CITY OF BELLBROOK

GREENE COUNTY, OHIO

Basic Financial Statements
(Audited)

For the Year Ended
December 31, 2019

Julian & Grube
Serving Ohio Local Governments

OHIO AUDITOR OF STATE
KEITH FABER

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Members of Council
City of Bellbrook
15 East Franklin Street
Bellbrook, Ohio 45305

We have reviewed the *Independent Auditor's Report* of the City of Bellbrook, Greene County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Bellbrook is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 30, 2020

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CITY OF BELLBROOK
GREENE COUNTY, OHIO

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Independent Auditor's Report

City of Bellbrook
Greene County
15 East Franklin Street
Bellbrook, Ohio 45305

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellbrook, Greene County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Bellbrook's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City of Bellbrook's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City of Bellbrook's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellbrook, Greene County, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Police, and Fire funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City of Bellbrook. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension and other post-employment benefit assets and liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2020, on our consideration of the City of Bellbrook's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bellbrook's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 19, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

The management's discussion and analysis of the City of Bellbrook's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2019 by $19,599,108 (net position). Of this amount, $436,189 is restricted in use and $19,354,058 is the net investment in capital assets. The remaining unrestricted net position is a deficit of $191,139.

- Total net position increased $2,630,991 as a result of current year operations. Net position of governmental activities increased $2,452,051 while the net position of business-type activities increased $178,940.

- The City had $2,162,276 in expenses related to governmental activities; $653,693 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of $1,508,583 were offset by general revenues (primarily property taxes and unrestricted grants and entitlements) of $3,960,634.

- The general fund had revenues of $1,090,063 in 2019 and expenditures and other financing uses of $785,505. The fund balance for the general fund increased from $1,338,158 to $1,642,716.

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 9.

Governmental Funds

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

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

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

Proprietary Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Government-Wide Financial Analysis

The table that follows provides a summary of the City's net position for 2019 compared to 2018.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	$ 7,347,163	$ 6,820,099	$ 3,295,867	$ 2,757,626	$ 10,643,030	$ 9,577,725
Capital assets, net	6,534,805	6,900,143	13,984,668	14,321,685	20,519,473	21,221,828
Total assets	13,881,968	13,720,242	17,280,535	17,079,311	31,162,503	30,799,553
Deferred outflows of resources						
Pension	1,786,681	1,015,529	252,904	143,502	2,039,585	1,159,031
OPEB	373,407	411,124	34,366	33,221	407,773	444,345
Total deferred outflows of resources	2,160,088	1,426,653	287,270	176,723	2,447,358	1,603,376
Liabilities						
Current liabilities	178,554	154,512	108,953	63,856	287,507	218,368
Long-term liabilies:						
Due within one year	144,296	99,605	137,868	162,092	282,164	261,697
Net pension liability	6,211,252	4,653,670	846,153	575,162	7,057,405	5,228,832
Net OPEB liability	1,022,462	4,201,629	424,661	418,925	1,447,123	4,620,554
Other amounts	96,106	103,917	1,088,476	1,198,050	1,184,582	1,301,967
Total liabilities	7,652,670	9,213,333	2,606,111	2,418,085	10,258,781	11,631,418
Deferred inflows of resources						
Property taxes	3,087,678	3,059,887	-	-	3,087,678	3,059,887
Pension	194,123	367,175	83,746	149,702	277,869	516,877
OPEB	340,369	191,335	46,056	35,295	386,425	226,630
Total deferred inflows of resources	3,622,170	3,618,397	129,802	184,997	3,751,972	3,803,394
Net position						
Net investment in capital assets	6,534,805	6,900,143	12,819,253	13,245,264	19,354,058	20,145,407
Restricted	436,189	640,886	-	-	436,189	640,886
Unrestricted (deficit)	(2,203,778)	(5,225,864)	2,012,639	1,407,688	(191,139)	(3,818,176)
Total net position	$ 4,767,216	$ 2,315,165	$ 14,831,892	$ 14,652,952	$ 19,599,108	$ 16,968,117

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The City has adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, net position was $4,767,216 and $14,831,892 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 47.07% and 80.93% of total assets for the governmental activities and business-type activities, respectively. Capital assets include land, land improvements, utility structures, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The net investment in capital assets at December 31, 2019, was $6,534,805 and $12,819,253 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

A portion of the City's net position, $436,189, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was $(191,139), consisting of $2,012,639 in the business-type activities and $(2,203,778) in the governmental activities.

The table that follows provides a summary of the change in net position for the City's governmental activities and business-type activities for 2019 compared to 2018.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	$ 158,369	$ 128,030	$ 2,252,428	$ 2,333,284	$ 2,410,797	$ 2,461,314
Operating grants and contributions	495,324	346,631	-	-	495,324	346,631
Capital grants and contributions	-	-	-	600,000	-	600,000
Total program revenues	653,693	474,661	2,252,428	2,933,284	2,906,121	3,407,945
General revenues:						
Property and other taxes	3,169,092	2,779,305	-	-	3,169,092	2,779,305
Unrestricted grants and entitlements	629,612	638,063	-	-	629,612	638,063
Investment earnings	122,508	85,049	-	-	122,508	85,049
Gain on disposal of capital assets	-	26,392	-	3,016	-	29,408
Miscellaneous	39,422	68,511	9,745	17,624	49,167	86,135
Total general revenues	3,960,634	3,597,320	9,745	20,640	3,970,379	3,617,960

