

BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

UNAUDITED

Prepared by:

Finance Department

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CITY OF MAUMEE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2015

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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, 2015. 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 2015 are as follows:

- ❑ In total, net position increased \$3,174,818. Net position of governmental activities increased \$3,065,557, from 2014. Net position of business-type activities increased \$109,261 from 2014.
- ❑ General revenues related to governmental activities accounted for \$21.8 million in revenue or 77.9% 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 22.1% of total governmental activities revenues of \$28 million.
- ❑ The City had \$25 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 \$17.8 million in revenues, including other financing sources, and \$18.5 million in expenditures, including transfers out to other funds. The general fund's fund balance decreased \$610,622 to \$10,200,926 on an accrual basis.
- ❑ Net position for enterprise funds increased by \$75,614 on the fund financial statements.
- ❑ Long-Term debt, excluding compensated absences, net pension liability and the workers' comp liability, decreased by \$1,179,254 from 2014 to 2015.

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.

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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.

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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 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Current and other assets	\$36,337,406	\$36,022,585	\$4,550,996	\$4,633,159	\$40,888,402	\$40,655,744
Capital assets, Net	84,789,569	83,784,997	9,119,283	9,316,885	93,908,852	93,101,882
Total assets	<u>121,126,975</u>	<u>119,807,582</u>	<u>13,670,279</u>	<u>13,950,044</u>	<u>134,797,254</u>	<u>133,757,626</u>
Deferred outflows of resources	<u>2,923,042</u>	<u>2,326,203</u>	<u>173,768</u>	<u>114,176</u>	<u>3,096,810</u>	<u>2,440,379</u>
Net pension liability	13,356,483	12,780,434	917,467	904,362	14,273,950	13,684,796
Other long-term liabilities	25,945,676	27,770,804	1,089,745	1,230,801	27,035,421	29,001,605
Other liabilities	1,694,140	1,762,826	247,226	464,027	1,941,366	2,226,853
Total liabilities	<u>40,996,299</u>	<u>42,314,064</u>	<u>2,254,438</u>	<u>2,599,190</u>	<u>43,250,737</u>	<u>44,913,254</u>
Deferred inflows of resources	<u>2,942,030</u>	<u>2,773,590</u>	<u>15,318</u>	<u>0</u>	<u>2,957,348</u>	<u>2,773,590</u>
Net position (deficit):						
Net investment in capital assets	68,920,791	66,585,400	8,247,769	8,330,869	77,168,560	74,916,269
Restricted	19,466,385	19,385,349	0	0	19,466,385	19,385,349
Unrestricted	(8,275,488)	2,515,070	3,326,522	3,924,347	(4,948,966)	6,439,417
Total net deficit	<u>\$80,111,688</u>	<u>\$77,046,131</u>	<u>\$11,574,291</u>	<u>\$11,465,030</u>	<u>\$91,685,979</u>	<u>\$88,511,161</u>

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$88,485,819 to a net position of \$77,046,131 in governmental activities and from \$12,255,216 to a net position of \$11,465,030 in business type activities.

At fiscal year-end for governmental activities, capital assets represented 70% of total assets. Capital assets include land, land improvements, buildings and improvements, machinery and equipment, and vehicles. Net investment in capital assets, at December 31, 2015 was \$68,920,791. These capital assets are used to provide services to the public and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$19,466,385, represents resources that are subject to external restriction on how they may be used. Excluding the effect of implementing GASB 68, the City has approximately \$3 million in unrestricted net position which may be used to meet the City's ongoing obligations to the public and creditors.

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Changes in Net Position – The following table shows the changes in net position for the fiscal year 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for Services and Sales	\$4,160,692	\$4,204,110	\$4,822,031	\$4,906,032	\$8,982,723	\$9,110,142
Operating Grants and Contributions	987,392	1,649,111	0	0	987,392	1,649,111
Capital Grants and Contributions	1,026,145	359,755	0	0	1,026,145	359,755
General Revenues:						
Property Taxes	1,404,154	1,310,426	0	0	1,404,154	1,310,426
Payments in Lieu of Taxes	2,243,520	2,249,750	0	0	2,243,520	2,249,750
Municipal Income Taxes	15,905,895	16,107,839	0	0	15,905,895	16,107,839
Grants and Entitlements not Restricted to Specific Programs	909,369	1,094,612	0	0	909,369	1,094,612
Investment Earnings	260,691	271,477	0	0	260,691	271,477
Miscellaneous	760,261	650,243	0	0	760,261	650,243
Total Revenues	<u>27,658,119</u>	<u>27,897,323</u>	<u>4,822,031</u>	<u>4,906,032</u>	<u>32,480,150</u>	<u>32,803,355</u>
Program Expenses:						
Security of Persons and Property	10,540,159	9,527,150	0	0	10,540,159	9,527,150
Public Health and Welfare Services	210,615	146,738	0	0	210,615	146,738
Leisure Time Activities	2,310,115	2,020,368	0	0	2,310,115	2,020,368
Community Environment	1,827,141	3,737,546	0	0	1,827,141	3,737,546
Basic Utility Services	1,159,524	976,801	0	0	1,159,524	976,801
Transportation	3,847,362	3,144,020	0	0	3,847,362	3,144,020
General Government	4,323,235	6,574,052	0	0	4,323,235	6,574,052
Interest and Fiscal Charges	746,214	903,054	0	0	746,214	903,054
Water	0	0	2,800,607	2,221,508	2,800,607	2,221,508
Sewer	0	0	1,917,163	1,929,393	1,917,163	1,929,393
Total Expenses	<u>24,964,365</u>	<u>27,029,729</u>	<u>4,717,770</u>	<u>4,150,901</u>	<u>29,682,135</u>	<u>31,180,630</u>
Excess (deficiency) before Transfers	2,693,754	867,594	104,261	755,131	2,798,015	1,622,725
Transfers In (Out)	(5,000)	(135,618)	5,000	135,618	0	0
Total Change in Net Position	<u>2,688,754</u>	<u>731,976</u>	<u>109,261</u>	<u>890,749</u>	<u>2,798,015</u>	<u>1,622,725</u>
Special Item: Gain on Sale of Capital Assets	376,803	0	0	0	376,803	0
Beginning Net Position, Restated	<u>77,046,131</u>	<u>87,753,843</u>	<u>11,465,030</u>	<u>11,364,467</u>	<u>88,511,161</u>	<u>99,118,310</u>
Ending Net Position	<u><u>\$80,111,688</u></u>	<u><u>\$88,485,819</u></u>	<u><u>\$11,574,291</u></u>	<u><u>\$12,255,216</u></u>	<u><u>\$91,685,979</u></u>	<u><u>\$100,741,035</u></u>

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The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,342,736 for Governmental Activities and \$112,185 for Business-type Activities computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,384,834 for Governmental Activities and \$96,078 for Business-type Activities.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2015 program expenses under GASB 68	\$24,964,365	\$4,717,770
Pension expense under GASB 68	(1,384,834)	(96,078)
2015 contractually required contribution	1,409,338	127,247
Adjusted 2015 program expenses	24,988,869	4,748,939
Total 2014 program expenses under GASB 27	27,029,729	4,150,901
Change in program expenses not related to pension	(\$2,040,860)	\$598,038

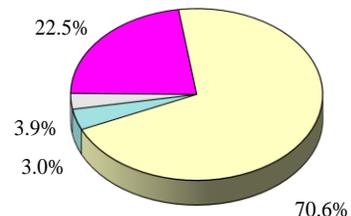
Governmental Activities

The City's governmental activities net position increased by \$3,065,557 from 2014 to 2015. The main reasons for the increase in net position for the governmental activities were the increased hotel occupancy taxes, cable TV franchise taxes and the sale of real estate compared to 2014.

