EAST CENTRAL DISPATCH CENTER

FINANCIAL REPORT
(Audited)

Year Ended June 30, 2018

Contents

Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

December 31, 2018

The Board of Directors
EAST CENTRAL DISPATCH CENTER

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the **EAST CENTRAL DISPATCH CENTER** (the Organization) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS
Chesterfield, Missouri

As management of the **EAST CENTRAL DISPATCH CENTER** (the Organization), we offer readers of the Organization's financial statements this narrative overview and analysis of the financial activities of the Organization for the year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

* The liabilities and deferred inflows of resources of the Organization exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $9,304 (net position).

* Operating revenues for the current fiscal year were $2,121,087, an increase of 3.2% from the prior fiscal year. Overall, the Organization's total net position decreased by $19,183 from the prior year. This change was primarily due to operating expenses exceeding the operating revenue during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented in this report consist of the statement of net position; statement of revenues, expenses, and change in net position; and statement of cash flows. The statement of net position provides information about the nature and amounts of investments in resources (assets), the obligations to creditors (liabilities), and deferred inflows/outflows of resources. It also provides the basis for assessing the liquidity and financial flexibility of the Organization. This year's revenues and expenses are accounted for in the statement of revenues, expenses, and change in net position. This statement reports the revenues and expenses during the time periods indicated, and can be used to determine whether the Organization has successfully recovered all of its costs through user fees and other charges. The primary purpose of the statement of cash flows is to provide information about the Organization's cash receipts and cash payments. This statement reports cash receipts, cash payments, and net changes in cash resulting from activities related to operations, noncapital financing, and capital and related financing.

STATEMENT OF NET POSITION

The Organization's net position decreased in 2018 by $19,183. As of June 30, 2018, the Organization had a net position of ($9,304).

A summary of financial position follows:

	June 30		2018 Change	
	2018	2017	Amount	Percent
ASSETS				
Current assets	$ 695,395	701,640	(6,245)	(0.9) %
Noncurrent assets	-	7,939	(7,939)	(100.0)
Total Assets	695,395	709,579	(14,184)	(2.0)
DEFERRED OUTFLOWS OF RESOURCES				
Employee OPEB and pension related	184,763	212,396	(27,633)	(13.0)
LIABILITIES				
Current liabilities	167,348	166,367	981	0.6
Noncurrent liabilities	667,578	742,327	(74,749)	(10.1)
Total Liabilities	834,926	908,694	(73,768)	(8.1)
DEFERRED INFLOWS OF RESOURCES				
Employee pension related	54,536	3,402	51,134	1,503.1
NET POSITION				
Net investment in capital assets	-	7,939	(7,939)	(100.0)
Unrestricted	(9,304)	1,940	(11,244)	(579.6)
Total Net Position	$ (9,304)	9,879	(19,183)	(194.2) %

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

Operating revenues for the year ended June 30, 2018 were $2,121,087 and consisted entirely of assessments on participating municipalities. Operating expenses consisted of personnel of $1,916,347, administrative of $227,348, and depreciation of $7,939.

A condensed version of the statement of revenues, expenses, and change in net position is as follows:

	For The Years Ended June 30		2018 Change	
	2018	2017	Amount	Percent
OPERATING REVENUES	$ 2,121,087	2,055,639	65,448	3.2 %
OPERATING EXPENSES	2,151,634	2,059,336	92,298	4.5
OPERATING LOSS	(30,547)	(3,697)	(26,850)	(726.3)
NONOPERATING REVENUE	11,364	483	10,881	2,252.8
CHANGE IN NET POSITION	(19,183)	(3,214)	(15,969)	(496.9)
NET POSITION, JULY 1	9,879	46,141	(36,262)	(78.6)
RESTATEMENT - OPEB	-	(33,048)	33,048	(100.0)
NET POSITION, JULY 1, AS RESTATED	9,879	13,093	(3,214)	(24.5)
NET POSITION, JUNE 30	$ (9,304)	9,879	(19,183)	(194.2) %

STATEMENT OF CASH FLOWS

The Organization's rate structure is designed to collect sufficient revenues to recover operating and maintenance expenses. The net cash used in operating activities was used primarily for payment of operating expenses.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, totaled $0 as capital assets were fully depreciated as of June 30, 2018. More information on capital asset activity during the fiscal year is provided in the notes to the financial statements in Note C.