Change in Net Position (Continued)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Expenses:						
General government	497,862	491,812	-	-	497,862	491,812
Public safety	768,583	3,796,592	-	-	768,583	3,796,592
Community environment	58,748	30,749	-	-	58,748	30,749
Recreation	19,015	24,965	-	-	19,015	24,965
Transportation	818,068	712,196	-	-	818,068	712,196
Waste collection	-	-	483,237	475,028	483,237	475,028
Water	-	-	1,599,996	1,664,202	1,599,996	1,664,202
Total expenses	2,162,276	5,056,314	2,083,233	2,139,230	4,245,509	7,195,544
Change in net position	2,452,051	(984,333)	178,940	814,694	2,630,991	(169,639)
Net position at beginning of year	2,315,165	3,299,498	14,652,952	13,838,258	16,968,117	17,137,756
Net position at end of year	$ 4,767,216	$ 2,315,165	$ 14,831,892	$ 14,652,952	$ 19,599,108	$ 16,968,117

Governmental Activities

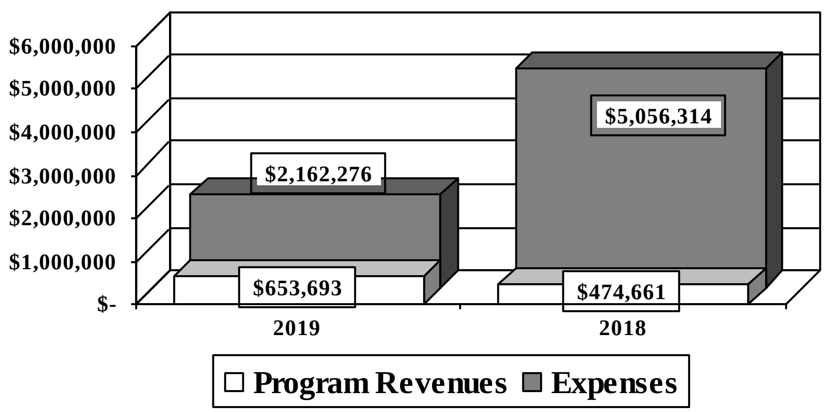
Net position for the governmental activities increased in 2019 as revenues increased and expenses decreased. Total revenues increased $542,346 or 13,32%. The increase in charges for services is primarily due to an increase in EMS transport fees. Operating grants and contributions increased as a result of higher shared intergovernmental revenues such as gasoline tax disbursements from the State.

General revenues totaled $3,960,634 in 2019, which amounts to 85.83% of total governmental revenues. These revenues primarily consist of taxes revenue of $3,169,092 and unrestricted grants and entitlements of $629,612.

Total expenses decreased $2,894,038 or 57.24% compared to 2018. This is primarily due to changes in the City's proportionate share of pension and OPEB expense as required under GASB 68 and GASB 75. Total pension and OPEB expense was $(1,935,510) in 2019 which represents a decrease of $3,025,282 compared to 2018.

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

Governmental Activities - Program Revenues vs. Total Expenses



The following table shows, for governmental activities, the total cost of services and the net cost of services for 2019 and 2018. That is, it identifies the cost of these services supported by general revenues (such as taxes revenue and unrestricted grants and entitlements).

Governmental Activities

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program expenses:				
General government	$ 497,862	$ 477,807	$ 491,812	$ 465,770
Public safety	768,583	642,438	3,796,592	3,707,879
Community environment	58,748	51,321	30,749	13,547
Recreation	19,015	19,015	24,965	24,965
Transportation	818,068	318,002	712,196	369,492
Total	$ 2,162,276	$ 1,508,583	$ 5,056,314	$ 4,581,653

The dependence upon general revenues for governmental activities is apparent, with 69.77% of expenses supported through taxes and other general revenues in 2019.

Business-type Activities

Business-type activities include the waste collection and water enterprise funds. These programs had revenues, primarily charges for services, of $2,262,173 and expenses of $2,083,233 in 2019. Expenses remained comparable to the prior year and revenues saw a slight decrease. Net position increased by $178,940 or 1.22%.

Financial Analysis of the City's Funds

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

Governmental Funds

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

The City's governmental funds reported a combined fund balance of $3,618,920 which is $446,476 higher than last year's total of $3,172,444. The schedule that follows indicates the fund balances and the total change in fund balances as of December 31, 2019 for all major and non-major governmental funds.

	Fund Balance 12/31/2019	Fund Balance 12/31/2018	Change
Major funds:			
General	$ 1,642,716	$ 1,338,158	$ 304,558
Police	237,604	214,138	23,466
Fire	249,623	182,178	67,445
Nonmajor governmental funds	1,488,977	1,437,970	51,007
Total	$ 3,618,920	$ 3,172,444	$ 446,476

General Fund

The City's general fund balance increased $304,558 as revenues exceeded expenditures and other financing uses. The following table assists in illustrating the revenues of the general fund.

	2019 Amount	2018 Amount	Percentage Change
Revenues			
Property and other taxes	$ 628,904	$ 621,755	1.15 %
Charges for services	20,055	23,761	(15.60) %
Fines, licenses and permits	111,150	125,368	(11.34) %
Intergovernmental	198,468	199,734	(0.63) %
Investment income	120,417	81,282	48.15 %
Miscellaneous	11,069	20,678	(46.47) %
Total	$ 1,090,063	$ 1,072,578	1.63 %

Total general fund revenues increased slightly in 2019. The most significant change was investment income which increased due to an increase in fair value and higher returns on the City's investments. Taxes revenue is by far the general fund's largest revenue source, representing 57.69% of total general fund revenues in 2019.