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 declined on the accrual basis by \$201,944 or 1.25%.

Property taxes and income taxes made up 13.2% and 57.4% respectively of revenues for governmental activities for the City in fiscal year 2015. The City's reliance upon tax revenues is demonstrated by the following graph indicating 70.6% of total revenues from general tax revenues:

Revenue Sources	2015	Percent of Total
General Shared Revenues	\$823,605	3.0%
Program Revenues	6,230,518	22.5%
General Tax Revenues	19,553,569	70.6%
General Other	1,090,853	3.9%
Total Revenue	\$27,698,545	100.00%



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Business-Type Activities

The City's business-type activities net position increased by \$109,261. The increase in net position before transfers was \$104,261 from 2014 to 2015. Rates were increased in 2014 and 2015 to reflect current costs. A utility rate study will be completed in 2016 to review rate adjustments and capital improvements for the next ten years.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$30,179,457, which is a decrease from last year's balance of \$30,455,208. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2015 and 2014:

	Fund Balance December 31, 2015	Fund Balance December 31, 2014	Increase (Decrease)
General	\$10,200,926	\$10,811,548	(\$610,622)
Fallen Timbers TIF	3,273,824	2,695,663	578,161
Income Tax "B" (.5%)	12,987,228	13,834,942	(847,714)
General Obligation Bond			
Retirement	119	2,074	(1,955)
Other Governmental	3,717,360	3,110,981	606,379
Total	\$30,179,457	\$30,455,208	(\$275,751)

General Fund – The City's General Fund balance decreased from 2014 to 2015. Income Tax Revenues declined in the General Fund by \$138,058 during 2015. The City has continued its effort to contain costs through attrition and policy changes. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2015 Revenues	2014 Revenues	Increase (Decrease)
Property Taxes	\$1,294,936	\$1,221,893	\$73,043
Municipal Income Taxes	10,601,645	10,739,703	(138,058)
Intergovernmental Revenue	2,313,169	2,135,510	177,659
Charges for Services	1,403,845	1,294,693	109,152
Licenses and Permits	301,652	282,768	18,884
Investment Earnings	258,677	267,115	(8,438)
Special Assessments	11,514	11,667	(153)
Fines and Forfeitures	783,747	794,580	(10,833)
All Other Revenue	537,271	631,066	(93,795)
Total	\$17,506,456	\$17,378,995	\$127,461

General Fund revenues in 2015 increased \$127,461 compared to revenues in fiscal year 2014. The most significant factors contributing to this increase in revenue were an increase in intergovernmental revenue and charges for services.

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	2015	2014	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$8,823,388	\$8,893,220	(\$69,832)
Public Health and Welfare Services	211,153	175,356	35,797
Leisure Time Activities	1,735,306	1,795,092	(59,786)
Community Environment	769,775	798,551	(28,776)
Basic Utility Services	955,301	975,995	(20,694)
Transportation	1,881,679	1,631,098	250,581
General Government	3,641,820	3,614,748	27,072
Total	<u>\$18,018,422</u>	<u>\$17,884,060</u>	<u>\$134,362</u>

General Fund expenditures increased \$134,362 compared to the prior year. Overall increases in transportation account for the majority of the increase in expenditures. Transportation expenditures were higher in 2015 due to the harsh winter and snowplowing costs. Historical weather records report 46.4 inches of snowfall in 2015.

For the Fallen Timbers TIF Fund, the fund balance increase was mainly due to collections being greater than payments in lieu of tax (PILOT) payments, construction and debt payments during 2015.

For the Income Tax "B" (0.5%) Fund, the decrease was related to lower income tax revenues (accrual basis) and an increase in capital project expenditures.

For the General Obligation Bond Retirement Fund, the fund balance decreased and is the normal year-end balance.

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 2015, 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 \$17.9 million did not change from the original budget estimates. The General Fund had an adequate fund balance to cover expenditures.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2015 the City had \$93,908,852, net of accumulated depreciation, invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$84,789,569 was related to governmental activities and \$9,119,283 to the business-type activities. The following table shows fiscal year 2015 and 2014 balances:

	Governmental Activities		Increase (Decrease)
	2015	2014	
Land	\$7,179,540	\$7,179,540	\$0
Construction in Progress	1,312,653	177,175	1,135,478
Buildings & Improvements	55,717,390	54,984,725	732,665
Machinery and Equipment	16,433,000	16,037,775	395,225
Infrastructure	54,418,644	52,876,090	1,542,554
Less: Accumulated Depreciation	(50,271,658)	(47,470,308)	(2,801,350)
Totals	\$84,789,569	\$83,784,997	\$1,004,572

	Business-Type Activities		Increase (Decrease)
	2015	2014	
Land	\$118,864	\$118,864	\$0
Construction in Progress	3,549	3,549	0
Buildings and Improvements	22,442,345	22,373,362	68,983
Machinery and Equipment	2,088,887	1,843,019	245,868
Less: Accumulated Depreciation	(15,534,362)	(15,021,909)	(512,453)
Totals	\$9,119,283	\$9,316,885	(\$197,602)

The primary increase occurred in infrastructure for the Governmental Activities. This included the completion of the new salt storage building, and the paving program of six streets. The Construction in Progress included the West Broadway Parking Lot construction and the new Bike Path. The main increase for the Business-type activities was the completion of the Cass Road pump station upgrade for the Sanitary Sewer Division. Additional information on the City's capital assets can be found in Note 11.

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Debt

At December 31, 2015, the City had \$24.5 million in long-term obligations outstanding, \$1,970,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Governmental Activities:		
General Obligation Bonds	\$23,610,800	\$25,410,054
Compensated Absences	2,282,720	2,312,963
Net Pension Liability	13,356,483	11,439,688
Workers' Compensation Liability	5,874	0
Ohio Police and Fire Pension Accrued Liability	46,282	47,787
Total Governmental Activities	<u>39,302,159</u>	<u>39,210,492</u>
Business-Type Activities:		
General Obligation Bonds	\$871,514	\$986,016
Compensated Absences	218,231	244,785
Net Pension Liability	917,467	790,186
Total Business-Type Activities	<u>2,007,212</u>	<u>2,020,987</u>
Totals	<u><u>\$41,309,371</u></u>	<u><u>\$41,231,479</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 2014 by 8.5% and expenditures were projected to decrease by .11%. Actual General Fund revenues increased by 10.2% with actual General Fund expenditures increasing by 1.7%.

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 5.6% in 2015. One percent is available for general purposes while one-half percent is restricted to capital improvements.

CITY OF MAUMEE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2015

Unaudited

The City continued its commitment to major capital improvements in 2015. Street improvements included the street paving program of six (6) streets and a new uptown parking lot.

Additional capital projects included the construction of a Multi-Use Bike Trail and new salt storage building.

River Road Multi Use Trail

The City of Maumee and the Toledo Area Metroparks completed a 3.1 mile joint multi use trail in 2015. The project goal was to provide a safer area along the Scenic River Byway Corridor by providing separation between vehicles and recreation users and to provide a connector to the Wabash-Cannonball Trail. Total construction cost was \$674,733.04 for paved berm and multi-use path.

Salt Storage Facility

In 2015, the Department of Public Service completed the construction of a new salt storage facility. This new facility will store approximately 5,500 tons of roadway salt for use during the winter month. The facility is located at the Service Department yard on Illinois Avenue and total construction cost was \$549,121. This facility is capable of holding an entire winter's use of salt for the City of Maumee.