LONG-TERM DEBT

The Organization's debt is detailed below. More information is provided in Notes D, E, and F.

	June 30 2018
Compensated absences	$ 134,315
Net pension liability	599,751
Net OPEB obligation	34,248
Total Long-term Debt	$ 768,314

OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Organization's overall financial position in 2018 showed a net position decrease of $19,183 or approximately 194%.

REQUEST FOR INFORMATION

This report is intended to provide interested parties with a general overview of the financial position of the Organization and to indicate accountability for the revenues received. Questions about this report or requests for additional information should be directed to the Executive Director at 7447 Dale Avenue, St. Louis, MO 63117.

	June 30 2018
ASSETS	
Current Assets	
Cash and cash equivalents	$ 464,106
Accounts receivable	231,289
Total Current Assets	695,395
Noncurrent Assets	
Other capital assets, net of accumulated depreciation	-
Total Assets	695,395
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	184,746
Deferred amounts related to OPEB	17
Total Deferred Outflows Of Resources	184,763
LIABILITIES	
Accounts payable	2,657
Payroll liabilities	63,955
Noncurrent liabilities:	
Due within one year	100,736
Due in more than one year	33,579
Due in more than one year - net pension liability	599,751
Due in more than one year - net OPEB obligation	34,248
Total Liabilities	834,926
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	54,536
NET POSITION	
Unrestricted	$ (9,304)

	For The Year Ended June 30 2018
OPERATING REVENUES	
Assessments	$ 2,121,087
OPERATING EXPENSES	
Personnel	1,916,347
Administrative	227,348
Depreciation	7,939
Total Operating Expenses	2,151,634
OPERATING LOSS	(30,547)
NONOPERATING REVENUE	
Other income	11,364
CHANGE IN NET POSITION	(19,183)
NET POSITION, JULY 1, AS RESTATED	9,879
NET POSITION, JUNE 30	$ (9,304)

	For The Year Ended June 30 2018
INCREASE IN CASH AND CASH EQUIVALENTS	
Cash flows from operating activities:	
Receipts from municipalities	$ 1,916,939
Payments to suppliers	(228,583)
Payments to and for employees	(1,910,113)
Net Cash Used In Operating Activities	(221,757)
Cash flows from investing activities:	
Receipts from other income	11,364
NET DECREASE IN CASH AND CASH EQUIVALENTS	(210,393)
CASH AND CASH EQUIVALENTS, JULY 1	674,499
CASH AND CASH EQUIVALENTS, JUNE 30	$ 464,106

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Cash flows from operating activities:	
Operating loss	$ (30,547)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	7,939
Decrease (increase) in:	
Accounts receivable	(204,148)
Deferred outflows of resources	27,633
Increase (decrease) in:	
Accounts payable	(1,235)
Payroll liabilities	(1,488)
Accrued compensated absences	4,939
Net pension liability	(68,927)
OPEB liability	(7,057)
Deferred inflows of resources	51,134
Total Adjustments	(191,210)
Net Cash Used In Operating Activities	$ (221,757)

See notes to financial statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

EAST CENTRAL DISPATCH CENTER (the Organization) is a cooperative agreement agency voluntarily established in 2002 by its members for the purpose of providing the hardware, software, services, and other items necessary and appropriate for the establishment, operation, and maintenance of a joint police, fire, and other emergency communications center system for the mutual benefit of its members within St. Louis County, Missouri.

1. Reporting Entity

The financial statements of the Organization include the financial activities of the Organization and any component units, entities which are financially accountable to the Organization. The Organization does not currently have any component units.

2. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Organization is accounted for as a governmental proprietary fund. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Revenue and expenses are categorized as either operating or nonoperating. Operating revenues and expenses include charges that are assessed to the beneficiaries of the service and the cost of providing the service. Nonoperating and other activities primarily include grants, interest income, interest expense, amortization, and contributions, if any.

When both restricted and unrestricted resources are available, the Organization will spend the most restricted amounts before the least restricted.

3. Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the Organization to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments, if any, are stated at fair value.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Capital Assets

Capital assets are stated at cost and are defined as assets with an initial individual cost of $5,000 or more and an estimated useful life of more than one year. All capital assets, except construction in progress, if any, are depreciated. Depreciation is computed on the straight-line method, using asset lives as follows:

Asset	Years
Furniture and equipment	3 - 10

Depreciation charged to operations for the year ending June 30, 2018, amounted to $7,939.

5. Compensated Absences

Employees earn vacation during the year which has no limit as to accumulated balances. Compensatory time may accumulate to 80 hours. Compensatory time accrued over 80 hours will be paid out at one and a half times the employee's rate of pay. Accrued vacation and compensatory time is payable to employees upon termination.

6. Use of Estimates

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

7. Pensions

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Organization currently has deferred outflows of resources related to OPEB and the pension plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents as an increase of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Organization currently has deferred inflows of resources related to the pension plan.

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS

1. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization's deposits may not be returned or the Organization will not be able to recover collateral securities in the possession of an outside party. The Organization's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the Organization or trustee institution. The value of the securities must amount to the total of the Organization's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2018, the Organization's bank deposits were entirely secured or collateralized with securities held by the Organization or by its agent in the Organization's name.

2. Investments

As of June 30, 2018, the Organization had no investments.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Organization minimizes credit risk by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Organization will do business. The Organization's investment policy requires diversifying the portfolio to reduce potential losses on individual securities.

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

2. Investments (Continued)

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Organization minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Organization's investment in a single issuer. The Organization minimizes concentration of credit risk by diversifying the investment portfolio.

NOTE C - CAPITAL ASSETS

A summary of capital assets activity is as follows:

	For The Year Ended June 30, 2018			
	Balance June 30 2017	**Increases**	**Decreases**	**Balance June 30 2018**
Capital assets being depreciated:				
Furniture and equipment	$ 192,793	-	(2,466)	190,327
Less - Accumulated depreciation	(184,854)	(7,939)	2,466	(190,327)
Total Capital Assets, Net	$ 7,939	(7,939)	-	-

NOTE D - LONG-TERM LIABILITIES

A summary of long-term liabilities activity is as follows:

	For The Year Ended June 30, 2018				
	Balance June 30 2017	**Additions**	**Reductions**	**Balance June 30 2018**	**Amount Due Within One Year**
Compensated absences	$ 129,376	96,764	91,825	134,315	100,736

NOTE E - PENSION PLAN

Plan Description

The Organization's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The Organization participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS' website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

	2018 Valuation
Benefit multiplier	2% for life
Final average salary	3 years
Member contributions	4%

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered By Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	3
Active employees	23
Total	30

NOTE E - PENSION PLAN (Continued)

Contributions

The Organization is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the Organization contribute 4% of their gross pay to the pension plan. The Organization contribution rates are 11.5% of annual covered payroll.

Net Pension Liability

The Organization's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018.

Actuarial Assumptions

The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55%; including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables for post-retirement mortality were RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2018 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

NOTE E - PENSION PLAN (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate Of Return
Equity	43.00%	5.16%
Fixed income	26.00	2.86
Real assets	21.00	3.23
Strategic assets	10.00	5.59

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2017	$ 1,488,358	819,680	668,678
Changes for the year			
Service cost	145,542	-	145,542
Interest	112,126	-	112,126
Difference between expected and actual experience	(4,962)	-	(4,962)
Contributions - employer	-	148,854	(148,854)
Contributions - employee	-	53,641	(53,641)
Net investment income	-	124,709	(124,709)
Benefit payments, including refunds	(27,057)	(27,057)	-
Administrative expense	-	(2,476)	2,476
Other	-	(3,095)	3,095
Net Changes	225,649	294,576	(68,927)
Balances at June 30, 2018	$ 1,714,007	1,114,256	599,751