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

	2019 Amount	2018 Amount	Percentage Change
Expenditures			
General government	$ 369,772	$ 385,556	(4.09) %
Public safety	100	-	100.00 %
Community environment	49,636	28,218	75.90 %
Recreation	15,997	23,656	(32.38) %
Other financing uses			
Transfers out	350,000	550,000	(36.36) %
Total	$ 785,505	$ 987,430	(20.45) %

Total general fund expenditures for 2019 were comparable to the prior year. The overall decrease as shown in the table above is mostly due to decrease in transfers to other funds. This was a result of a new revenue source for the fire fund which resulted in no transfers from the general fund in 2019.

Police Fund

The police fund is a major governmental fund and is used to account for property taxes and other revenues restricted for police department operations. This fund had revenues and other financing sources of $1,688,018 and expenditures of $1,664,552 in 2019. These amounts were comparable to the prior year. Fund balance increased during the year from $214,138 to $237,604.

Fire Fund

The fire fund, a major governmental fund, is used to account for property taxes and other revenues restricted for fire department operations. This fund had revenues of $1,340,665 and expenditures of $1,273,220 in 2019. This activity was slightly higher than the prior year as the City began collecting on a new 1.75 mill tax levy which was passed in 2018. Fund balance increased from $182,178 to $249,623.

Proprietary Funds

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

Overall, there were no significant changes in revenues or expenses. Net position for the water fund increased $218,409 while net position for the waste collection fund decreased $39,469.

Budgeting Highlights

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

In the general fund, original budgeted revenues of $1,007,378 were increased slightly to $1,042,157 in the final budget. Actual revenues of $1,082,625 were $40,468 or 3.88% more than the final budgeted amount.

The final budget expenditures and other financing uses in the general fund were $852,669, which is $84,205 greater than the original budget expenditures and other financing uses. Actual budget basis expenditures and other financing uses totaled $790,512, or $62,157 less than the final budget.

Capital Assets and Debt Administration

Capital Assets

The following table shows 2019 balances compared to 2018. Additional detail can be found in Note 6 in the notes to the basic financial statements.

Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 262,230	$ 262,230	$ 604,370	$ 604,370	$ 866,600	$ 866,600
Land improvements	133,769	144,816	10,386	12,146	144,155	156,962
Utility structures	-	-	9,584,286	9,815,054	9,584,286	9,815,054
Buildings and improvements	1,641,953	1,699,918	3,365,118	3,501,108	5,007,071	5,201,026
Machinery and equipment	110,081	154,212	115,444	134,762	225,525	288,974
Vehicles	512,981	589,601	305,064	254,245	818,045	843,846
Infrastructure	3,873,791	4,049,366	-	-	3,873,791	4,049,366
Totals	$ 6,534,805	$ 6,900,143	$ 13,984,668	$ 14,321,685	$ 20,519,473	$ 21,221,828

The City's largest governmental capital asset category is infrastructure, which consists of roadways and road improvements. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 59.28% of the City's total governmental capital assets.

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

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2019 and 2018.

	Business-type Activities	
	2019	2018
General obligation bonds	$ 150,000	$ 225,000
OPWC loans	1,015,415	1,076,421
Total long-term obligations	$ 1,165,415	$ 1,301,421

Total additions to long-term liabilities in 2019 were $0 and total reductions were $136,006. See Note 10 in the notes to the basic financial statements for detail on the City's long-term obligations.

Economic Conditions and Outlook

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

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

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

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

Contacting the City's Financial Management

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

BASIC
FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 3,442,290	$ 2,877,442	$ 6,319,732
Cash with fiscal agents	103,334	-	103,334
Receivables:			
Property taxes	3,153,681	-	3,153,681
Accounts	37,174	344,409	381,583
Accrued interest	8,604	-	8,604
Special assessments	-	299	299
Intergovernmental	461,776	-	461,776
Materials and supplies inventory	63,453	54,516	117,969
Prepayments	76,632	18,981	95,613
Net pension asset	219	220	439
Capital assets:			
Nondepreciable capital assets	262,230	604,370	866,600
Depreciable capital assets, net	6,272,575	13,380,298	19,652,873
Total capital assets, net	6,534,805	13,984,668	20,519,473
Total assets	13,881,968	17,280,535	31,162,503
Deferred outflows of resources:			
Pension	1,786,681	252,904	2,039,585
OPEB	373,407	34,366	407,773
Total deferred outflows of resources	2,160,088	287,270	2,447,358
Liabilities:			
Accounts payable	20,669	40,005	60,674
Accrued wages and benefits payable	103,209	23,497	126,706
Due to other governments	41,916	5,689	47,605
Accrued interest payable	-	655	655
Deposits held and due to others	12,760	-	12,760
Unearned revenue	-	39,107	39,107
Long-term liabilities:			
Due within one year	144,296	137,868	282,164
Due in more than one year:			
Net pension liability	6,211,252	846,153	7,057,405
Net OPEB liability	1,022,462	424,661	1,447,123
Other amounts due in more than one year	96,106	1,088,476	1,184,582
Total liabilities	7,652,670	2,606,111	10,258,781
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	3,087,678	-	3,087,678
Pension	194,123	83,746	277,869
OPEB	340,369	46,056	386,425
Total deferred inflows of resources	3,622,170	129,802	3,751,972
Net position:			
Net investment in capital assets	6,534,805	12,819,253	19,354,058
Restricted for:			
Streets and highways	436,189	-	436,189
Unrestricted (deficit)	(2,203,778)	2,012,639	(191,139)
Total net position	$ 4,767,216	$ 14,831,892	$ 19,599,108

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

		Program Revenues	
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**
Governmental activities:			
General government.	$ 497,862	$ 20,055	$ -
Public safety.	768,583	126,145	-
Transportation.	818,068	4,742	495,324
Community environment	58,748	7,427	-
Recreation.	19,015	-	-
Total governmental activities	2,162,276	158,369	495,324
Business-type activities:			
Waste collection.	483,237	443,768	-
Water	1,599,996	1,808,660	-
Total business-type activities	2,083,233	2,252,428	-
Total	$ 4,245,509	$ 2,410,797	$ 495,324

General revenues:

Taxes:

Property taxes . . . .

