this program. There were no mini-grant applications for the year 2014.

The City worked cooperatively with our collective bargaining units to secure contracts in which a 2% base wage increase for years 2012, 2013 and 2014 each was agreed upon. Benefits such as vacation, holidays and insurance will basically remain the same for 2012-2014, as in 2011. Additionally, the City continues to examine all funds and adopted best accounting practices to lessen the burden on the General Fund. The past few years of slowed economic conditions, lower Local Government Funds from the State of Ohio, lower property tax collections and reduced interest earnings on investments has resulted in lower General Fund revenues for the City. Therefore, the City is actively pursuing to reduce costs to protect existing financial resources.

### **REQUESTS FOR INFORMATION**

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 the Finance Department by calling 419-897-7115 or writing to City of Maumee Finance Department, 400 Conant Street, Maumee, Ohio 43537; or by referring to the City's website at [www.maumee.org](http://www.maumee.org).

**CITY OF MAUMEE, OHIO**

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## CITY OF MAUMEE, OHIO

### Statement of Net Position December 31, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 5,222,571	\$ 977	\$ 5,223,548
Investments	22,888,047	3,439,615	26,327,662
Receivables:			
Taxes	6,143,320	0	6,143,320
Accounts	400,363	1,029,148	1,429,511
Intergovernmental	822,347	0	822,347
Special Assessments	315,570	0	315,570
Internal Balances	(10,898)	10,898	0
Inventory of Supplies at Cost	80,379	135,869	216,248
Prepaid Items	120,634	16,652	137,286
Restricted Assets:			
Cash and Cash Equivalents	40,252	0	40,252
Capital Assets:			
Capital Assets Not Being Depreciated	7,356,715	122,413	7,479,128
Capital Assets Being Depreciated, Net	76,428,282	9,194,472	85,622,754
Deferred Loss on Early Retirement of Debt	0	0	0
<b>Total Assets</b>	<u>119,807,582</u>	<u>13,950,044</u>	<u>133,757,626</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Loss on Debt Refunding	<u>985,457</u>	<u>0</u>	<u>985,457</u>
<b>Liabilities:</b>			
Accounts Payable	343,908	381,386	725,294
Accrued Wages and Benefits	994,898	80,924	1,075,822
Claims Payable	302,748	0	302,748
Refundable Deposits	40,252	0	40,252
Accrued Interest Payable	81,020	1,717	82,737
Long-Term Liabilities:			
Due Within One Year	2,819,814	208,243	3,028,057
Due in More Than One Year	<u>24,950,990</u>	<u>1,022,558</u>	<u>25,973,548</u>
<b>Total Liabilities</b>	<u>29,533,630</u>	<u>1,694,828</u>	<u>31,228,458</u>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	<u>2,773,590</u>	<u>0</u>	<u>2,773,590</u>

**CITY OF MAUMEE, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	66,585,400	8,330,869	74,916,269
Restricted For:			
Debt Service	849,691	0	849,691
Street Construction, Maintenance and Repair	361,493	0	361,493
State Highway Improvement	13,455	0	13,455
Street Lighting	828,029	0	828,029
Court Improvement	144,984	0	144,984
Community Development	173,129	0	173,129
Revolving Loan	322,921	0	322,921
Permanent Improvement	13,834,942	0	13,834,942
TIF Activity	2,695,663	0	2,695,663
Other Purposes	161,042	0	161,042
Unrestricted	2,515,070	3,924,347	6,439,417
<b>Total Net Position</b>	<b>\$ 88,485,819</b>	<b>\$ 12,255,216</b>	<b>\$ 100,741,035</b>

See accompanying notes to the basic financial statements

## CITY OF MAUMEE, OHIO

### Statement of Activities For the Year Ended December 31, 2014

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 9,527,150	\$ 1,449,829	\$ 4,775	\$ 0
Public Health and Welfare Services	146,738	42,024	0	0
Leisure Time Activities	2,020,368	615,640	0	0
Community Environment	3,737,546	284,053	664,873	0
Basic Utility Services	976,801	400	0	0
Transportation	3,144,020	10,352	938,582	359,755
General Government	6,574,052	1,801,812	40,881	0
Interest and Fiscal Charges	903,054	0	0	0
<b>Total Governmental Activities</b>	<b>27,029,729</b>	<b>4,204,110</b>	<b>1,649,111</b>	<b>359,755</b>
<b>Business-Type Activities:</b>				
Water	2,221,508	3,016,649	0	0
Sewer	1,929,393	1,889,383	0	0
<b>Total Business-Type Activities</b>	<b>4,150,901</b>	<b>4,906,032</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 31,180,630</b>	<b>\$ 9,110,142</b>	<b>\$ 1,649,111</b>	<b>\$ 359,755</b>

#### General Revenues

Property Taxes  
 Municipal Income Taxes  
 Grants and Entitlements not Restricted to Specific Programs  
 Investment Earnings  
 Miscellaneous  
 Transfers  
 Total General Revenues and Transfers  
  
 Change in Net Position  
  
 Net Position Beginning of Year  
 Net Position End of Year

See accompanying notes to the basic financial statements

## CITY OF MAUMEE, OHIO

### Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (8,072,546)	\$ 0	\$ (8,072,546)
(104,714)	0	(104,714)
(1,404,728)	0	(1,404,728)
(2,788,620)	0	(2,788,620)
(976,401)	0	(976,401)
(1,835,331)	0	(1,835,331)
(4,731,359)	0	(4,731,359)
(903,054)	0	(903,054)
<u>(20,816,753)</u>	<u>0</u>	<u>(20,816,753)</u>
0	795,141	795,141
<u>0</u>	<u>(40,010)</u>	<u>(40,010)</u>
0	755,131	755,131
<u>(20,816,753)</u>	<u>755,131</u>	<u>(20,061,622)</u>
3,560,176	0	3,560,176
16,107,839	0	16,107,839
1,094,612	0	1,094,612
271,477	0	271,477
650,243	0	650,243
(135,618)	135,618	0
<u>21,548,729</u>	<u>135,618</u>	<u>21,684,347</u>
731,976	890,749	1,622,725
<u>87,753,843</u>	<u>11,364,467</u>	<u>99,118,310</u>
<u>\$ 88,485,819</u>	<u>\$ 12,255,216</u>	<u>\$ 100,741,035</u>