Other capital purchases in 2015 included two new (2) new Police SUV's, two (2) new Fire SUV's, five (5) new dump trucks, two (2) Cab and Chassis Trucks, two (2) new Pickups, a Backhoe, a new Asphalt Roller, GIS Receiver with ArcMap Software and measuring equipment, three (3) new riding lawnmowers, and four (4) new Warning Sirens. Capital office purchases included one new network application server.

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 2015, there were 23 firms receiving JCR grants totaling \$273,300 under this program. There was one new Job Creation Grants initiated in 2015 attracting/retaining 45 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 2015 to retain/attract 13 employees under this program.

The City worked cooperatively with our collective bargaining units to secure contracts in which a 2.5%, 2.5% and 2.0% base wage increase for years 2016, 2017 and 2018 respectively was agreed upon. Benefits such as vacation, holidays and insurance will basically remain the same for 2016-2018. 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.

CITY OF MAUMEE, OHIO



CITY OF MAUMEE, OHIO

**Statement of Net Position
December 31, 2015**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 3,106,994	\$ 167,515	\$ 3,274,509
Investments	25,578,998	3,149,455	28,728,453
Receivables:			
Taxes	5,335,112	0	5,335,112
Accounts	481,128	1,046,327	1,527,455
Intergovernmental	811,128	0	811,128
Special Assessments	635,474	0	635,474
Internal Balances	(44,545)	44,545	0
Inventory of Supplies at Cost	305,655	126,331	431,986
Prepaid Items	75,400	16,823	92,223
Restricted Assets:			
Cash and Cash Equivalents	52,062	0	52,062
Capital Assets:			
Capital Assets Not Being Depreciated	8,492,193	122,413	8,614,606
Capital Assets Being Depreciated, Net	76,297,376	8,996,870	85,294,246
Total Assets	121,126,975	13,670,279	134,797,254
Deferred Outflows of Resources:			
Pension	2,051,020	173,768	2,224,788
Deferred Loss on Early Retirement of Debt	872,022	0	872,022
Total Deferred Outflows of Resources	2,923,042	173,768	3,096,810
Liabilities:			
Accounts Payable	604,514	179,634	784,148
Accrued Wages and Benefits	813,650	66,059	879,709
Claims Payable	172,013	0	172,013
Refundable Deposits	52,062	0	52,062
Accrued Interest Payable	51,901	1,533	53,434
Long-Term Liabilities:			
Due Within One Year	2,937,558	203,173	3,140,731
Net Pension Liability	13,356,483	917,467	14,273,950
Due in More Than One Year	23,008,118	886,572	23,894,690
Total Liabilities	40,996,299	2,254,438	43,250,737
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,832,309	0	2,832,309
Pension	109,721	15,318	125,039
Total Deferred Inflows of Resources	2,942,030	15,318	2,957,348

(Continued)

CITY OF MAUMEE, OHIO

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position:			
Net Investment in Capital Assets	68,920,791	8,247,769	77,168,560
Restricted For:			
Capital Projects	13,823,872	0	13,823,872
Debt Service	1,286,978	0	1,286,978
Street Construction, Maintenance and Repair	321,391	0	321,391
State Highway Improvement	83,503	0	83,503
Street Lighting	842,981	0	842,981
Court Improvement	191,135	0	191,135
Revolving Loan	322,921	0	322,921
TIF Activity	2,593,604	0	2,593,604
Unrestricted (Deficit)	(8,275,488)	3,326,522	(4,948,966)
Total Net Position	<u>\$ 80,111,688</u>	<u>\$ 11,574,291</u>	<u>\$ 91,685,979</u>

See accompanying notes to the basic financial statements

CITY OF MAUMEE, OHIO

Statement of Activities For the Year Ended December 31, 2015

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 10,540,159	\$ 1,430,942	\$ 4,700	\$ 0
Public Health and Welfare Services	210,615	37,114	0	0
Leisure Time Activities	2,310,115	663,609	0	0
Community Environment	1,827,141	242,865	0	0
Basic Utility Services	1,159,524	2,200	0	0
Transportation	3,847,362	10,720	937,183	1,026,145
General Government	4,323,235	1,773,242	45,509	0
Interest and Fiscal Charges	746,214	0	0	0
Total Governmental Activities	<u>24,964,365</u>	<u>4,160,692</u>	<u>987,392</u>	<u>1,026,145</u>
Business-Type Activities:				
Water	2,800,607	3,005,673	0	0
Sewer	1,917,163	1,816,358	0	0
Total Business-Type Activities	<u>4,717,770</u>	<u>4,822,031</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 29,682,135</u>	<u>\$ 8,982,723</u>	<u>\$ 987,392</u>	<u>\$ 1,026,145</u>

General Revenues

Property Taxes
 Payments in Lieu of Taxes
 Municipal Income Taxes
 Grants and Entitlements not Restricted to Specific Programs
 Gain on Sale of Capital Assets
 Investment Earnings
 Miscellaneous
 Transfers
 Total General Revenues and Transfers

 Change in Net Position

 Net Position Beginning of Year, Restated
 Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF MAUMEE, OHIO

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (9,104,517)	\$ 0	\$ (9,104,517)
(173,501)	0	(173,501)
(1,646,506)	0	(1,646,506)
(1,584,276)	0	(1,584,276)
(1,157,324)	0	(1,157,324)
(1,873,314)	0	(1,873,314)
(2,504,484)	0	(2,504,484)
(746,214)	0	(746,214)
<u>(18,790,136)</u>	<u>0</u>	<u>(18,790,136)</u>
0	205,066	205,066
0	(100,805)	(100,805)
<u>0</u>	<u>104,261</u>	<u>104,261</u>
<u>(18,790,136)</u>	<u>104,261</u>	<u>(18,685,875)</u>
1,404,154	0	1,404,154
2,243,520	0	2,243,520
15,905,895	0	15,905,895
909,369	0	909,369
376,803	0	376,803
260,691	0	260,691
760,261	0	760,261
(5,000)	5,000	0
<u>21,855,693</u>	<u>5,000</u>	<u>21,860,693</u>
3,065,557	109,261	3,174,818
77,046,131	11,465,030	88,511,161
<u>\$ 80,111,688</u>	<u>\$ 11,574,291</u>	<u>\$ 91,685,979</u>

CITY OF MAUMEE, OHIO

Balance Sheet
Governmental Funds
December 31, 2015

	General	Fallen Timbers TIF	Income Tax "B" (.5%)	General Bond Retirement
Assets:				
Cash and Cash Equivalents	\$ 469,828	\$ 165,336	\$ 598,637	\$ 119
Investments	8,748,735	3,108,488	11,254,973	0
Receivables:				
Taxes	3,082,755	1,314,798	809,511	0
Accounts	366,279	0	8,359	0
Intergovernmental	431,988	0	0	0
Special Assessments	477	0	0	0
Interfund Loans Receivables	0	0	441,310	0
Inventory of Supplies, at Cost	26,220	0	0	0
Prepaid Items	40,952	0	0	0
Total Assets	\$ 13,167,234	\$ 4,588,622	\$ 13,112,790	\$ 119
Liabilities:				
Accounts Payable	\$ 308,207	\$ 0	\$ 125,562	\$ 0
Accrued Wages and Benefits Payable	737,450	0	0	0
Interfund Loans Payable	0	0	0	0
Compensated Absences Payable	180,264	0	0	0
Total Liabilities	1,225,921	0	125,562	0
Deferred Inflows of Resources:				
Unavailable Amounts	346,485	0	0	0
Property Tax for Next Fiscal Year	1,393,902	1,314,798	0	0
Total Deferred Inflows of Resources	1,740,387	1,314,798	0	0
Fund Balances:				
Nonspendable	104,913	0	0	0
Restricted	0	3,273,824	12,987,228	0
Committed	100	0	0	0
Assigned	642,432	0	0	119
Unassigned	9,453,481	0	0	0
Total Fund Balances	10,200,926	3,273,824	12,987,228	119
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,167,234	\$ 4,588,622	\$ 13,112,790	\$ 119