License taxes. . . . .

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

Investment earnings . . . .

Miscellaneous . . . .

Total general revenues . . . .

Change in net position . . . .

Net position at beginning of year . . . . . .

Net position at end of year . . . .

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	**Business-type Activities**	**Total**
$ (477,807)	$ -	$ (477,807)
(642,438)	-	(642,438)
(318,002)	-	(318,002)
(51,321)	-	(51,321)
(19,015)	-	(19,015)
(1,508,583)	-	(1,508,583)
-	(39,469)	(39,469)
-	208,664	208,664
-	169,195	169,195
(1,508,583)	169,195	(1,339,388)
3,130,536	-	3,130,536
38,556	-	38,556
629,612	-	629,612
122,508	-	122,508
39,422	9,745	49,167
3,960,634	9,745	3,970,379
2,452,051	178,940	2,630,991
2,315,165	14,652,952	16,968,117
$ 4,767,216	$ 14,831,892	$ 19,599,108

CITY OF BELLBROOK, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Police	Fire	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	$ 1,629,639	$ 242,253	$ 274,463	$ 1,295,935	$ 3,442,290
Receivables:					
Property taxes	633,727	1,373,897	1,097,405	48,652	3,153,681
Accounts	4,604	-	32,570	-	37,174
Accrued interest	8,604	-	-	-	8,604
Intergovernmental	89,324	91,000	56,856	224,596	461,776
Materials and supplies inventory	-	9,209	10,108	44,136	63,453
Prepayments	3,451	53,249	19,932	-	76,632
Restricted assets:					
Cash with fiscal and escrow agents	-	-	-	103,334	103,334
Total assets	$ 2,369,349	$ 1,769,608	$ 1,491,334	$ 1,716,653	$ 7,346,944
Liabilities:					
Accounts payable	$ 276	$ 512	$ 17,058	$ 2,823	$ 20,669
Accrued wages and benefits payable	7,407	49,292	37,351	9,159	103,209
Due to other governments	2,960	17,303	13,670	7,983	41,916
Deposits held and due to others	-	-	-	12,760	12,760
Total liabilities	10,643	67,107	68,079	32,725	178,554
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	620,288	1,344,785	1,074,987	47,618	3,087,678
Delinquent property tax revenue not available	13,439	29,112	22,418	1,034	66,003
Accrued interest not available	5,760	-	-	-	5,760
Miscellaneous revenue not available	-	-	20,227	-	20,227
Intergovernmental revenue not available	76,503	91,000	56,000	146,299	369,802
Total deferred inflows of resources	715,990	1,464,897	1,173,632	194,951	3,549,470
Fund balances:					
Nonspendable	3,451	62,458	30,040	44,136	140,085
Restricted	-	175,146	219,583	602,988	997,717
Committed	-	-	-	6,523	6,523
Assigned	7,574	-	-	835,330	842,904
Unassigned	1,631,691	-	-	-	1,631,691
Total fund balances	1,642,716	237,604	249,623	1,488,977	3,618,920
Total liabilities, deferred inflows of resources and fund balances	$ 2,369,349	$ 1,769,608	$ 1,491,334	$ 1,716,653	$ 7,346,944

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances		$ 3,618,920
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,534,805
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Delinquent property taxes receivable	$ 66,003	
Accounts receivable	20,227	
Intergovernmental receivable	369,802	
Accrued interest receivable	5,760	
Total		461,792
The net pension asset and net pension liability and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	219	
Deferred outflows of resources	1,786,681	
Deferred inflows of resources	(194,123)	
Net pension liability	(6,211,252)	
Total		(4,618,475)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	373,407	
Deferred inflows of resources	(340,369)	
Net OPEB liability	(1,022,462)	
Total		(989,424)
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds. The long-term liabilities consist of compensated absences.		(240,402)
Net position of governmental activities		$ 4,767,216

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Police	Fire	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property and other taxes	$ 628,904	$ 1,365,117	$ 1,087,956	$ 86,924	$ 3,168,901
Charges for services	20,055	9,625	115,677	4,436	149,793
Fines, licenses and permits	111,150	320	-	-	111,470
Intergovernmental	198,468	206,215	125,013	465,398	995,094
Special assessments	-	-	-	306	306
Investment income	120,417	-	-	56	120,473
Other	11,069	6,741	12,019	9,593	39,422
Total revenues	1,090,063	1,588,018	1,340,665	566,713	4,585,459
Expenditures:					
Current:					
General government	369,772	-	-	-	369,772
Public safety	100	1,664,552	1,273,220	47,529	2,985,401
Transportation	-	-	-	422,925	422,925
Community environment	49,636	-	-	-	49,636
Recreation	15,997	-	-	-	15,997
Capital outlay	-	-	-	295,252	295,252
Total expenditures	435,505	1,664,552	1,273,220	765,706	4,138,983
Excess (deficiency) of revenues over (under) expenditures	654,558	(76,534)	67,445	(198,993)	446,476
Other financing sources (uses):					
Transfers in	-	100,000	-	250,000	350,000
Transfers (out)	(350,000)	-	-	-	(350,000)
Total other financing sources (uses)	(350,000)	100,000	-	250,000	-
Net change in fund balances	304,558	23,466	67,445	51,007	446,476
Fund balance at beginning of year	1,338,158	214,138	182,178	1,437,970	3,172,444
Fund balance at end of year	$ 1,642,716	$ 237,604	$ 249,623	$ 1,488,977	$ 3,618,920