**CITY OF MAUMEE, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2014**

	General	Fallen Timbers TIF	Income Tax "B" (.5%)	General Bond Retirement
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,692	\$ 2,695,663	\$ 3,261	\$ 2,074
Investments	9,392,839	0	11,475,431	0
Receivables:				
Taxes	3,607,637	1,314,798	1,097,286	0
Accounts	384,128	0	0	0
Intergovernmental	392,967	0	3,196	0
Special Assessments	1,943	0	0	0
Interfund Loans Receivables	0	0	1,277,954	0
Inventory of Supplies, at Cost	31,979	0	0	0
Prepaid Items	52,350	0	0	0
<b>Total Assets</b>	<b>\$ 13,866,535</b>	<b>\$ 4,010,461</b>	<b>\$ 13,857,128</b>	<b>\$ 2,074</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 247,910	\$ 0	\$ 22,186	\$ 0
Accrued Wages and Benefits Payable	909,900	0	0	0
Interfund Loans Payable	0	0	0	0
Compensated Absences Payable	186,281	0	0	0
<b>Total Liabilities</b>	<b>1,344,091</b>	<b>0</b>	<b>22,186</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	371,736	0	0	0
Property Tax for Next Fiscal Year	1,339,160	1,314,798	0	0
<b>Total Deferred Inflows of Resources</b>	<b>1,710,896</b>	<b>1,314,798</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>				
Nonspendable	120,588	0	0	0
Restricted	0	2,695,663	13,834,942	0
Committed	200	0	0	0
Assigned	130,798	0	0	2,074
Unassigned	10,559,962	0	0	0
<b>Total Fund Balances</b>	<b>10,811,548</b>	<b>2,695,663</b>	<b>13,834,942</b>	<b>2,074</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 13,866,535</b>	<b>\$ 4,010,461</b>	<b>\$ 13,857,128</b>	<b>\$ 2,074</b>

See accompanying notes to the basic financial statements

**CITY OF MAUMEE, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 2,274,284	\$ 4,977,974
2,019,777	22,888,047
123,599	6,143,320
2,342	386,470
426,184	822,347
313,627	315,570
0	1,277,954
48,400	80,379
36,191	88,541
<u>\$ 5,244,404</u>	<u>\$ 36,980,602</u>
\$ 61,689	\$ 331,785
84,998	994,898
1,291,494	1,291,494
8,427	194,708
<u>1,446,608</u>	<u>2,812,885</u>
567,183	938,919
119,632	2,773,590
<u>686,815</u>	<u>3,712,509</u>
84,591	205,179
2,471,651	19,002,256
739,952	740,152
0	132,872
(185,213)	10,374,749
<u>3,110,981</u>	<u>30,455,208</u>
<u>\$ 5,244,404</u>	<u>\$ 36,980,602</u>

**CITY OF MAUMEE, OHIO**

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***Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2014***

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<b>Total Governmental Fund Balances</b>	\$ 30,455,208
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	83,784,997
Other long-term assets are not available to pay for current- period expenditures and therefore are unavailable revenues in the funds.	938,919
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(21,646)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(26,671,659)</u>
<b><i>Net Position of Governmental Activities</i></b>	<b><u>\$ 88,485,819</u></b>

See accompanying notes to the basic financial statements

**CITY OF MAUMEE, OHIO**

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## CITY OF MAUMEE, OHIO

### Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2014

	General	Fallen Timbers TIF	Income Tax "B" (.5%)	General Bond Retirement
<b>Revenues:</b>				
Property Taxes	\$ 1,221,893	\$ 2,249,750	\$ 0	\$ 0
Municipal Income Tax	10,739,703	0	5,368,136	0
Intergovernmental Revenues	2,135,510	0	43,196	0
Charges for Services	1,294,693	0	0	0
Licenses and Permits	282,768	0	0	0
Investment Earnings	267,115	1,252	0	0
Special Assessments	11,667	0	0	0
Fines and Forfeitures	794,580	0	0	0
All Other Revenue	631,066	0	363,545	71,466
<b>Total Revenue</b>	<b>17,378,995</b>	<b>2,251,002</b>	<b>5,774,877</b>	<b>71,466</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	8,893,220	0	0	0
Public Health and Welfare Services	175,356	0	0	0
Leisure Time Activities	1,795,092	0	0	0
Community Environment	798,551	1,074,659	0	0
Basic Utility Services	975,995	0	0	0
Transportation	1,631,098	0	0	0
General Government	3,614,748	0	3,428,683	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	10,729,983
Interest and Fiscal Charges	0	0	0	813,737
<b>Total Expenditures</b>	<b>17,884,060</b>	<b>1,074,659</b>	<b>3,428,683</b>	<b>11,543,720</b>
Excess (Deficiency) of Revenues Over Expenditures	(505,065)	1,176,343	2,346,194	(11,472,254)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	78,786	0	0	0
General Obligation Bonds Issued	0	0	0	9,035,000
Transfers In	0	0	0	2,308,531
Transfers Out	(489,600)	(620,148)	(4,040,003)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(410,814)</b>	<b>(620,148)</b>	<b>(4,040,003)</b>	<b>11,343,531</b>
Net Change in Fund Balances	(915,879)	556,195	(1,693,809)	(128,723)
<b>Fund Balances at Beginning of Year</b>	<b>11,734,076</b>	<b>2,139,468</b>	<b>15,528,751</b>	<b>130,797</b>
Increase (Decrease) in Inventory Reserve	(6,649)	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 10,811,548</b>	<b>\$ 2,695,663</b>	<b>\$ 13,834,942</b>	<b>\$ 2,074</b>

See accompanying notes to the basic financial statements

## CITY OF MAUMEE, OHIO

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Other Governmental Funds	Total Governmental Funds
\$ 106,071	\$ 3,577,714
0	16,107,839
3,889,754	6,068,460
0	1,294,693
0	282,768
3,110	271,477
365,445	377,112
218,368	1,012,948
27,375	1,093,452
4,610,123	30,086,463
909,776	9,802,996
0	175,356
0	1,795,092
2,574,636	4,447,846
0	975,995
945,148	2,576,246
97,509	7,140,940
588,845	588,845
0	10,729,983
10,909	824,646
5,126,823	39,057,945
(516,700)	(8,971,482)
0	78,786
0	9,035,000
2,730,602	5,039,133
(25,000)	(5,174,751)
2,705,602	8,978,168
2,188,902	6,686
896,443	30,429,535
25,636	18,987
\$ 3,110,981	\$ 30,455,208

## CITY OF MAUMEE, OHIO

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### ***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, 2014***

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 6,686
<b><i>Amounts reported for governmental activities in the statement of activities are different because</i></b>	
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 capital outlay exceeded depreciation in the current period.	2,513,220
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.	(87,230)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,267,926)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond and loan principal along with other long-term obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,628,747
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	5,773
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(283,932)
The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.	<u>(783,362)</u>
<b><i>Change in Net Position of Governmental Activities</i></b>	<u>\$ 731,976</u>