See accompanying notes to the basic financial statements

CITY OF MAUMEE, OHIO

Special Assessment Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$ 708,388	\$ 829,670	\$ 2,771,978
0	2,466,802	25,578,998
0	128,048	5,335,112
0	0	374,638
0	379,140	811,128
630,491	4,506	635,474
0	0	441,310
0	279,435	305,655
0	1,113	42,065
<u>\$ 1,338,879</u>	<u>\$ 4,088,714</u>	<u>\$ 36,296,358</u>
\$ 0	\$ 161,959	\$ 595,728
0	76,200	813,650
0	454,850	454,850
0	9,998	190,262
0	703,007	2,054,490
630,491	253,126	1,230,102
0	123,609	2,832,309
630,491	376,735	4,062,411
0	280,548	385,461
708,388	1,767,123	18,736,563
0	1,080,811	1,080,911
0	0	642,551
0	(119,510)	9,333,971
<u>708,388</u>	<u>3,008,972</u>	<u>30,179,457</u>
<u>\$ 1,338,879</u>	<u>\$ 4,088,714</u>	<u>\$ 36,296,358</u>

CITY OF MAUMEE, OHIO

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities December 31, 2015

Total Governmental Fund Balances	\$	30,179,457
 <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.		84,789,569
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
Property Taxes	45,673	
Intergovernmental	445,126	
Charges for Services	103,554	
All Other Revenues	275	
Intergovernmental	<u>635,474</u>	1,230,102
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	2,051,020	
Deferred Inflows - Pension	(109,721)	
Net Pension Liability	<u>(13,356,483)</u>	(11,415,184)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.		(51,901)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		263,037
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(23,610,800)	
Ohio Police and Fire Accrued Pension Liability	(46,282)	
Workers Compensation Liability	(5,874)	
Deferred Charge on Debt Refunding	872,022	
Compensated Absences Payable	<u>(2,092,458)</u>	<u>(24,883,392)</u>
<i>Net Position of Governmental Activities</i>	\$	<u>80,111,688</u>

See accompanying notes to the basic financial statements

CITY OF MAUMEE, OHIO



CITY OF MAUMEE, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2015

	General	Fallen Timbers TIF	Income Tax "B" (.5%)	General Bond Retirement
Revenues:				
Property Taxes	\$ 1,294,936	\$ 0	\$ 0	\$ 0
Payments in Lieu of Taxes	0	2,243,520	0	0
Municipal Income Tax	10,601,645	0	5,304,250	0
Intergovernmental Revenues	2,313,169	0	50,682	0
Charges for Services	1,403,845	0	0	0
Licenses and Permits	301,652	0	0	0
Investment Earnings	258,677	1,964	0	0
Special Assessments	11,514	0	37,196	0
Fines and Forfeitures	783,747	0	0	0
All Other Revenue	537,271	0	589,723	0
Total Revenue	17,506,456	2,245,484	5,981,851	0
Expenditures:				
Current:				
Security of Persons and Property	8,823,388	0	0	0
Public Health and Welfare Services	211,153	0	0	0
Leisure Time Activities	1,735,306	0	0	0
Community Environment	769,775	1,051,951	0	0
Basic Utility Services	955,301	0	0	0
Transportation	1,881,679	0	0	0
General Government	3,641,820	0	154,154	0
Capital Outlay	0	0	3,608,544	0
Debt Service:				
Principal Retirement	0	0	0	1,770,000
Interest and Fiscal Charges	0	0	0	682,162
Total Expenditures	18,018,422	1,051,951	3,762,698	2,452,162
Excess (Deficiency) of Revenues Over Expenditures	(511,966)	1,193,533	2,219,153	(2,452,162)
Other Financing Sources (Uses):				
Sale of Capital Assets	376,203	0	600	0
Transfers In	0	0	172,611	2,450,207
Transfers Out	(469,100)	(615,372)	(3,240,078)	0
Total Other Financing Sources (Uses)	(92,897)	(615,372)	(3,066,867)	2,450,207
Net Change in Fund Balances	(604,863)	578,161	(847,714)	(1,955)
Fund Balances at Beginning of Year	10,811,548	2,695,663	13,834,942	2,074
Increase (Decrease) in Inventory Reserve	(5,759)	0	0	0
Fund Balances End of Year	\$ 10,200,926	\$ 3,273,824	\$ 12,987,228	\$ 119

See accompanying notes to the basic financial statements

CITY OF MAUMEE, OHIO

Special Assessment Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 112,426	\$ 1,407,362
0	0	2,243,520
0	0	15,905,895
0	957,113	3,320,964
0	0	1,403,845
0	0	301,652
0	50	260,691
85,764	277,919	412,393
0	197,104	980,851
0	2,769	1,129,763
<u>85,764</u>	<u>1,547,381</u>	<u>27,366,936</u>
0	962,343	9,785,731
0	0	211,153
0	0	1,735,306
0	518	1,822,244
0	0	955,301
0	913,121	2,794,800
0	70,840	3,866,814
0	998,721	4,607,265
0	0	1,770,000
8,990	0	691,152
<u>8,990</u>	<u>2,945,543</u>	<u>28,239,766</u>
76,774	(1,398,162)	(872,830)
0	0	376,803
0	1,904,343	4,527,161
0	(207,611)	(4,532,161)
<u>0</u>	<u>1,696,732</u>	<u>371,803</u>
76,774	298,570	(501,027)
631,614	2,479,367	30,455,208
0	231,035	225,276
<u>\$ 708,388</u>	<u>\$ 3,008,972</u>	<u>\$ 30,179,457</u>

CITY OF MAUMEE, OHIO

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2015***

Net Change in Fund Balances - Total Governmental Funds \$ (501,027)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	4,530,919	
Depreciation	<u>(3,516,136)</u>	1,014,783

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. (10,211)

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

Property Taxes	(3,208)	
Intergovernmental	77	
Charges for Services	23,660	
All Other Revenue	(49,250)	
Special Assessments	<u>319,904</u>	291,183

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,409,338

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,384,834)

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, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bonds Principal	1,770,000	
Amortization of Deferred Loss on G.O. Bonds	(113,435)	
Amortization of Premium on G.O. Bonds	29,254	
Adjustment to Long-Term Workers Compensation	(5,874)	
Ohio Police and Fire Principal Payment	<u>1,505</u>	1,681,450

(Continued)

CITY OF MAUMEE, OHIO

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.