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds		$ 446,476
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital asset additions	$ 185,998	
Current year depreciation	(547,512)	
Total		(361,514)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(3,824)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Delinquent property taxes	191	
Intergovernmental revenues	26,774	
Investment income	2,035	
Charges for services	(132)	
Total		28,868
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	383,016	
OPEB	8,754	
		391,770
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(996,507)	
OPEB	2,983,662	
		1,987,155
Some compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(36,880)
Change in net position of governmental activities		$ 2,452,051

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Property and other taxes	$ 607,917	$ 628,904	$ 628,904	$ -
Charges for services	18,849	19,500	20,055	555
Fines, licenses and permits	110,872	114,700	115,766	1,066
Intergovernmental	183,082	189,403	209,457	20,054
Investment income	86,030	89,000	100,300	11,300
Other	628	650	8,143	7,493
Total revenues	1,007,378	1,042,157	1,082,625	40,468
Expenditures:				
Current:				
General government	385,662	405,392	376,469	28,923
Community environment	11,022	74,497	48,003	26,494
Recreation	21,780	22,780	16,040	6,740
Total expenditures	418,464	502,669	440,512	62,157
Excess of revenues over expenditures	588,914	539,488	642,113	102,625
Other financing sources (uses):				
Transfers (out)	(350,000)	(350,000)	(350,000)	-
Total other financing sources (uses)	(350,000)	(350,000)	(350,000)	-
Net change in fund balance	238,914	189,488	292,113	102,625
Fund balance at beginning of year	1,316,819	1,316,819	1,316,819	-
Prior year encumbrances appropriated	137	137	137	-
Fund balance at end of year	$ 1,555,870	$ 1,506,444	$ 1,609,069	$ 102,625

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Property and other taxes	$ 1,334,535	$ 1,365,117	$ 1,365,117	$ -
Charges for services	17,792	18,200	17,875	(325)
Fines, licenses and permits	489	500	320	(180)
Intergovernmental	201,018	205,625	209,200	3,575
Other	5,866	6,000	7,090	1,090
Total revenues	1,559,700	1,595,442	1,599,602	4,160
Expenditures:				
Current:				
Public safety	1,764,232	1,786,732	1,682,241	104,491
Total expenditures	1,764,232	1,786,732	1,682,241	104,491
Excess of expenditures over revenues	(204,532)	(191,290)	(82,639)	108,651
Other financing sources:				
Transfers in	100,000	100,000	100,000	-
Total other financing sources	100,000	100,000	100,000	-
Net change in fund balances	(104,532)	(91,290)	17,361	108,651
Fund balances at beginning of year	224,745	224,745	224,745	-
Prior year encumbrances appropriated	147	147	147	-
Fund balance at end of year	$ 120,360	$ 133,602	$ 242,253	$ 108,651

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Property and other taxes	$ 1,075,469	$ 1,087,000	$ 1,087,956	$ 956
Charges for services	101,907	103,000	115,856	12,856
Intergovernmental	123,674	125,000	125,013	13
Other	4,700	4,750	12,019	7,269
Total revenues	1,305,750	1,319,750	1,340,844	21,094
Expenditures:				
Current:				
Public safety	1,277,091	1,314,091	1,274,009	40,082
Total expenditures	1,277,091	1,314,091	1,274,009	40,082
Net change in fund balances	28,659	5,659	66,835	61,176
Fund balances at beginning of year	202,850	202,850	202,850	-
Prior year encumbrances appropriated	7	7	7	-
Fund balance at end of year	$ 231,516	$ 208,516	$ 269,692	$ 61,176

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds		
	Waste Collection	**Water**	**Total**
Assets:			
Current assets:			
Equity in pooled cash and investments	$ 118,291	$ 2,759,151	$ 2,877,442
Receivables:			
Accounts	-	344,409	344,409
Special assessments	-	299	299
Materials and supplies inventory	-	54,516	54,516
Prepayments	-	18,981	18,981
Total current assets	118,291	3,177,356	3,295,647
Noncurrent assets:			
Net pension asset	8	212	220
Capital assets:			
Nondepreciable capital assets	-	604,370	604,370
Depreciable capital assets, net	-	13,380,298	13,380,298
Total capital assets, net	-	13,984,668	13,984,668
Total noncurrent assets	8	13,984,880	13,984,888
Total assets	118,299	17,162,236	17,280,535
Deferred outflows of resources:			
Pension	9,216	243,688	252,904
OPEB	1,245	33,121	34,366
Total deferred outflows of resources	10,461	276,809	287,270
Liabilities:			
Current liabilities:			
Accounts payable	38,274	1,731	40,005
Accrued wages and benefits payable	-	23,497	23,497
Due to other governments	151	5,538	5,689
Accrued interest payable	-	655	655
Compensated absences payable - current	608	29,339	29,947
Unearned revenue	24,878	14,229	39,107
General obligation bonds payable	-	75,000	75,000
OPWC loans payable	-	32,921	32,921
Total current liabilities	63,911	182,910	246,821
Long-term liabilities:			
Compensated absences payable	-	30,982	30,982
General obligation bonds payable	-	75,000	75,000
OPWC loans payable	-	982,494	982,494
Net pension liability	30,647	815,506	846,153
Net OPEB liability	15,381	409,280	424,661
Total long-term liabilities	46,028	2,313,262	2,359,290
Total liabilities	109,939	2,496,172	2,606,111
Deferred inflows of resources:			
Pension	2,660	81,086	83,746
OPEB	1,456	44,600	46,056
Total deferred inflows of resources	4,116	125,686	129,802
Net position:			
Net investment in capital assets	-	12,819,253	12,819,253
Unrestricted	14,705	1,997,934	2,012,639
Total net position	$ 14,705	$ 14,817,187	$ 14,831,892