See accompanying notes to the basic financial statements

## CITY OF MAUMEE, 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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 10,920,500	\$ 10,897,920	\$ 10,721,393	\$ (176,527)
Property Taxes	1,207,000	1,207,000	1,221,893	14,893
Intergovernmental Revenue	2,195,397	2,195,397	2,169,583	(25,814)
Charges for Services	1,354,780	1,354,780	1,245,830	(108,950)
Licenses and Permits	399,700	399,700	332,515	(67,185)
Investment Earnings	250,000	250,000	192,560	(57,440)
Special Assessments	10,000	10,000	11,667	1,667
Fines and Forfeitures	770,500	770,500	792,949	22,449
All Other Revenues	514,800	514,800	558,133	43,333
Total Revenues	<u>17,622,677</u>	<u>17,600,097</u>	<u>17,246,523</u>	<u>(353,574)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	8,641,707	8,890,230	8,853,325	36,905
Public Health and Welfare Services	166,266	181,766	175,182	6,584
Leisure Time Activities	1,856,784	1,813,969	1,776,134	37,835
Community Environment	632,861	632,861	583,245	49,616
Basic Utility Services	990,543	1,054,162	1,012,246	41,916
Transportation	1,487,966	1,710,198	1,637,391	72,807
General Government	3,310,986	3,640,386	3,609,853	30,533
Total Expenditures	<u>17,087,113</u>	<u>17,923,572</u>	<u>17,647,376</u>	<u>276,196</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	535,564	(323,475)	(400,853)	(77,378)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	15,000	15,000	78,786	63,786
Transfers Out	(834,100)	(686,100)	(682,300)	3,800
Total Other Financing Sources (Uses):	<u>(819,100)</u>	<u>(671,100)</u>	<u>(603,514)</u>	<u>67,586</u>
Net Change in Fund Balance	(283,536)	(994,575)	(1,004,367)	(9,792)
Fund Balance at Beginning of Year	10,054,078	10,054,078	10,054,078	0
Prior Year Encumbrances	256,920	256,920	256,920	0
Fund Balance at End of Year	<u>\$ 10,027,462</u>	<u>\$ 9,316,423</u>	<u>\$ 9,306,631</u>	<u>\$ (9,792)</u>

See accompanying notes to the basic financial statements

**CITY OF MAUMEE, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Fallen Timbers TIF Fund  
For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 2,029,000	\$ 2,029,000	\$ 2,249,750	\$ 220,750
Investment Earnings	5,000	5,000	1,252	(3,748)
Total Revenues	2,034,000	2,034,000	2,251,002	217,002
<b>Expenditures:</b>				
Current:				
Community Environment	1,049,410	1,088,062	1,086,417	1,645
Debt Service:				
Principal Retirement	350,000	350,000	350,000	0
Interest and Fiscal Charges	271,000	271,000	270,148	852
Total Expenditures	1,670,410	1,709,062	1,706,565	2,497
Excess (Deficiency) of Revenues Over (Under) Expenditures	363,590	324,938	544,437	219,499
Fund Balance at Beginning of Year	2,085,058	2,085,058	2,085,058	0
Prior Year Encumbrances	54,410	54,410	54,410	0
Fund Balance at End of Year	\$ 2,503,058	\$ 2,464,406	\$ 2,683,905	\$ 219,499

See accompanying notes to the basic financial statements

**CITY OF MAUMEE, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund - Income Tax "B" (0.5%) Fund  
For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Tax	\$ 5,446,000	\$ 5,446,000	\$ 5,358,788	\$ (87,212)
Intergovernmental Revenue	2,500	3,000	44,775	41,775
All Other Revenues	0	0	363,545	363,545
Total Revenues	<u>5,448,500</u>	<u>5,449,000</u>	<u>5,767,108</u>	<u>318,108</u>
<b>Expenditures:</b>				
Current:				
General Government	618,784	4,011,728	3,749,062	262,666
Total Expenditures	<u>618,784</u>	<u>4,011,728</u>	<u>3,749,062</u>	<u>262,666</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,829,716	1,437,272	2,018,046	580,774
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0	(4,056,003)	(4,040,003)	16,000
Advances In	2,200,000	2,200,000	2,759,000	559,000
Advances Out	0	(543,000)	(543,000)	0
Total Other Financing Sources (Uses):	<u>2,200,000</u>	<u>(2,399,003)</u>	<u>(1,824,003)</u>	<u>575,000</u>
Net Change in Fund Balance	7,029,716	(961,731)	194,043	1,155,774
Fund Balance at Beginning of Year	10,613,634	10,613,634	10,613,634	0
Prior Year Encumbrances	348,164	348,164	348,164	0
Fund Balance at End of Year	<u>\$ 17,991,514</u>	<u>\$ 10,000,067</u>	<u>\$ 11,155,841</u>	<u>\$ 1,155,774</u>

See accompanying notes to the basic financial statements

# CITY OF MAUMEE, OHIO

## Statement of Net Position Proprietary Fund December 31, 2014

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Sewer	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 345	\$ 632	\$ 977	\$ 244,597
Investments	1,215,601	2,224,014	3,439,615	0
Accounts Receivable	596,036	433,112	1,029,148	13,893
Interfund Loans Receivable	6,770	6,770	13,540	0
Inventory of Supplies at Cost	133,315	2,554	135,869	0
Prepaid Items	12,616	4,036	16,652	32,093
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	40,252
<b>Total Current Assets</b>	<b>1,964,683</b>	<b>2,671,118</b>	<b>4,635,801</b>	<b>330,835</b>
Noncurrent Assets:				
Capital Assets:				
Property, Plant and Equipment	12,738,358	11,596,887	24,335,245	0
Construction in Progress	0	3,549	3,549	0
Less accumulated depreciation	(6,668,232)	(8,353,677)	(15,021,909)	0
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>6,070,126</b>	<b>3,246,759</b>	<b>9,316,885</b>	<b>0</b>
<b>Total Noncurrent Assets</b>	<b>6,070,126</b>	<b>3,246,759</b>	<b>9,316,885</b>	<b>0</b>
<b>Total assets</b>	<b>8,034,809</b>	<b>5,917,877</b>	<b>13,952,686</b>	<b>330,835</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	160,596	220,790	381,386	12,123
Accrued Wages and Benefits	50,027	30,897	80,924	0
Compensated Absences Payable - Current	67,025	31,218	98,243	0
Claims Payable	0	0	0	302,748
Refundable Deposits	0	0	0	40,252
Accrued Interest Payable	1,717	0	1,717	0
General Obligation Bonds Payable - Current	110,000	0	110,000	0
<b>Total Current Liabilities</b>	<b>389,365</b>	<b>282,905</b>	<b>672,270</b>	<b>355,123</b>
Noncurrent Liabilities:				
General Obligation Bonds Payable	876,016	0	876,016	0
Compensated Absences Payable	116,290	30,252	146,542	0
<b>Total Noncurrent Liabilities</b>	<b>992,306</b>	<b>30,252</b>	<b>1,022,558</b>	<b>0</b>
<b>Total Liabilities</b>	<b>1,381,671</b>	<b>313,157</b>	<b>1,694,828</b>	<b>355,123</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,084,110	3,246,759	8,330,869	0
Unrestricted	1,569,028	2,357,961	3,926,989	(24,288)
<b>Total Net Position</b>	<b>\$ 6,653,138</b>	<b>\$ 5,604,720</b>	<b>12,257,858</b>	<b>\$ (24,288)</b>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			(2,642)	
Net Position of Business-type Activities			<b>\$ 12,255,216</b>	