Accrued Interest Payable	29,119
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in Supplies Inventory	225,276	
Decrease in Compensated Absences Payable	<u>25,797</u>	<u>251,073</u>

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>284,683</u>

Change in Net Position of Governmental Activities

<u><u>\$ 3,065,557</u></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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 10,734,403	\$ 10,734,403	\$ 11,186,663	\$ 452,260
Property Taxes	1,225,000	1,225,000	1,286,598	61,598
Intergovernmental Revenue	2,357,975	2,357,975	2,294,007	(63,968)
Charges for Services	1,276,918	1,351,524	1,450,397	98,873
Licenses and Permits	339,400	339,400	301,652	(37,748)
Investment Earnings	256,000	256,000	264,605	8,605
Special Assessments	12,000	12,000	11,514	(486)
Fines and Forfeitures	817,351	817,351	766,296	(51,055)
All Other Revenues	527,992	527,992	485,319	(42,673)
Total Revenues	<u>17,547,039</u>	<u>17,621,645</u>	<u>18,047,051</u>	<u>425,406</u>
Expenditures:				
Current:				
Security of Persons and Property	8,845,055	9,092,439	9,051,515	40,924
Public Health and Welfare Services	177,015	216,265	213,434	2,831
Leisure Time Activities	1,669,384	1,853,994	1,799,099	54,895
Community Environment	566,592	583,487	555,575	27,912
Basic Utility Services	1,042,822	1,056,657	980,488	76,169
Transportation	1,776,941	1,966,325	1,911,805	54,520
General Government	3,456,574	3,805,234	3,715,105	90,129
Total Expenditures	<u>17,534,383</u>	<u>18,574,401</u>	<u>18,227,021</u>	<u>347,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,656	(952,756)	(179,970)	772,786
Other Financing Sources (Uses):				
Sale of Capital Assets	325,000	325,000	376,203	51,203
Transfers Out	(831,220)	(718,220)	(717,100)	1,120
Total Other Financing Sources (Uses):	<u>(506,220)</u>	<u>(393,220)</u>	<u>(340,897)</u>	<u>52,323</u>
Net Change in Fund Balance	(493,564)	(1,345,976)	(520,867)	825,109
Fund Balance at Beginning of Year	9,306,631	9,306,631	9,306,631	0
Prior Year Encumbrances	167,278	167,278	167,278	0
Fund Balance at End of Year	<u>\$ 8,980,345</u>	<u>\$ 8,127,933</u>	<u>\$ 8,953,042</u>	<u>\$ 825,109</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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Payments in Lieu of Taxes	\$ 2,249,000	\$ 2,249,000	\$ 2,243,520	\$ (5,480)
Investment Earnings	<u>1,626</u>	<u>1,626</u>	<u>1,964</u>	<u>338</u>
Total Revenues	<u>2,250,626</u>	<u>2,250,626</u>	<u>2,245,484</u>	<u>(5,142)</u>
Expenditures:				
Current:				
Community Environment	1,006,758	1,072,257	1,051,951	20,306
Debt Service:				
Principal Retirement	355,000	355,000	355,000	0
Interest and Fiscal Charges	<u>260,500</u>	<u>260,500</u>	<u>260,372</u>	<u>128</u>
Total Expenditures	<u>1,622,258</u>	<u>1,687,757</u>	<u>1,667,323</u>	<u>20,434</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	628,368	562,869	578,161	15,292
Fund Balance at Beginning of Year	2,683,905	2,683,905	2,683,905	0
Prior Year Encumbrances	<u>11,758</u>	<u>11,758</u>	<u>11,758</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,324,031</u>	<u>\$ 3,258,532</u>	<u>\$ 3,273,824</u>	<u>\$ 15,292</u>

See accompanying notes to the basic financial statements

CITY OF MAUMEE, OHIO

**Statement of Net Position
Proprietary Fund
December 31, 2015**

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Sewer	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 65,242	\$ 102,273	\$ 167,515	\$ 335,016
Investments	1,226,615	1,922,840	3,149,455	0
Accounts Receivable	624,111	422,216	1,046,327	106,490
Interfund Loans Receivable	6,770	6,770	13,540	0
Inventory of Supplies at Cost	124,620	1,711	126,331	0
Prepaid Items	12,045	4,778	16,823	33,335
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	52,062
Total Current Assets	2,059,403	2,460,588	4,519,991	526,903
Noncurrent Assets:				
Capital Assets:				
Property, Plant and Equipment	12,893,384	11,756,712	24,650,096	0
Construction in Progress	0	3,549	3,549	0
Less accumulated depreciation	(6,885,490)	(8,648,872)	(15,534,362)	0
Total Capital Assets (net of accumulated depreciation)	6,007,894	3,111,389	9,119,283	0
Total Noncurrent Assets	6,007,894	3,111,389	9,119,283	0
Total assets	8,067,297	5,571,977	13,639,274	526,903
Deferred Outflows of Resources:				
Pension	99,312	74,456	173,768	0
LIABILITIES				
Current Liabilities:				
Accounts Payable	169,675	9,959	179,634	8,786
Accrued Wages and Benefits	39,114	26,945	66,059	0
Compensated Absences Payable - Current	57,826	30,347	88,173	0
Claims Payable	0	0	0	172,013
Refundable Deposits	0	0	0	52,062
Accrued Interest Payable	1,533	0	1,533	0
General Obligation Bonds Payable - Current	115,000	0	115,000	0
Total Current Liabilities	383,148	67,251	450,399	232,861

(Continued)

CITY OF MAUMEE, OHIO

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Sewer	Total	
Noncurrent Liabilities:				
General Obligation Bonds Payable	756,514	0	756,514	0
Net Pension Liability	498,217	419,250	917,467	0
Compensated Absences Payable	101,404	28,654	130,058	0
Total Noncurrent Liabilities	1,356,135	447,904	1,804,039	0
Total Liabilities	1,739,283	515,155	2,254,438	232,861
Deferred Inflows of Resources:				
Pension	8,753	6,565	15,318	0
NET POSITION				
Net Investment in Capital Assets	5,136,380	3,111,389	8,247,769	0
Unrestricted	1,282,193	2,013,324	3,295,517	294,042
Total Net Position	\$ 6,418,573	\$ 5,124,713	\$ 11,543,286	\$ 294,042
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			31,005	
Net Position of Business-type Activities			\$ 11,574,291	

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, 2015**

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Sewer	Total	
Operating Revenues:				
Charges for Services	\$ 2,998,493	\$ 1,788,296	\$ 4,786,789	\$ 2,666,398
Other Operating Revenue	7,180	28,062	35,242	482,426
Total Operating Revenues	3,005,673	1,816,358	4,822,031	3,148,824
Operating Expenses:				
Personal Services	789,046	589,821	1,378,867	2,533,676
Contractual Services	187,998	906,254	1,094,252	296,818
Materials and Supplies	1,492,242	32,474	1,524,716	0
Utilities	76,638	107,920	184,558	0
Depreciation	257,915	295,195	553,110	0
Total Operating Expenses	2,803,839	1,931,664	4,735,503	2,830,494
Operating Income (Loss)	201,834	(115,306)	86,528	318,330
Nonoperating Revenue (Expenses):				
Interest Expense	(15,914)	0	(15,914)	0
Total Nonoperating Revenues (Expenses)	(15,914)	0	(15,914)	0
Income (Loss) Before Transfers	185,920	(115,306)	70,614	318,330
Transfers In	5,000	0	5,000	0
Change in Net Position	190,920	(115,306)	75,614	318,330
Net Position Beginning of Year, Restated	6,227,653	5,240,019	11,467,672	(24,288)
Net Position End of Year	\$ 6,418,573	\$ 5,124,713	\$ 11,543,286	\$ 294,042
Change in Net Position - Total Enterprise Funds			75,614	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			33,647	
Change in Net Position - Business-type Activities			\$ 109,261	