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds		
	Waste Collection	**Water**	**Total**
Operating revenues:			
Charges for services	$ 443,768	$ 1,808,660	$ 2,252,428
Other operating revenues	-	9,745	9,745
Total operating revenues	443,768	1,818,405	2,262,173
Operating expenses:			
Personal services	30,100	797,645	827,745
Contract services	453,107	287,043	740,150
Materials and supplies	-	53,913	53,913
Depreciation	-	442,586	442,586
Other	30	9,770	9,800
Total operating expenses	483,237	1,590,957	2,074,194
Operating income (loss)	(39,469)	227,448	187,979
Nonoperating revenues (expenses):			
Interest and fiscal charges	-	(4,634)	(4,634)
Loss on sale of capital assets	-	(4,405)	(4,405)
Total nonoperating revenues (expenses)	-	(9,039)	(9,039)
Change in net position	(39,469)	218,409	178,940
Net position at beginning of year	54,174	14,598,778	14,652,952
Net position at end of year	$ 14,705	$ 14,817,187	$ 14,831,892

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds		
	Waste Collection	**Water**	**Total**
Cash flows from operating activities:			
Cash received from charges for services	$ 444,843	$ 1,792,958	$ 2,237,801
Cash received from other operations	-	10,894	10,894
Cash payments for personal services	(29,836)	(681,986)	(711,822)
Cash payments for contract services	(415,740)	(295,089)	(710,829)
Cash payments for materials and supplies	-	(63,576)	(63,576)
Cash payments for other expenses	(30)	(9,770)	(9,800)
Net cash provided by (used in) operating activities	(763)	753,431	752,668
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(109,974)	(109,974)
Principal retirement	-	(136,006)	(136,006)
Interest and fiscal charges	-	(4,967)	(4,967)
Net cash used in capital and related financing activities	-	(250,947)	(250,947)
Net increase (decrease) in cash and investments	(763)	502,484	501,721
Cash and investments at beginning of year	119,054	2,256,667	2,375,721
Cash and investments at end of year	$ 118,291	$ 2,759,151	$ 2,877,442
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (39,469)	$ 227,448	$ 187,979
Adjustments:			
Depreciation	-	442,586	442,586
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) in accounts receivable	-	(21,671)	(21,671)
Decrease in special assessments receivable	-	1,149	1,149
(Increase) in materials and supplies inventory	-	(10,728)	(10,728)
(Increase) decrease in prepayments	3	(5,447)	(5,444)
Decrease in net pension asset	5	169	174
(Increase) in deferred outflows - pension	(3,618)	(105,784)	(109,402)
(Increase) in deferred outflows - OPEB	(117)	(1,028)	(1,145)
Increase (decrease) in accounts payable	38,274	(222)	38,052
Increase (decrease) in accrued wages and benefits	(759)	3,728	2,969
(Decrease) in due to other governments	(160)	(2,475)	(2,635)
Increase (decrease) in compensated absences payable	(4,075)	6,283	2,208
Increase in unearned revenue	1,075	5,969	7,044
Increase in net pension liability	11,119	259,872	270,991
Increase in net OPEB liability	1,158	4,578	5,736
(Decrease) in deferred inflows - pension	(3,633)	(62,323)	(65,956)
Increase (decrease) in deferred inflows - OPEB	(566)	11,327	10,761
Net cash provided by (used in) operating activities	$ (763)	$ 753,431	$ 752,668

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, liabilities, and deferred inflows/outflows associated with the operation of these funds are included on the statement of net position.

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

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

D. Budgetary Process

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

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

The appropriation ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year. Appropriations are legally required for each fund at the level of personal services or other expenses on a department level.

E. Equity in Pooled Cash and Investments

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

Interest earnings are allocated to the General Fund except for funds derived from contract, trust agreement, grant terms or City policy which require crediting otherwise. Interest revenue credited to the General Fund during 2019 amounted to $120,417, which includes $90,327 assigned from other funds.

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

F. Inventories and Prepaid Items

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

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

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

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. During 2019, the City’s capitalization threshold was $5,000. The City’s infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

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

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

H. Compensated Absences

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

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

I. Internal Activity

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

J. Fund Balance Classifications

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

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

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

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

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

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

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

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

K. Estimates

The preparation of these financial statements in conformity with 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 liabilities at the end of the financial statements and reported revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

L. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, intergovernmental grants, accrued interest, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and post-employment benefits are reported on the government-wide statements of net position. See Notes 8 and 9 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively.

M. Net Position

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

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

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

N. Pensions/Other Postemployment Benefits (OPEB)

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

O. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

P. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans, notes and leases are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Q. Operating Revenues and Expenses

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 the water and waste collection enterprise funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity for the fund. All revenues and expenses not meeting these descriptions are reported as nonoperating revenues and expenses.

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2019, the City has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*", GASB Statement No. 84, "*Fiduciary Activities*", GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

NOTE 2 – ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds have been reclassified as governmental funds.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the City; however, certain note disclosures in Note 10 have been modified to conform to the new requirements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

NOTE 3 - POOLED CASH AND INVESTMENTS

State statutes classify monies held by the City into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the City has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. 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 and interest by the United States;

NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)

2. 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. 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;

4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

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

A. Deposits

At December 31, 2019, the bank balance of the City's cash deposits was $1,098,817. As of December 31, 2019, $250,000 of the City's bank balance was covered by the Federal Deposit Insurance Corporation (FDIC) and $848,817 was exposed to custodial credit risk as described below.

NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)

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

B. Investments

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

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Except for STAR Ohio, the City's investments are measured using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observed, either directly or indirectly (Level 2 inputs). STAR Ohio has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)

As of December 31, 2019, the City had the following investments and maturities:

		Investment Maturities		
Measurement/ Investment type	Measurement Amount	Less than 1 year	1 - 2 years	Greater than 2 years
Fair value:				
Federal Farm Credit Bureau (FFCB)	$ 425,008	$ 199,816	$ -	$ 225,192
Federal Home Loan Bank (FHLB)	205,343	205,343	-	-
Federal Home Loan Mortgage Corporation (FHLMC)	386,578	184,861	201,717	-
Federal National Mortgage Association (FNMA)	471,342	-	471,342	-
U.S. Treasury Notes	425,319	210,689	214,630	-
U.S. Government Obligations	8,801	8,801	-	-
Amortized cost:				
STAR Ohio	3,321,030	3,321,030	-	-
Total	$ 5,243,421	$ 4,130,540	$887,689	$ 225,192

The weighted average maturity of investments is 0.41 years.

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

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

Credit Risk: It is the City's policy to limit its investments that are not obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. As of December 31, 2019, the City's investment in STAR Ohio was rated AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The City's investments in federal agency securities, U.S. Treasury Notes and U.S. Government obligations were rated AA+ by Standard & Poor's.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2019:

NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2019:

Measurement/ Investment type	Measurement Amount	% of Total
Fair value:		
Federal Farm Credit Bureau (FFCB)	$ 425,008	8.11%
Federal Home Loan Bank (FHLB)	205,343	3.92%
Federal Home Loan Mortgage Corporation (FHLMC)	386,578	7.37%
Federal National Mortgage Association (FNMA)	471,342	8.99%
U.S. Treasury Note	425,319	8.11%
U.S. Government Obligations	8,801	63.33%
Amortized cost:		
STAR Ohio	3,321,030	0.17%
Total	$ 5,243,421	100.00%

C. Cash with Fiscal Agent

At year-end, the City had $103,334 on deposit with the Greene County Treasurer for permissive funds collected, but not distributed yet to the City. The data regarding insurance and collateralization can be obtained from the Greene County Comprehensive Annual Financial Report for the year ended December 31, 2019. This amount is not included in the City's depository balance.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported in the fund financial statements:

Transfers to	Transfers from General
Police fund	$ 100,000
Nonmajor governmental funds	250,000
Total	$ 350,000

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

NOTE 5 -PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

NOTE 5 – PROPERTY TAXES - (Continued)

Public utility real and tangible personal 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. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Bellbrook. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2019 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2019 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is considered a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2019 was $21.25 per $1,000 of assessed value. The assessed values of real and public utility tangible personal property upon which 2019 property tax receipts were based are as follows:

Real property	$ 180,820,480
Public utility property	4,571,110
Total assessed value	$ 185,391,590

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NOTE 6 - CAPITAL ASSETS

A. Governmental Activities

Changes in capital assets for the governmental activities for the year ended December 31, 2019 were as follows:

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 262,230	$ -	$ -	$ 262,230
Total capital assets, not being depreciated	262,230	-	-	262,230
Capital assets, being depreciated:				
Land improvements	411,067	-	-	411,067
Buildings and improvements	3,097,593	8,000	-	3,105,593
Machinery and equipment	652,572	-	(9,559)	643,013
Vehicles	1,825,496	54,557	-	1,880,053
Infrastructure	6,142,880	123,441	-	6,266,321
Total capital assets, being depreciated	12,129,608	185,998	(9,559)	12,306,047
Less: accumulated depreciation				
Land improvements	(266,251)	(11,047)	-	(277,298)
Buildings and improvements	(1,397,675)	(65,965)	-	(1,463,640)
Machinery and equipment	(498,360)	(40,307)	5,735	(532,932)
Vehicles	(1,235,895)	(131,177)		(1,367,072)
Infrastructure:	(2,093,514)	(299,016)	-	(2,392,530)
Total accumulated depreciation	(5,491,695)	(547,512)	5,735	(6,033,472)
Total capital assets, being depreciated	6,637,913	(361,514)	(3,824)	6,272,575
Governmental activities capital assets, net	$ 6,900,143	$ (361,514)	$ (3,824)	$ 6,534,805

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

General government	$ 80,506
Public safety	148,689
Transportation	318,317
Total depreciation expense - governmental activities	$ 547,512

NOTE 6 - CAPITAL ASSETS - (Continued)

B. Business-Type Activities

Changes in capital assets for the business-type activities for the year ended December 31, 2019 were as follows:

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 604,370	$ -	$ -	$ 604,370
Total capital assets, not being depreciated	604,370	-	-	604,370
Capital assets, being depreciated:				
Land improvements	31,404	-	-	31,404
Utility structures in service	16,985,874	-	-	16,985,874
Buildings and improvements	5,450,107	-	-	5,450,107
Machinery and equipment	511,833	8,653	(9,571)	510,915
Vehicles	416,536	101,321	-	517,857
Total capital assets, being depreciated	23,395,754	109,974	(9,571)	23,496,157
Less: accumulated depreciation				
Land improvements	(19,258)	(1,760)	-	(21,018)
Utility structures in service	(7,170,820)	(230,768)	-	(7,401,588)
Buildings and improvements	(1,948,999)	(135,990)	-	(2,084,989)
Machinery and equipment	(377,071)	(23,566)	5,166	(395,471)
Vehicles	(162,291)	(50,502)	-	(212,793)
Total accumulated depreciation	(9,678,439)	(442,586)	5,166	(10,115,859)
Total capital assets, being depreciated	13,717,315	(332,612)	(4,405)	13,380,298
Business-type activities capital assets, net	$ 14,321,685	$ (332,612)	$ (4,405)	$ 13,984,668