See accompanying notes to the basic financial statements

**CITY OF MAUMEE, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended December 31, 2014**

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Sewer	Total	
<b>Operating Revenues:</b>				
Charges for Services	\$ 2,997,183	\$ 1,852,386	\$ 4,849,569	\$ 2,038,554
Other Operating Revenue	19,466	36,997	56,463	262,178
<b>Total Operating Revenues</b>	<u>3,016,649</u>	<u>1,889,383</u>	<u>4,906,032</u>	<u>2,300,732</u>
<b>Operating Expenses:</b>				
Personal Services	860,426	604,173	1,464,599	2,695,099
Contractual Services	154,035	850,750	1,004,785	472,828
Materials and Supplies	841,341	58,572	899,913	0
Utilities	83,421	92,835	176,256	0
Depreciation	217,319	290,265	507,584	0
<b>Total Operating Expenses</b>	<u>2,156,542</u>	<u>1,896,595</u>	<u>4,053,137</u>	<u>3,167,927</u>
Operating Income (Loss)	860,107	(7,212)	852,895	(867,195)
<b>Nonoperating Revenue (Expenses):</b>				
Interest Expense	(13,613)	0	(13,613)	0
Loss on Disposal of Capital Assets	0	(318)	(318)	0
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(13,613)</u>	<u>(318)</u>	<u>(13,931)</u>	<u>0</u>
Income (Loss) Before Transfers	846,494	(7,530)	838,964	(867,195)
Transfers In	137,800	0	137,800	0
Transfers Out	(2,182)	0	(2,182)	0
Change in Net Position	982,112	(7,530)	974,582	(867,195)
Net Position Beginning of Year	5,671,026	5,612,250	11,283,276	842,907
Net Position End of Year	<u>\$ 6,653,138</u>	<u>\$ 5,604,720</u>	<u>12,257,858</u>	<u>\$ (24,288)</u>
Change in Net Position - Total Enterprise Funds			974,582	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			(83,833)	
Change in Net Position - Business-type Activities			<u>\$ 890,749</u>	

See accompanying notes to the basic financial statements

**CITY OF MAUMEE, OHIO**

**Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2014**

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Sewer	Total	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$3,070,017	\$1,916,271	\$4,986,288	\$2,038,554
Cash Payments for Goods and Services	(1,057,134)	(937,258)	(1,994,392)	(385,487)
Cash Payments to Employees	(820,024)	(609,285)	(1,429,309)	(2,683,505)
Other Operating Receipts	17,184	35,570	52,754	269,281
Net Cash Provided (Used) for Operating Activities	<u>1,210,043</u>	<u>405,298</u>	<u>1,615,341</u>	<u>(761,157)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	137,800	0	137,800	0
Transfers Out to Other Funds	(2,182)	0	(2,182)	0
Net Cash Provided by Noncapital Financing Activities	<u>135,618</u>	<u>0</u>	<u>135,618</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Principal Paid on General Obligation Bonds	(110,000)	0	(110,000)	0
Acquisition and Construction of Assets	(629,865)	(287,395)	(917,260)	0
Interest Paid on All Debt	(22,800)	0	(22,800)	0
Net Cash Used for Capital and Related Financing Activities	<u>(762,665)</u>	<u>(287,395)</u>	<u>(1,050,060)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	(603,393)	(188,552)	(791,945)	0
Net Cash Used for Investing Activities	<u>(603,393)</u>	<u>(188,552)</u>	<u>(791,945)</u>	<u>0</u>
Net Decrease in Cash and Cash Equivalents	(20,397)	(70,649)	(91,046)	(761,157)
Cash and Cash Equivalents at Beginning of Year	22,238	74,018	96,256	1,005,754
Cash and Cash Equivalents at End of Year	<u>\$1,841</u>	<u>\$3,369</u>	<u>\$5,210</u>	<u>\$244,597</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:</u>				
Operating Income (Loss)	\$860,107	(\$7,212)	\$852,895	(\$867,195)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:				
Depreciation Expense	217,319	290,265	507,584	0
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	70,552	62,458	133,010	7,103
Decrease in Inventory	1,746	151	1,897	0
Increase in Prepaid Items	(439)	(184)	(623)	(22,425)
Increase in Accounts Payable	20,356	64,932	85,288	11,594
Increase (Decrease) in Accrued Wages and Benefits	1,858	(6,698)	(4,840)	0
Increase in Claims Liability	0	0	0	109,766
Increase in Compensated Absences Payable	38,544	1,586	40,130	0
Total Adjustments	<u>349,936</u>	<u>412,510</u>	<u>762,446</u>	<u>106,038</u>
Net Cash Provided (Used) for Operating Activities	<u>\$1,210,043</u>	<u>\$405,298</u>	<u>\$1,615,341</u>	<u>(\$761,157)</u>

See accompanying notes to the basic financial statements

**CITY OF MAUMEE, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2014***

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 1,043,808
<b>Total Assets</b>	<u>1,043,808</u>
<b>Liabilities:</b>	
Intergovernmental Payable	988,715
Due to Others	<u>55,093</u>
<b>Total Liabilities</b>	<u>\$ 1,043,808</u>

See accompanying notes to the basic financial statements

**CITY OF MAUMEE, OHIO**

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# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Maumee, Ohio (the "City") is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council/Mayor form of government, was adopted in 1951 and has been amended seven times (in 1958, 1968, 1976, 1989, 1994, 2005 and 2006).

The accompanying basic financial statements of the City present the financial position of the various fund types, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2014 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

#### **A. Reporting Entity**

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

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services. In addition, the City owns the water distribution system and the wastewater collection system, which are reported as enterprise funds.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

#### **B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **B. Basis of Presentation - Fund Accounting (Continued)**

*Governmental Funds* - Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

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

Fallen Timbers TIF Fund – This fund is used to account for revenues restricted by a tax increment financing agreement for the area of Fallen Timbers.

Income Tax "B" (0.5%) Fund – This fund is used to account for revenues from one-third of the income tax collections and for expenditures restricted to permanent improvements.

General Bond Retirement Fund – This fund is used to account for the accumulation of resources for the payment of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **B. Basis of Presentation - Fund Accounting (Continued)**

Sewer Fund – This fund is used to account for the operation of the City’s sanitary sewer service.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has one internal service fund, the Self Insurance Health Care Fund, which is used to account for monies received from city departments to cover the cost of health care for employees of the City’s departments.

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City’s own programs. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds operate on an accrual basis of accounting. The City has six agency funds. These funds are used to account for monies received by the City in situations where the City’s role is purely custodial in nature. The six funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Ohio Board of Building Standards Assessments Fund, which accounts for funds from the three percent (3%) fees as required by Ohio Revised Code, the Ohio Board of Building Standards Residential Fund, which accounts for funds from the one percent (1%) fees as required by Ohio Revised Code, the MMT-JEDZ Collections Fund, which accounts for income taxes collected for the Monclova/Maumee/Toledo Joint Economic Development Zone, the MT-JEDZ Collections Fund, which accounts for income taxes collected for the Maumee/Toledo Joint Economic Development Zone and the CEDA Fund, which accounts for the collections related to the Monclova/Maumee/Toledo Cooperative Economic Development Agreement.

#### **C. Basis of Presentation – Financial Statements**

***Government-wide Financial Statements*** – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The internal service fund is eliminated to avoid “doubling up” revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **C. Basis of Presentation – Financial Statements (Continued)**

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

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

#### **D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus. Government-wide financial statements are prepared using the accrual basis of accounting.