See accompanying notes to the basic financial statements

CITY OF MAUMEE, OHIO

Statement of Cash Flows Proprietary Fund For the Year Ended December 31, 2015

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Sewer	Total	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$2,968,136	\$1,797,765	\$4,765,901	\$2,666,398
Cash Payments for Goods and Services	(1,738,533)	(1,257,378)	(2,995,911)	(428,795)
Cash Payments to Employees	(841,871)	(609,584)	(1,451,455)	(2,537,013)
Other Operating Receipts	9,462	29,489	38,951	389,829
Net Cash Provided (Used) for Operating Activities	397,194	(39,708)	357,486	90,419
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	5,000	0	5,000	0
Net Cash Provided by Noncapital Financing Activities	5,000	0	5,000	0
<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	(195,683)	(159,825)	(355,508)	0
Interest Paid on All Debt	(20,600)	0	(20,600)	0
Net Cash Used for Capital and Related Financing Activities	(326,283)	(159,825)	(486,108)	0
<u>Cash Flows from Investing Activities:</u>				
Sale of Investments	0	301,174	301,174	0
Purchase of Investments	(11,014)	0	(11,014)	0
Net Cash Provided (Used) for Investing Activities	(11,014)	301,174	290,160	0
Net Increase in Cash and Cash Equivalents	64,897	101,641	166,538	90,419
Cash and Cash Equivalents at Beginning of Year	345	632	977	244,597
Cash and Cash Equivalents at End of Year	\$65,242	\$102,273	\$167,515	\$335,016
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:</u>				
Operating Income (Loss)	\$201,834	(\$115,306)	\$86,528	\$318,330
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:				
Depreciation Expense	257,915	295,195	553,110	0
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	(28,075)	10,896	(17,179)	(92,597)
Increase in Deferred Outflows of Resources	(99,312)	(74,456)	(173,768)	0
Decrease in Inventory	8,695	843	9,538	0
Decrease (Increase) in Prepaid Items	571	(742)	(171)	(1,242)
Increase (Decrease) in Accounts Payable	9,079	(210,831)	(201,752)	(3,337)
Decrease in Accrued Wages and Benefits	(10,913)	(3,952)	(14,865)	0
Decrease in Claims Liability	0	0	0	(130,735)
Decrease in Compensated Absences Payable	(24,085)	(2,469)	(26,554)	0
Increase in Net Pension Liability	72,732	54,549	127,281	0
Increase in Deferred Inflows of Resources	8,753	6,565	15,318	0
Total Adjustments	195,360	75,598	270,958	(227,911)
Net Cash Provided (Used) for Operating Activities	\$397,194	(\$39,708)	\$357,486	\$90,419

See accompanying notes to the basic financial statements

CITY OF MAUMEE, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2015***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 1,150,930
Total Assets	<u>1,150,930</u>
Liabilities:	
Intergovernmental Payable	1,113,149
Due to Others	<u>37,781</u>
Total Liabilities	<u>\$ 1,150,930</u>

See accompanying notes to the basic financial statements

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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, 2015 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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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.

Special Assessment Bond Retirement Fund – To account for accumulated special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment bonds.

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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 and the accrual basis of accounting. 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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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, 2015, 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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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, municipal income 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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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 and the Fallen Timbers TIF Fund (special revenue funds), Income Tax "B" Fund 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 2015.

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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—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 constrain 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, 2015**

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
GAAP Basis (as reported)	(\$604,863)	\$578,161
Increase (Decrease):		
Accrued Revenues at December 31, 2015 received during 2016	(2,056,606)	0
Accrued Revenues at December 31, 2014 received during 2015	2,597,201	0
Accrued Expenditures at December 31, 2015 paid during 2016	1,225,921	0
Accrued Expenditures at December 31, 2014 paid during 2015	(1,344,091)	0
2014 Prepays for 2015	52,350	0
2015 Prepays for 2016	(40,952)	0
Outstanding Encumbrances	(349,927)	0
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	100	0
Budget Basis	(\$520,867)	\$578,161

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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 2015. 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, 2015.

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, 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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
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:

Obligation	Fund
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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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 2015.

CITY OF MAUMEE, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

In 2015 the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure.

The implementation of GASB 68 had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Net Position December 31, 2014	\$88,485,819	\$12,255,216	\$6,653,138	\$5,604,720
Adjustments:				
Net Pension Liability	(12,780,434)	(904,362)	(486,964)	(417,398)
Deferred Outflows -				
Payments Subsequent to Measurement Date	1,340,746	114,176	61,479	52,697
Restated Net Position December 31, 2014	<u>\$77,046,131</u>	<u>\$11,465,030</u>	<u>\$6,227,653</u>	<u>\$5,240,019</u>

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

CITY OF MAUMEE, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 3 – 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 activities 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	\$45,673
Shared Revenues	445,126
Charges for Services Revenues	103,554
Special Assessment Revenue	635,474
All Other Revenues	275
	<hr/>
	\$1,230,102

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$23,610,800)
Ohio Police and Fire Accrued Pension Liability	(46,282)
Accrued Interest on Long-Term Debt	(51,901)
Deferred Charge on Debt Refunding	872,022
Compensated Absences Payable	(2,092,458)
	<hr/>
	(\$24,929,419)

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CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

NOTE 3 – 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	\$4,530,919
Depreciation Expense	<u>(3,516,136)</u>
	\$1,014,783

Governmental revenues not reported in the funds:

Decrease in Delinquent Property Tax	(\$3,208)
Increase in Shared Revenue	77
Increase in Charges for Services Revenue	23,660
Increase in Special Assessment Revenue	319,904
Decrease in All Other Revenues	<u>(49,250)</u>
	\$291,183

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$25,797
Increase in supplies inventory	<u>225,276</u>
	\$251,073

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

G.O. Bond Principal Payment	\$1,770,000
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.	(5,874)
Ohio Police and Fire Principal Payment	<u>1,505</u>
	\$1,681,450

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficit - The fund deficits at December 31, 2015 of \$44,149 in the Police Pension Fund (special revenue fund) and \$75,361 in the Permanent Improvement Fund (capital projects fund) 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, 2015

NOTE 5 – 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 Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Unclaimed Monies	\$37,741	\$0	\$0	\$0	\$0	\$37,741
Supplies Inventory	26,220	0	0	0	279,435	305,655
Prepaid Items	40,952	0	0	0	1,113	42,065
Total Nonspendable	104,913	0	0	0	280,548	385,461
Restricted:						
TIF Payments	0	3,273,824	0	0	0	3,273,824
Capital Projects	0	0	12,987,228	0	0	12,987,228
Special Assessment Debt Service Payments	0	0	0	0	708,388	708,388
Street Construction and Maintenance	0	0	0	0	147,717	147,717
State Highway Improvement	0	0	0	0	14,432	14,432
Permissive Auto License	0	0	0	0	100,771	100,771
Street Lighting	0	0	0	0	838,475	838,475
Law Enforcement Trust	0	0	0	0	3,295	3,295
Drug Law	0	0	0	0	5,846	5,846
Drug Law Enforcement and Education	0	0	0	0	17,290	17,290
Indigent Drivers Alcohol Treatment	0	0	0	0	25,669	25,669
Municipal Court Capital Improvement	0	0	0	0	191,135	191,135
Community Housing Improvement	0	0	0	0	6,116	6,116
Maumee Revolving Loan	0	0	0	0	322,921	322,921
Indigent Driver Surplus	0	0	0	0	48,610	48,610
Indigent Drivers Interlock Monies	0	0	0	0	3,531	3,531
Probation Services	0	0	0	0	26,940	26,940
Court Clerk Computer	0	0	0	0	14,375	14,375
Total Restricted	0	3,273,824	12,987,228	0	2,475,511	18,736,563
Committed:						
Job Creation and Retention	100	0	0	0	0	100
Sewer Construction	0	0	0	0	30,503	30,503
Waterline Construction	0	0	0	0	21	21
Sidewalk Construction	0	0	0	0	93,083	93,083
Street Construction	0	0	0	0	872,701	872,701
Street Opening	0	0	0	0	84,503	84,503
Total Committed	100	0	0	0	1,080,811	1,080,911
Assigned for Purchase Orders	159,677	0	0	0	0	159,677
Assigned for Fiscal Year 2016 Appropriations	482,755	0	0	0	0	482,755
Assigned for Debt Service	0	0	0	119	0	119
Unassigned	9,453,481	0	0	0	(119,510)	9,333,971
Total Fund Balances	\$9,718,171	\$3,273,824	\$12,987,228	\$119	\$3,717,360	\$29,696,702

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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 \$4,377,021 and the bank balance was \$4,417,477. Federal depository insurance covered \$697,850 of the bank balance and \$3,719,627 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>\$3,719,627</u>
Total Balance	<u><u>\$3,719,627</u></u>

The General Fund received total interest income of \$258,677 during 2015 of which, \$186,194 was earned by other funds.