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Organization, calculated using the discount rate of 7.25%, as well as what the Organization's net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

NOTE E - PENSION PLAN (Continued)

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Net pension liability	$ 941,552	599,751	314,113

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

For the year ended June 30, 2018, the Organization recognized pension expense of $158,710. Reported deferred outflows and inflows of resources are related to the following sources:

	Outflows	Inflows	Net Outflows
Difference between expected and actual experience	$ 119,043	(7,588)	111,455
Assumption changes	65,703	-	65,703
Net difference between projected and actual earnings on pension plan investments	-	(46,948)	(46,948)
Total	$ 184,746	(54,536)	130,210

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

For The Plan Years Ending June 30	
2019	$ 14,591
2020	11,337
2021	3,877
2022	9,787
2023	21,635
Thereafter	68,983
Total	$ 130,210

Payable to the Pension Plan

At June 30, 2018, the Organization reported a payable of $13,299 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

NOTE F - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Organization's OPEB plan (the Plan) provides OPEB for all full-time employees of the Organization. The Plan is a single-employer defined benefit OPEB plan administered by the Organization. The Plan, as established by Organization resolution, assigned the authority to establish and amend the benefit terms and financing requirements to the Organization. No assets are accumulated in a trust for the Plan. The Plan does not issue a stand-alone report.

Benefits Provided

The Plan provides healthcare benefits to employees and their spouses who are eligible to retire once they have attained age 51 plus 12 years of service, or age 55 with 5 years of service. Coverage ceases upon eligibility for Medicare. Employees and spouses must be on the plan at time of retirement to be eligible to participate in the plan after retirement. Medical and prescription drug benefits are available to retirees in the Organization's insurance plan. Employees who meet retiree healthcare eligibility conditions may also purchase dental benefits until age 65 or eligible for Medicare, whichever is first. Retirees must contribute 100% of the retiree healthcare premiums for single/family coverage.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	27
Total	29

Total OPEB Liability

The Organization's total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00 to 6.70% including inflation
Discount rate	3.56%
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 9.0% and gradually decreasing to an ultimate trend rate of 4.0%

NOTE F - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The discount rate was based on the index of 20 year general obligation bonds with an average AA credit rating as of the measurement date. The municipal bond rate is 3.62%. The discount rate was 3.56% as of the prior measurement date.

Mortality rates for general employees were based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for improvement back to the observation period base year of 2006. The base year for makes was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MO-2015 mortality scale. Mortality rates for police and fire employees were based on the RP-2014 Blue Collar Health Annuitant Mortality Table projected 2 years after the valuation, with MP-2014 Mortality Improvement Scale. The margin for future mortality improvement is the projection 2 years after the valuation date.

The Plan has not had a formal actuarial experience study performed.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 41,305
Changes for the year	
Service cost	912
Interest	1,321
Changes in assumptions or other inputs	19
Benefit payments, including refunds	(9,309)
Net Change in OPEB Liability	(7,057)
Balance at June 30, 2018	$ 34,248

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56% in 2017 to 3.62% in 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Organization, calculated using the discount rate of 3.62%, as well as what the Organization's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.62%) or 1% point higher (4.62%) than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	$ 34,953	34,248	33,141

NOTE F - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Organization, calculated using the healthcare cost trend rates of 9.0% decreasing to 4.0%, as well as what the Organization's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (8.0% decreasing to 3.0%) or 1% point higher (10.0% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	$ 33,175	34,248	35,175

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Organization recognized OPEB expense of $2,235. Deferred outflows resources related to OPEB are from the following sources. The Plan does not have any deferred inflows as of June 30, 2018.

	Outflows
Assumption changes	$ 17

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

For The Years Ending June 30	
2019	$ 2
2020	2
2021	2
2022	2
2023	2
Thereafter	7
Total	$ 17

NOTE G - OPERATIONS

The Organization has been working in cooperation with the City of Richmond Heights for certain administrative services. The City of Richmond Heights performs cash receipt and disbursement, payroll, and other financial duties on behalf of the Organization. The Organization is overseen by a Board of Directors, comprised of the City Manager from the City of Richmond Heights and each of the other participating municipalities.