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **D. Basis of Accounting (Continued)**

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "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 is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, special assessments, and certain state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2014, but which are not intended to finance 2014 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 7.

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

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **E. Deferred Inflows/Outflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. The City has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the Governmental Activities of the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **F. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriation ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control for all funds involving operations is at the object level within each department. Certain funds are appropriated at the minimum level of budgetary control as required by Ohio Revised Code section 5705.38 (c) due to the restricted nature of the use of these funds. Those funds are as follows: Indigent Driver Alcohol Treatment Fund, Federal and State Grants Fund, Community Housing Improvement Program Fund, Community Development Block Grant Fund, Job Creation and Retention Fund, Maumee Revolving Loan Fund, Probation Services Fund, Fallen Timbers TIF Fund and the Income Tax "B" Fund (special revenue funds), Permanent Improvement Fund, Sewer Construction Fund, Waterline Construction Fund, Street Construction Fund, Sidewalk Construction Fund and the Municipal Court Improvement Fund (capital projects funds). Budgetary modifications may only be made by ordinance of the City Council.

#### **1. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the original and final amended official certificate of estimated resources issued during 2014.

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **F. Budgetary Process (Continued)**

##### **2. Appropriations**

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level and appropriations for personnel services are made at the object level in any fund. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level within each department. During the year, several supplemental appropriations were necessary to budget for capital outlay. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—General Fund" and in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—Income Tax B (.5%) Fund" and in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—Fallen Timbers TIF Fund" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

##### **3. Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year end, however, are reported as reservations of fund balances for subsequent year expenditures in the accompanying basic financial statements.

##### **4. Lapsing of Appropriations**

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

# CITY OF MAUMEE, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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

#### F. Budgetary Process (Continued)

##### 5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and major special revenue funds:

	Net Change in Fund Balance		
	General Fund	Fallen Timbers TIF Fund	Income Tax "B" (1/2%) Fund
GAAP Basis (as reported)	(\$915,879)	\$556,195	(\$1,693,809)
Increase (Decrease):			
Accrued Revenues at December 31, 2014 received during 2015	(2,597,201)	0	(1,100,482)
Accrued Revenues at December 31, 2013 received during 2014	2,494,127	0	1,092,713
Accrued Expenditures at December 31, 2014 paid during 2015	1,344,091	0	22,186
Accrued Expenditures at December 31, 2013 paid during 2014	(1,223,519)	0	(19,714)
2013 Interfund Activity	0	0	3,493,954
2014 Interfund Activity	0	0	(1,277,954)
2013 Prepaids for 2014	113,640	0	0
2014 Prepaids for 2015	(52,350)	0	0
Outstanding Encumbrances	(167,276)	(11,758)	(322,851)
Budget Basis	<u>(\$1,004,367)</u>	<u>\$544,437</u>	<u>\$194,043</u>

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **G. Cash and Cash Equivalents**

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

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintains its own cash and investment account. See Note 6, "Cash, Cash Equivalents and Investments."

#### **H. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 6, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2014. 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. 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, 2014.

#### **I. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

#### **K. Capital Assets and Depreciation**

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

##### **1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

##### **2. Property, Plant and Equipment – Business Type Activities**

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

# **CITY OF MAUMEE, OHIO**

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## **Notes to the Basic Financial Statements For the Year Ended December 31, 2014**

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

#### **K. Capital Assets and Depreciation** (Continued)

##### **3. Depreciation**

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

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	25 - 45
Improvements other than Buildings/Infrastructure	10 - 50
Machinery, Equipment, Furniture and Fixtures	5 - 15

#### **L. Long-Term Debt**

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

<u>Obligation</u>	<u>Fund</u>
Ohio Water Development Authority Loans	Ohio Water Development Authority Debt Service Fund
Police and Fire Pension Accrued Liability	Police Pension Fund
Compensated Absences	General Fund, Street Construction, Maintenance and Repair Fund, Water Fund, Sewer Fund, Income Tax Fund
General Obligation Bonds	General Bond Retirement Fund, Water Fund
Workers Compensation Liability	Various Funds

#### **M. Compensated Absences**

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

All full-time City employees earn sick leave at various rates. Upon completion of five years of service with the City, an employee who separates from the City in good standing receives up to one hour of monetary compensation for each hour of unused sick leave up to a maximum of 960 hours. The monetary compensation is at the hourly rate of compensation of the employee at the time of resignation if the employee is not given credit at their next place of employment.

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **M. Compensated Absences (Continued)**

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined.

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

#### **N. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for Other Purposes includes federal grants for security of persons and property and mandatory fines for various court programs.

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

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# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **O. Fund Balances**

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

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

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

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

*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 council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the finance director to assign fund balance for the purchases on order provided such amounts have been lawfully appropriated. The assigned amount in the General Obligation Debt Service Fund represents amounts assigned by council for the retirement of general obligation debt.

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

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

#### **P. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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

#### **Q. Interfund Activity**

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.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

#### **R. Estimates**

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

#### **S. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution and wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

# **CITY OF MAUMEE, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

#### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental funds as reported in the government-wide statement of net position. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Other long-term assets not available to pay for current-period expenditures:*

Delinquent Property Tax Revenue	\$48,881
Shared Revenues	445,049
Charges for Services Revenues	79,894
Special Assessment Revenue	315,570
All Other Revenues	49,525
	<hr/>
	\$938,919

*Long-Term liabilities not reported in the funds:*

General Obligation Bonds Payable	(\$25,410,054)
Ohio Police and Fire Accrued Pension Liability	(47,787)
Accrued Interest on Long-Term Debt	(81,020)
Deferred Charge on Debt Refunding	985,457
Compensated Absences Payable	(2,118,255)
	<hr/>
	(\$26,671,659)

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# CITY OF MAUMEE, OHIO

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## Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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### NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

#### **B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Amount by which capital outlay exceeded depreciation in the current period:*

Capital Outlay	\$5,804,568
Depreciation Expense	<u>(3,291,348)</u>
	\$2,513,220

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Property Tax	(\$17,538)
Decrease in Shared Revenue	(2,222,730)
Increase in Charges for Services Revenue	17,452
Decrease in Special Assessment Revenue	(94,635)
Increase in All Other Revenues	<u>49,525</u>
	(\$2,267,926)

*Expenses not requiring the use of current financial resources:*

Increase in Compensated Absences Payable	(\$302,919)
Increase in supplies inventory	<u>18,987</u>
	(\$283,932)

*Net amount of long-term debt issuance and bond principal payments:*

G.O. Bond Principal Payment	\$10,060,000
G.O. Bonds Issued	(9,035,000)
Deferred Loss on New Bonds Issued	669,983
Amortization of Deferred Loss on G.O. Bonds	(113,435)
Amortization of Premium on G.O. Bonds	29,254
Adjustment to Long-Term Workers' Comp.	16,502
Ohio Police and Fire Principal Payment	<u>1,443</u>
	\$1,628,747

### NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

**Fund Deficit** - The fund deficits at December 31, 2014 of \$44,065 in the Police Pension Fund (special revenue fund) and \$141,148 in the Permanent Improvement Fund (capital project funds) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary/cash basis. A deficit does not exist under the budgetary/cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

# CITY OF MAUMEE, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2014

### NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Fallen Timbers TIF Fund	Income Tax "B" (.5%) Fund	General Obligation Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Unclaimed Monies	\$36,259	\$0	\$0	\$0	\$0	\$36,259
Supplies Inventory	31,979	0	0	0	48,400	80,379
Prepaid Items	52,350	0	0	0	36,191	88,541
Total Nonspendable	<u>120,588</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>84,591</u>	<u>205,179</u>
Restricted:						
TIF Payments	0	2,695,663	0	0	0	2,695,663
Capital Projects	0	0	13,834,942	0	0	13,834,942
Special Assessment Debt Service Payments	0	0	0	0	631,614	631,614
Street Construction and Maintenance	0	0	0	0	179,059	179,059
State Highway Improvement	0	0	0	0	14,487	14,487
Permissive Auto License	0	0	0	0	40,251	40,251
Street Lighting	0	0	0	0	828,029	828,029
Law Enforcement Trust	0	0	0	0	1,286	1,286
Drug Law	0	0	0	0	3,180	3,180
Drug Law Enforcement and Education	0	0	0	0	23,338	23,338
Indigent Drivers Alcohol Treatment	0	0	0	0	43,476	43,476
Municipal Court Capital Improvement	0	0	0	0	144,984	144,984
Community Housing Improvement	0	0	0	0	6,116	6,116
Community Development Block Grant	0	0	0	0	173,129	173,129
Maumee Revolving Loan	0	0	0	0	322,921	322,921
Indigent Driver Surplus	0	0	0	0	25,000	25,000
Indigent Drivers Interlock Monies	0	0	0	0	1,776	1,776
Probation Services	0	0	0	0	22,894	22,894
Court Clerk Computer	0	0	0	0	10,111	10,111
Total Restricted	<u>0</u>	<u>2,695,663</u>	<u>13,834,942</u>	<u>0</u>	<u>2,471,651</u>	<u>19,002,256</u>
Committed:						
Job Creation and Retention	200	0	0	0	0	200
Sewer Construction	0	0	0	0	30,503	30,503
Waterline Construction	0	0	0	0	21	21
Sidewalk Construction	0	0	0	0	92,959	92,959
Street Construction	0	0	0	0	531,966	531,966
Street Opening	0	0	0	0	84,503	84,503
Total Committed	<u>200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>739,952</u>	<u>740,152</u>
Assigned for Purchase Orders	130,798	0	0	0	0	130,798
Assigned for Debt Service	0	0	0	2,074	0	2,074
Unassigned	10,559,962	0	0	0	(185,213)	10,374,749
Total Fund Balances	<u>\$10,811,548</u>	<u>\$2,695,663</u>	<u>\$13,834,942</u>	<u>\$2,074</u>	<u>\$3,110,981</u>	<u>\$30,455,208</u>

## ***CITY OF MAUMEE, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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#### **NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2014 the City implemented GASB Statement No. 69, “*Government Combinations and Disposals of Government Operations*,” and GASB Statement No. 70, “*Accounting and Financial Reporting for Nonexchange Financial Guarantees*”.

Statement No. 69 establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). This statement also provides guidance on how to determine the gain or loss on a disposal of government operations.

Statement No. 70 establishes accounting and financial reporting standards for situations where a state or local government , as guarantor, agrees to indemnify a third-party obligation holder under specific conditions.

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

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# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions,

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

- The State Treasury Asset Reserve of Ohio (STAR Ohio),
- Commercial Paper, and
- Bankers Acceptances.

#### **A. Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks. All deposits, except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Collateral permitted by Chapter 135 of the ORC is limited to obligations of the United States and its agencies, bonds of any state, and bonds and other obligations of any country, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Such collateral, as permitted by Chapter 135 of the ORC is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at a Federal Reserve Bank in the name of the City.

At year end the carrying amount of the City's deposits was \$6,207,235 and the bank balance was \$6,386,654. Federal depository insurance covered \$472,612 of the bank balance and \$5,914,042 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$5,914,042</u>
Total Balance	<u><u>\$5,914,042</u></u>

The General Fund received total interest income of \$267,115 during 2014 of which, \$189,531 was earned by other funds.

# CITY OF MAUMEE, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2014

### NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

#### **B. Investments**

The City's investments at December 31, 2014 are summarized below:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
FNMA	\$4,308,796	AA+ <sup>1</sup> / Aaa <sup>2</sup>	\$0	\$3,061,073	\$1,247,723
FHLMC	499,245	AA+ <sup>1</sup> / Aaa <sup>2</sup>	0	499,245	0
FHLB	4,481,430	AA+ <sup>1</sup> / Aaa <sup>2</sup>	0	1,746,595	2,734,835
FFCB	1,989,270	AA+ <sup>1</sup> / Aaa <sup>2</sup>	0	990,660	998,610
Municipal Bond	477,097	Aaa <sup>2</sup>	477,097	0	0
Negotiable CD's	14,571,824	N/A	5,965,963	8,357,336	248,525
STAR Ohio	100,373	AAAm <sup>1</sup>	100,373	0	0
Total Investments	<u>\$26,428,035</u>		<u>\$6,543,433</u>	<u>\$14,654,909</u>	<u>\$5,229,693</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The City adheres to the Ohio Revised Code's five year policy.

*Credit Risk* – The City's investments in FNMA, FHLMC and FHLB securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in FNMA, FHLMC, FHLB and FFCB securities in the amount of \$4,308,796, \$499,245, \$4,481,430 and \$1,989,270, respectively, are uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. The City has invested 16% of its investments in FNMA, 2% in FHLMC, 17% in FHLB, 8% in FFCB, 2% in Municipal Bonds, 54% in Negotiable CD's and 1% in STAR Ohio.

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

#### **C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is treated as a cash equivalent. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the financial statements and classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Financial Statements	\$6,307,608	\$26,327,662
Investments:		
STAR Ohio	<u>(100,373)</u>	<u>100,373</u>
Per GASB Statement No. 3	<u><u>\$6,207,235</u></u>	<u><u>\$26,428,035</u></u>

\* Includes petty cash.

### **NOTE 7 - TAXES**

#### **A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2014 were levied after October 1, 2013 on assessed values as of January 1, 2013, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed during 2012 and the equalization adjustment was completed in 2009. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

## ***CITY OF MAUMEE, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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#### **NOTE 7 - TAXES (Continued)**

##### **A. Property Taxes (Continued)**

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

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

The full property tax rate for all City operations for the year ended December 31, 2014 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2014 tax receipts were based was \$410,882,660. This amount constitutes \$398,593,650 in real property assessed value and \$12,289,010 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .370% (3.70 mills) of assessed value.