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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

B. Investments

The City's investments at December 31, 2015 are summarized below:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
Freddie Mac	\$249,935	AAA ¹ / Aaa ²	\$0	\$249,935	\$0
FNMA	5,805,754	AA+ ¹ / Aaa ²	1,502,575	1,300,015	3,003,164
FHLMC	1,994,243	AA+ ¹ / Aaa ²	0	0	1,994,243
FHLB	3,236,680	AA+ ¹ / Aaa ²	0	2,736,310	500,370
FFCB	994,990	AA+ ¹ / Aaa ²	0	994,990	0
Municipal Bond	1,049,916	Aaa ²	1,049,916	0	0
Negotiable CD's	15,396,935	N/A	5,746,330	8,010,293	1,640,312
STAR Ohio	100,480	AAAm ¹	100,480	0	0
Total Investments	<u>\$28,828,933</u>		<u>\$8,399,301</u>	<u>\$13,291,543</u>	<u>\$7,138,089</u>

¹ Standard & Poor's

² 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 Freddie Mac, FNMA, FHLMC, FHLB and FFCB 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 Freddie Mac, FNMA, FHLMC, FHLB and FFCB securities in the amount of \$249,935, \$5,805,754, \$1,994,243, \$3,236,680 and \$994,990, 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 1% of its investments in Freddie Mac, 20% in FNMA, 7% in FHLMC, 11% in FHLB, 3% in FFCB, 3% in Municipal Bonds, 54% in Negotiable CD's and less than 1% in STAR Ohio.

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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, as amended by GASB Statement 40.

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	\$4,477,501	\$28,728,453
Investments:		
STAR Ohio	(100,480)	100,480
Per GASB Statement No. 3	<u>\$4,377,021</u>	<u>\$28,828,933</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 2015 were levied after October 1, 2014 on assessed values as of January 1, 2014, 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 2015. 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

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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, 2015 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2015 tax receipts were based was \$420,222,460. This amount constitutes \$407,345,090 in real property assessed value and \$12,877,370 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, 2015**

NOTE 8 - RECEIVABLES

At December 31, 2015, 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 2015:

Transfers Out:	Transfers In:				
	Income Tax "B" (.5%) Fund	General Obligation Bond Retirement Fund	Water Fund	Nonmajor Governmental Funds	Total
General Fund	\$0	\$0	\$5,000	\$464,100	\$469,100
Income Tax "B" (.5%) Fund	0	1,834,835	0	1,405,243	3,240,078
Fallen Timbers TIF Fund	0	615,372	0	0	615,372
Nonmajor Governmental Funds	172,611	0	0	35,000	207,611
	\$172,611	\$2,450,207	\$5,000	\$1,904,343	\$4,532,161

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, 2015 consist of the following receivables and payables:

Fund	Receivable	Payable
Governmental Funds:		
Income Tax "B" (.5%) Fund	\$441,310	\$0
Other Governmental Funds	0	454,850
Total Governmental Funds	441,310	454,850
Enterprise Funds:		
Water Fund	6,770	0
Sewer Fund	6,770	0
Total Enterprise Funds	13,540	0
Totals	\$454,850	\$454,850

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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, 2015 of \$44545, 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, 2015:

Historical Cost:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
<i>Capital assets not being depreciated:</i>				
Land	\$7,179,540	\$0	\$0	\$7,179,540
Construction in Progress	177,175	1,144,838	(9,360)	1,312,653
Subtotal	7,356,715	1,144,838	(9,360)	8,492,193
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	54,984,725	732,665	0	55,717,390
Machinery and Equipment	16,037,775	876,413	(481,188)	16,433,000
Infrastructure	52,876,090	1,786,363	(243,809)	54,418,644
Subtotal	123,898,590	3,395,441	(724,997)	126,569,034
Total Cost	\$131,255,305	\$4,540,279	(\$734,357)	\$135,061,227

Accumulated Depreciation:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings and Improvements	(\$17,821,513)	(\$1,749,364)	\$0	(\$19,570,877)
Machinery and Equipment	(10,006,893)	(870,815)	470,977	(10,406,731)
Infrastructure	(19,641,902)	(895,957)	243,809	(20,294,050)
Total Depreciation	(\$47,470,308)	(\$3,516,136) *	\$714,786	(\$50,271,658)
<i>Net Value:</i>	\$83,784,997			\$84,789,569

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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	\$899,653
Public Health and Welfare Services	903
Basic Utility Services	213,190
Leisure Time Activities	585,110
Community Environment	16,377
Transportation	1,270,597
General Government	<u>530,306</u>
Total Depreciation Expense	<u><u>\$3,516,136</u></u>

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2015:

Historical Cost:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
<i>Capital assets not being depreciated:</i>				
Land	\$118,864	\$0	\$0	\$118,864
Construction in Progress	3,549	0	0	3,549
	<u>122,413</u>	<u>0</u>	<u>0</u>	<u>122,413</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	22,373,362	68,983	0	22,442,345
Machinery and Equipment	1,843,019	286,525	(40,657)	2,088,887
	<u>24,216,381</u>	<u>355,508</u>	<u>(40,657)</u>	<u>24,531,232</u>
Total Cost	<u><u>\$24,338,794</u></u>	<u><u>\$355,508</u></u>	<u><u>(\$40,657)</u></u>	<u><u>\$24,653,645</u></u>

Accumulated Depreciation:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings and Improvements	(\$13,604,805)	(\$472,456)	\$0	(\$14,077,261)
Machinery and Equipment	(1,417,104)	(80,654)	40,657	(1,457,101)
Total Depreciation	<u><u>(\$15,021,909)</u></u>	<u><u>(\$553,110)</u></u>	<u><u>\$40,657</u></u>	<u><u>(\$15,534,362)</u></u>
<i>Net Value:</i>	<u><u>\$9,316,885</u></u>			<u><u>\$9,119,283</u></u>

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$957,634 for 2015.

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

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

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

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$578,951 for 2015.

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,117,385	\$7,156,565	\$14,273,950
Proportion of the Net Pension Liability	0.059011%	0.1381465%	
Pension Expense	\$784,311	\$696,601	\$1,480,912

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$379,762	\$308,441	\$688,203
City contributions subsequent to the measurement date	957,634	578,951	1,536,585
Total Deferred Outflows of Resources	<u>\$1,337,396</u>	<u>\$887,392</u>	<u>\$2,224,788</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$125,039</u>	<u>\$0</u>	<u>\$125,039</u>

\$1,536,585 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2016	\$37,247	\$77,110	\$114,357
2017	37,247	77,110	114,357
2018	85,288	77,110	162,398
2019	94,941	77,111	172,052
Total	<u>\$254,723</u>	<u>\$308,441</u>	<u>\$563,164</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease █ (7.00%)	Current █ Discount Rate (8.00%)	1% Increase █ (9.00%)
City's proportionate share of the net pension liability	\$13,093,951	\$7,117,385	\$2,083,678

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

* levered 2x

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

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease ▼ (7.25%)	Current Discount Rate ▼ (8.25%)	1% Increase ▼ (9.25%)
City's proportionate share of the net pension liability	\$9,898,612	\$7,156,565	\$4,834,885

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 coverage, deposits to a Health Reimbursement Arrangement, 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 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

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 2015, local government employers contributed at a rate of 14.0% 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.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee’s Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The City's contributions for health care to the OPERS for the years ending December 31, 2015, 2014, and 2013 were \$157,732, \$158,649 and \$76,679, respectively, which were equal to the required contributions for each year.