NOTE H - RESTATEMENT

The previously stated net position has been restated as follows:

Net position, June 30, 2017, as previously stated	$ 42,927
Restatement for GASB 75 implementation	(33,048)
Net Position, June 30, 2017, As Restated	$ 9,879

NOTE I - SUBSEQUENT EVENTS

The Organization has performed an evaluation of subsequent events through December 31, 2018, the date the basic financial statements were available to be issued. No material events were identified by the Organization.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

	2018	2017	2016	2015
Total Pension Liability				
Service cost	$ 145,542	143,393	143,219	120,342
Interest on the total pension liability	112,126	96,271	67,161	50,883
Difference between expected and actual experience	(4,962)	(3,717)	114,439	51,969
Changes of assumptions	-	-	89,748	-
Benefit payments, including refunds	(27,057)	(9,860)	(16,324)	(3,688)
Net Change In Total Pension Liability	225,649	226,087	398,243	219,506
Total Pension Liability Beginning	1,488,358	1,262,271	864,028	644,522
Total Pension Liability Ending (a)	$ 1,714,007	1,488,358	1,262,271	864,028
Plan Fiduciary Net Position				
Contributions - employer	$ 148,854	128,161	137,237	143,014
Contributions - employee	53,641	50,757	51,787	51,536
Net investment income	124,709	77,108	(1,799)	5,178
Benefit payments, including refunds	(27,057)	(9,860)	(16,324)	(3,688)
Administrative expense	(2,476)	(2,361)	(2,189)	(2,424)
Other changes	(3,095)	3,565	(4,381)	22,068
Net Change In Plan Fiduciary Net Position	294,576	247,370	164,331	215,684
Plan Fiduciary Net Position Beginning	819,680	572,310	407,979	192,295
Plan Fiduciary Net Position Ending (b)	$ 1,114,256	819,680	572,310	407,979
Net Pension Liability Ending (a)-(b)	$ 599,751	668,678	689,961	456,049
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.01 %	55.07	45.34	47.22
Covered Payroll (for February 28/29 Valuation)	$ 1,268,434	1,287,091	1,246,790	1,211,651
Net Pension Liability as a Percentage of Covered Payroll	47.28 %	51.95	55.34	37.64

Note: Information is not available for fiscal years prior to 2015.

	2018	2017	2016	2015	2014
Actuarially determined pension contribution	$ 152,877	128,161	137,237	143,014	110,228
Contributions in relation to the actuarially determined contribution	148,854	128,161	137,237	143,014	110,228
Contribution Deficiency	$ 4,023	-	-	-	-
Covered Payroll	$ 1,341,030	1,268,925	1,294,688	1,288,411	993,044
Contributions as a Percentage of Covered Payroll	11.10 %	10.10	10.60	11.10	11.10

Notes to schedule:

Valuation date:
Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining amortization period	Multiple bases from 12 to 25 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% to 6.55%; including wage inflation
Investment rate of return	7.25%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality table for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:
There were no benefit changes during the year.
Information prior to 2014 is not available.

	2018
Total OPEB Liability	
Service cost	$ 912
Interest	1,321
Changes of assumptions	19
Benefit payments, including refunds	(9,309)
Net Change In Total OPEB Liability	(7,057)
Total OPEB Liability Beginning	41,305
Total OPEB Liability Ending (a)	$ 34,248
Covered Payroll (for June 30 Valuation)	$ 1,399,700
Total OPEB Liability as a Percentage of Covered Payroll	2.45 %

Notes:

Information is not available for fiscal years prior to 2018.
There are no assets accumulated in a trust to pay related benefits for this Plan.

Changes of benefit terms. Amounts presented reflect an increase in the retirees' share of health insurance premiums of 0% in 2018.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.62 %
2017	3.56