##### **B. Income Tax**

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

# CITY OF MAUMEE, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2014

### NOTE 8 - RECEIVABLES

At December 31, 2014, receivables, which are recorded net of allowance for doubtful accounts, consisted of taxes, accounts receivable, interest, special assessments, due from other funds, loans, and intergovernmental receivables to be received in the following reporting period except for special assessments.

### NOTE 9 – TRANSFERS

Following is a summary of transfers in and out for all funds for 2014:

Transfers Out:	Transfers In:			
	General Obligation Bond Retirement Fund	Water Fund	Nonmajor Governmental Funds	Total
General Fund	\$0	\$5,000	\$484,600	\$489,600
Income Tax "B" (.5%) Fund	1,686,201	132,800	2,221,002	4,040,003
Fallen Timbers TIF Fund	620,148	0	0	620,148
Nonmajor Governmental Funds	0	0	25,000	25,000
Water Fund	2,182	0	0	2,182
	<u>\$2,308,531</u>	<u>\$137,800</u>	<u>\$2,730,602</u>	<u>\$5,176,933</u>

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them; (3) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (4) for capital purchases authorized by council; and (5) move revenues to the permanent improvement fund; (6) upon completion of projects, excess funds were transferred back to the originating fund.

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

### NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2014 consist of the following receivables and payables:

Fund	Receivable	Payable
Governmental Funds:		
Income Tax "B" (.5%) Fund	\$1,277,954	\$0
Other Governmental Funds	0	1,291,494
Total Governmental Funds	<u>1,277,954</u>	<u>1,291,494</u>
Enterprise Funds:		
Water Fund	6,770	0
Sewer Fund	6,770	0
Total Enterprise Funds	<u>13,540</u>	<u>0</u>
Totals	<u>\$1,291,494</u>	<u>\$1,291,494</u>

# **CITY OF MAUMEE, OHIO**

## **Notes to the Basic Financial Statements For the Year Ended December 31, 2014**

### **NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES (Continued)**

The interfund loans receivable/payable are amounts that have been advanced from one fund to another and will be repaid during the following reporting period.

On the Statement of Net Position, the Governmental Activities reported an internal balance at December 31, 2013 of \$13,540, which was offset in the Business-Type Activities by the same amount.

### **NOTE 11 - CAPITAL ASSETS**

#### **A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2014:

*Historical Cost:*

Class	December 31, 2013	Additions	Deletions	December 31, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$7,179,540	\$0	\$0	\$7,179,540
Construction in Progress	5,140,883	81,929	(5,045,637)	177,175
Subtotal	12,320,423	81,929	(5,045,637)	7,356,715
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	48,880,013	6,104,712	0	54,984,725
Machinery and Equipment	14,957,908	1,700,645	(620,778)	16,037,775
Infrastructure	50,091,969	2,962,919	(178,798)	52,876,090
Subtotal	113,929,890	10,768,276	(799,576)	123,898,590
Total Cost	\$126,250,313	\$10,850,205	(\$5,845,213)	\$131,255,305

*Accumulated Depreciation:*

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings and Improvements	(\$16,361,529)	(\$1,382,989)	\$0	(\$17,744,518)
Machinery and Equipment	(9,531,598)	(798,236)	533,548	(9,796,286)
Infrastructure	(18,998,179)	(1,110,123)	178,798	(19,929,504)
Total Depreciation	(\$44,891,306)	(\$3,291,348) *	\$712,346	(\$47,470,308)
<i>Net Value:</i>	\$81,359,007			\$83,784,997

# **CITY OF MAUMEE, OHIO**

## **Notes to the Basic Financial Statements For the Year Ended December 31, 2014**

### **NOTE 11 - CAPITAL ASSETS (continued)**

#### **A. Governmental Activities Capital Assets (Continued)**

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$869,737
Public Health and Welfare Services	477
Basic Utility Services	189,096
Leisure Time Activities	592,024
Community Environment	14,152
Transportation	1,091,161
General Government	<u>534,701</u>
Total Depreciation Expense	<u><u>\$3,291,348</u></u>

#### **B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2014:

*Historical Cost:*

Class	December 31, 2013	Additions	Deletions	December 31, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$118,864	\$0	\$0	\$118,864
Construction in Progress	2,676,049	0	(2,672,500)	3,549
	<u>2,794,913</u>	<u>0</u>	<u>(2,672,500)</u>	<u>122,413</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	18,805,469	3,567,893	0	22,373,362
Machinery and Equipment	1,822,742	21,867	(1,590)	1,843,019
	<u>20,628,211</u>	<u>3,589,760</u>	<u>(1,590)</u>	<u>24,216,381</u>
Total Cost	<u><u>\$23,423,124</u></u>	<u><u>\$3,589,760</u></u>	<u><u>(\$2,674,090)</u></u>	<u><u>\$24,338,794</u></u>

*Accumulated Depreciation:*

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings and Improvements	(\$13,162,060)	(\$442,745)	\$0	(\$13,604,805)
Machinery and Equipment	(1,353,537)	(64,839)	1,272	(1,417,104)
Total Depreciation	<u><u>(\$14,515,597)</u></u>	<u><u>(\$507,584)</u></u>	<u><u>\$1,272</u></u>	<u><u>(\$15,021,909)</u></u>
<i>Net Value:</i>	<u><u>\$8,907,527</u></u>			<u><u>\$9,316,885</u></u>

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 12 – DEFINED BENEFIT PENSION PLANS**

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

#### **A. Ohio Public Employees Retirement System ("OPERS")**

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, *"Accounting for Pensions by State and Local Government Employers."*

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2014, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2014 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 12.0% for calendar year 2014. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's contributions for pension obligations to OPERS for the years ending December 31, 2014, 2013, and 2012 were \$1,110,543, \$1,073,526 and \$974,311, respectively or 92.5% of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012. The unpaid contribution to fund pension obligations for 2014, in the amount of \$82,852, is recorded as a liability within the respective funds.

# ***CITY OF MAUMEE, OHIO***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)**

#### **B. Ohio Police and Fire Pension Fund (“OP&F”)**

All City full-time police officers participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164, by calling (614) 228-2975, or by visiting [www.op-f.org](http://www.op-f.org).

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014, employers were required to contribute 19.5% for police officers. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2014, 19.0% of annual covered salary for police was the portion used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2014, 2013, and 2012 were \$591,820, \$601,979 and \$470,795 for police, or 92.5% of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012. The unpaid contribution to fund pension obligations for 2014, in the amount of \$44,672 for police is recorded as a liability within the respective funds.

### **NOTE 13 - POSTEMPLOYMENT BENEFITS**

#### **A. Ohio Public Employees Retirement System (“OPERS”)**

Plan Description – 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 plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

## ***CITY OF MAUMEE, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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#### **NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

##### **A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2014, 2013, and 2012 were \$158,649, \$76,679 and \$313,475, respectively, or 92.5% of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

## ***CITY OF MAUMEE, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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#### **NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

##### **B. Ohio Police and Fire Pension Fund (“OP&F”)**

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at [www.op-f.org](http://www.op-f.org).