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 post-employment 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.

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

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.

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 2015, 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, 2015, 2014, and 2013 were \$15,236, \$15,175 and \$110,382 for police, which were equal to the required contributions for each year.

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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, 2015, the City's accumulated, unpaid compensated absences amounted to \$2,500,951, of which \$2,282,720 is recorded as a liability of the Governmental Activities and \$218,231 is recorded as a liability of the Business-Type Activities.

NOTE 15 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2015 was as follows:

	Balance December 31, 2014	Additions	(Reductions)	Balance December 31, 2015	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds					
3.50 - 4.375% Capital Improvement	\$1,005,000	\$0	(\$1,005,000)	\$0	\$0
2.330% Fallen Timbers Phase One	3,835,000	0	(190,000)	3,645,000	200,000
1.250% Fallen Timbers Phase One	3,390,000	0	(165,000)	3,225,000	170,000
2.000% Improvement Bonds - Service Building	3,905,000	0	(175,000)	3,730,000	180,000
Premium	163,114	0	(9,061)	154,053	0
2.000% Improvement Bonds	3,980,000	0	(50,000)	3,930,000	50,000
Premium	201,940	0	(20,193)	181,747	0
2.000% Improvement Bonds	8,930,000	0	(185,000)	8,745,000	1,255,000
Total General Obligation Bonds	<u>25,410,054</u>	<u>0</u>	<u>(1,799,254)</u>	<u>23,610,800</u>	<u>1,855,000</u>
Compensated Absences	2,312,963	2,282,720	(2,312,963)	2,282,720	1,080,988
Net Pension Liability	11,439,688	1,916,795	0	13,356,483	0
Workers Compensation Liability	0	5,874	0	5,874	0
Ohio Police and Fire Pension Accrued Liability	47,787	0	(1,505)	46,282	1,570
Total Governmental Activities					
Long-Term Debt	<u>\$39,210,492</u>	<u>\$4,205,389</u>	<u>(\$4,113,722)</u>	<u>\$39,302,159</u>	<u>\$2,937,558</u>

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 15 - LONG-TERM DEBT (Continued)

	Balance December 31, 2014	Additions	(Reductions)	Balance December 31, 2015	Due Within One Year
Business-Type Activities:					
General Obligation Bond:					
2.000% Improvement Bonds - Meters	\$950,000	\$0	(\$110,000)	\$840,000	\$115,000
Premium	36,016	0	(4,502)	31,514	0
Total General Obligation Bonds	986,016	0	(114,502)	871,514	115,000
Compensated Absences	\$244,785	\$218,231	(\$244,785)	\$218,231	\$88,173
Net Pension Liability	790,186	127,281	0	917,467	0
Total Business-Type Activities Long-Term Debt	<u>\$2,020,987</u>	<u>\$345,512</u>	<u>(\$359,287)</u>	<u>\$2,007,212</u>	<u>\$203,173</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, 2015, follows:

Years	Governmental General Obligation Bonds		Business-Type General Obligation Bonds		Ohio Police and Fire Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
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	2,115,000	463,806	120,000	9,100	1,857	1,663
2021-2025	9,170,000	1,521,210	255,000	10,275	10,554	6,956
2026-2030	3,425,000	480,034	0	0	13,024	4,577
2031-2035	795,000	35,150	0	0	14,151	1,533
Totals	<u>\$23,275,000</u>	<u>\$4,763,084</u>	<u>\$840,000</u>	<u>\$79,175</u>	<u>\$46,282</u>	<u>\$22,114</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, 2015 was \$68,396 in principal and interest payments through the year 2035. Only the principal amount of \$46,282 is included in the long-term liabilities of the City.

CITY OF MAUMEE, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2015

NOTE 15 - LONG-TERM DEBT (Continued)

C. Refunded General Obligation Debt

On May 1, 2014, the City refunded \$9,390,000 of outstanding bonds (the “2005 Bonds”) with an interest rate of 4.00% with \$9,035,000 refunding bonds issued in April 2014. A portion of the principal amount of the 2005 bonds was paid off during 2014. The refunding was undertaken for the purpose of reducing interest rates and debt service on the prior bonds. This transaction resulted in a savings to the City of \$646,767.

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.

CITY OF MAUMEE, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 17 - CONSTRUCTION COMMITMENTS

As of December 31, 2015, the City had the following commitments with respect to capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Conant St. Improvement Design	\$15,499	2016
Conant Street Safety Upgrade - Construction	88,178	2016
Sackett St. Improvements - Engineering	54,000	2016
US20A Project Preliminary engineering & env.	277,585	2016
BUSTR Service Building	5,514	2016
Salt Dome	36,804	2016
Service Department Storage Building - Engineering	27,658	2016
Outdoor Firing Range - Engineering	14,871	2016
West Broadway Parking Lot - Engineering	2,241	2016
West Broadway Parking Lot - Construction	72,909	2016
Detroit / River Traffic Signal Improvements	20,135	2016
Transformer - Consulting	3,400	2016
Transformer - Consulting	6,600	2016
Transformer - Consulting	10,000	2016
Bike Path	179,305	2016
Traffic signals	8,400	2016
Scanning Project	4,693	2016
Service Truck	49,893	2016
Bucket Truck	92,295	2016
Scanning Project	39,641	2016
Service Truck	52,251	2016
Total	<u>\$1,061,870</u>	

CITY OF MAUMEE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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 2015 were \$3,148,824. The claims liability of \$172,013 reported in the Medical Care - Self Insured Fund at December 31, 2015 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 2013, 2014 and 2015 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Claims Liability at Fiscal Year End
2013	\$122,876	1,980,951	(1,910,845)	\$192,982
2014	192,982	2,804,865	(2,695,099)	302,748
2015	302,748	2,402,941	(2,533,676)	172,013

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.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF MAUMEE, OHIO

Schedule of City's Proportionate Share of the Net Pension Liability Last Two Years

Ohio Public Employees Retirement System

Year	2013	2014
City's proportion of the net pension liability (asset)	0.059011%	0.059011%
City's proportionate share of the net pension liability (asset)	\$6,956,628	\$7,117,385
City's covered-employee payroll	\$7,668,054	\$7,318,975
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	90.72%	97.25%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014
City's proportion of the net pension liability (asset)	0.1381465%	0.1381465%
City's proportionate share of the net pension liability (asset)	\$6,728,168	\$7,156,565
City's covered-employee payroll	\$2,878,203	\$2,832,245
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	233.76%	252.68%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

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

CITY OF MAUMEE, OHIO

Schedule of City Contributions Last Three Years

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$996,847	\$878,277	\$957,634
Contributions in relation to the contractually required contribution	<u>996,847</u>	<u>878,277</u>	<u>957,634</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$7,668,054	\$7,318,975	\$7,980,283
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$491,597	\$576,645	\$578,951
Contributions in relation to the contractually required contribution	<u>491,597</u>	<u>576,645</u>	<u>578,951</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$2,878,203	\$2,832,245	\$2,881,787
Contributions as a percentage of covered-employee payroll	17.08%	20.36%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.