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. 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 also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City’s contributions for health care to the OP&F for the years ending December 31, 2014, 2013, and 2012 were \$15,175, \$110,382 and \$218,531 for police or 92.5% of the required contributions for 2014 and 100% of the required contributions for 2013 and 2012.

# CITY OF MAUMEE, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2014

### NOTE 14 – COMPENSATED ABSENCES

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

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees expected to become eligible in the future to receive such payments.

At December 31, 2014, the City's accumulated, unpaid compensated absences amounted to \$2,557,748, of which \$2,312,963 is recorded as a liability of the Governmental Activities and \$244,785 is recorded as a liability of the Business-Type Activities.

### NOTE 15 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2014 was as follows:

	Balance December 31, 2013	Additions	(Reductions)	Balance December 31, 2014	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds					
3.50 - 4.375% Capital Improvement	\$10,395,000	\$0	(\$9,390,000)	\$1,005,000	\$1,005,000
2.330% Fallen Timbers Phase One	4,020,000	0	(185,000)	3,835,000	190,000
1.250% Fallen Timbers Phase One	3,555,000	0	(165,000)	3,390,000	165,000
2.000% Improvement Bonds - Service Building	4,075,000	0	(170,000)	3,905,000	175,000
Premium	172,175	0	(9,061)	163,114	0
2.000% Improvement Bonds	4,025,000	0	(45,000)	3,980,000	50,000
Premium	222,133	0	(20,193)	201,940	0
2.000% Improvement Bonds	0	9,035,000	(105,000)	8,930,000	185,000
Total General Obligation Bonds	26,464,308	9,035,000	(10,089,254)	25,410,054	1,770,000
Compensated Absences	2,006,559	2,312,963	(2,006,559)	2,312,963	1,048,309
Workers Compensation Liability	16,502	0	(16,502)	0	0
Ohio Police and Fire Pension Accrued Liability	49,230	0	(1,443)	47,787	1,505
Total Governmental Activities Long-Term Debt	<u>\$28,536,599</u>	<u>\$11,347,963</u>	<u>(\$12,113,758)</u>	<u>\$27,770,804</u>	<u>\$2,819,814</u>

# CITY OF MAUMEE, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2014

### NOTE 15 - LONG-TERM DEBT (Continued)

	Balance December 31, 2013	Additions	(Reductions)	Balance December 31, 2014	Due Within One Year
<b>Business-Type Activities:</b>					
General Obligation Bond:					
2.000% Improvement Bonds - Meters	\$1,060,000	\$0	(\$110,000)	\$950,000	\$110,000
Premium	40,518	0	(4,502)	36,016	0
Total General Obligation Bonds	1,100,518	0	(114,502)	986,016	110,000
Compensated Absences	\$204,655	\$244,785	(\$204,655)	\$244,785	\$98,243
Total Business-Type Activities Long-Term Debt	<u>\$1,305,173</u>	<u>\$244,785</u>	<u>(\$319,157)</u>	<u>\$1,230,801</u>	<u>\$208,243</u>

#### **A. Principal and Interest Requirements**

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2014, follows:

Years	Governmental General Obligation Bonds		Business-Type General Obligation Bonds		Ohio Police and Fire Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$1,770,000	\$1,033,524	\$110,000	\$20,600	\$1,505	\$2,015
2016	1,855,000	622,810	115,000	18,400	1,570	1,950
2017	1,905,000	585,948	115,000	16,100	1,637	1,883
2018	1,975,000	547,472	115,000	13,800	1,708	1,813
2019	2,035,000	506,654	120,000	11,500	1,781	1,739
2020-2024	10,535,000	1,804,306	375,000	19,375	10,119	7,391
2025-2029	3,675,000	615,972	0	0	12,488	5,113
2030-2034	1,295,000	79,922	0	0	15,411	2,192
2035	0	0	0	0	1,568	33
Totals	<u>\$25,045,000</u>	<u>\$5,796,608</u>	<u>\$950,000</u>	<u>\$99,775</u>	<u>\$47,787</u>	<u>\$24,129</u>

#### **B. Ohio Police and Fire Pension Fund**

The City's liability for past service costs relating to the Ohio Police and Fire Pension Fund at December 31, 2014 was \$71,916 in principal and interest payments through the year 2035. Only the principal amount of \$47,787 is included in the long-term liabilities of the City.

# CITY OF MAUMEE, OHIO

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## Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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### NOTE 16 - CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from hospital and various industrial revenues. Ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2014, there were fourteen series of Industrial Revenue Bonds and one series of Hospital Revenue Bonds outstanding. The aggregate principal amount payable for the fourteen Industrial Revenue Bonds issued prior to January 1, 1996, could not be determined, however, their original issue amounts totaled \$11,430,000.

### NOTE 17 - CONSTRUCTION COMMITMENTS

As of December 31, 2014, the City had the following commitments with respect to capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Warning Sirens	\$46,000	2015
Crossman Ditch Improvements - Engineering	24,374	2015
Conant Street Safety Upgrade - Construction	88,178	2015
Salt Dome - Engineering	37,440	2015
Fixed Base Meter Reader System	84,263	2015
Service Department Storage Building - Engineering	28,306	2015
Service Department Storage Building - Construction	9,251	2015
West Broadway Parking Lot - Engineering	3,682	2015
Traffic Signal Improvement	7,000	2015
Crystal Avenue Pump Station Brick	3,550	2015
Dumb Bed and Plow	45,125	2015
Dump Truck	75,424	2015
Scanning Project	55,964	2015
Total	\$508,557	

# CITY OF MAUMEE, OHIO

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## Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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### NOTE 18 - INSURANCE AND RISK MANAGEMENT (Continued)

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1994, the City joined the Ohio Government Risk Management Plan (the "OGRMP"), a public entity risk plan formed under Section 2744.081 of the Ohio Revised Code that operates as a common risk management and insurance program for 585 member political subdivisions. The City pays an annual premium to the OGRMP for its general insurance coverage. The agreement for formation of the OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure all claims in excess of a member's deductible through commercial insurance and reinsurance companies.

The City maintains a self-funded health insurance program with claims processed by CBCA Administrators, Inc. on behalf of the City. A separate Medical Care - Self Insured Fund (an internal service fund) was created in 1990 to account for and finance the health insurance program. As an integral part of the health insurance program, a reinsurance policy has been purchased covering claims in excess of \$40,000 per individual per year up to a maximum of \$1,000,000 per individual per lifetime. Settled claims have not exceeded the commercial coverage limits in any of the past three fiscal years.

All funds of the City from which employee salaries are paid participate in the health insurance program and make payments to the Medical Care - Self Insured Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Total contributions to the program during 2014 were \$2,300,732. The claims liability of \$302,748 reported in the Medical Care - Self Insured Fund at December 31, 2013 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Medical Care - Self Insured Fund's claims liability amount in fiscal years 2012, 2013 and 2014 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Claims Liability at Fiscal Year End
2012	\$150,978	2,011,508	(2,039,610)	\$122,876
2013	122,876	1,980,951	(1,910,845)	192,982
2014	192,982	2,804,865	(2,695,099)	302,748

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

The City continues to carry commercial insurance for other risks of loss, including employee life insurance. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.