Depreciation expense was charged to the City's enterprise funds as follows:

Business-type activities:	Depreciation Expense
Water fund	$442,586
Total depreciation expense	$442,586

NOTE 7 - RISK MANAGEMENT

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

NOTE 7 - RISK MANAGEMENT - (Continued)

The City pays an annual premium to MVRMA for this coverage. The agreement provides that MVRMA will be self-sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is $2,500. During 2019, MVRMA's per occurrence retention limit for most property claims was $250,000; exceptions included a retention of $10,000 - $350,000 per occurrence for boiler and machinery. Liability had a per occurrence retention limit of $500,000. After the retention limits are reached, excess insurance will cover up to the limits stated below:

General liability	$9,500,000 per occurrence
Automobile liability	$9,500,000 per occurrence
Police professional liability	$9,500,000 per occurrence
Public officials liability	$9,500,000 per occurrence
Boiler and machinery	$100,000,000 per occurrence
Property	$1,000,000,000 per occurrence
Flood	$25,000,000 per occurrence
Earthquake	$25,000,000 per occurrence

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

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments 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 Pension Plan.

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

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

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NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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 and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	**Traditional Plan Formula:**	**Traditional Plan Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula:	**Combined Plan Formula:**	**Combined Plan Formula:**
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

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

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

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local	Public Safety
2019 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee ***	10.0 %	*
2019 Actual Contribution Rates		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %
Total Employer	14.0 %	18.1 %
Employee	10.0 %	12.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by OR(

*** Member contributions within the combined plan are not used to fund the defined bene retirement allowance

**** This employer health care rate is for the traditional and combined plans. The employe contribution for the member-directed plan is 4.00%.

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $125,865 for 2019. Of this amount, $10,802 is reported as due to other governments.

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

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

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F 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 3.00% 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 3.00% of their base pension or disability benefit.

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

	Police	Firefighters
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was $320,155 for 2019. Of this amount, $27,630 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F’s total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Member-Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00675700%	0.02079500%	0.06792400%	
Proportion of the net pension liability/asset current measurement date	0.00617200%	0.01928200%	0.06575100%	
Change in proportionate share	-0.00058500%	-0.00151300%	-0.00217300%	
Proportionate share of the net pension liability	$ 1,690,386	$ -	$ 5,367,019	$ 7,057,405
Proportionate share of the net pension asset	-	(439)	-	(439)
Pension expense	329,593	(114)	825,838	1,155,317

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	Member-Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	$ 78	$ 1,830	$ 220,510	$ 222,418
Net difference between projected and actual earnings on pension plan investments	229,435	146	661,212	890,793
Changes of assumptions	147,151	135	142,287	289,573
Changes in employer's proportionate percentage/ difference between employer contributions	298	-	190,483	190,781
Contributions subsequent to the measurement date	120,554	5,311	320,155	446,020
Total deferred outflows of resources	$ 497,516	$ 7,422	$ 1,534,647	$ 2,039,585

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 22,195	$ 5,010	$ 27,205
Changes in employer's proportionate percentage/ difference between employer contributions	81,611	169,053	250,664
Total deferred inflows of resources	$ 103,806	$ 174,063	$ 277,869

$446,020 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2020.

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

	OPERS - Traditional	OPERS - Member-Directed	OP&F	Total
Year Ending December 31:				
2020	$ 102,739	$ 304	$ 429,366	$ 532,409
2021	42,428	280	174,146	216,854
2022	21,285	283	165,571	187,139
2023	106,704	339	261,447	368,490
2024	-	256	9,899	10,155
Thereafter	-	649	-	649
Total	$ 273,156	$ 2,111	$ 1,040,429	$ 1,315,696

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

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NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 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 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate **-** The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate **-** The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 2,497,191	$ 1,690,386	$ 1,019,923
Member-Directed Plan	(193)	(439)	(771)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%, plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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

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

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

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2018 actuarial valuation.

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	$ 7,054,577	$ 5,367,019	$ 3,956,821

NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $2,125 for 2019. Of this amount, $182 is reported as due to other governments.

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

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

The City's contractually required contribution to OP&F was $7,693 for 2019. Of this amount, $664 is reported as due to other governments.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.00711000%	0.06792400%	
Proportion of the net OPEB liability current measurement date	0.00650700%	0.06575100%	
Change in proportionate share	-0.00060300%	-0.00217300%	
Proportionate share of the net OPEB liability	$ 848,359	$ 598,764	$ 1,447,123
OPEB expense	$ 53,006	$ (3,020,252)	$ (2,967,246)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 288	$ -	$ 288
Net difference between projected and actual earnings on OPEB plan investments	38,890	20,268	59,158
Changes of assumptions	27,352	310,369	337,721
Changes in employer's proportionate percentage/ difference between employer contributions	789	-	789
Contributions subsequent to the measurement date	2,124	7,693	9,817
Total deferred outflows of resources	$ 69,443	$ 338,330	$ 407,773

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 2,303	$ 16,042	$ 18,345
Changes of assumptions	-	165,766	165,766
Changes in employer's proportionate percentage/ difference between employer contributions	47,930	154,384	202,314
Total deferred inflows of resources	$ 50,233	$ 336,192	$ 386,425

$9,817 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

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

	OPERS	OP&F	Total
Year Ending December 31:			
2020	$ 5,007	$ 744	$ 5,751
2021	(13,283)	744	(12,539)
2022	5,774	744	6,518
2023	19,590	6,872	26,462
2024	-	(2,791)	(2,791)
Thereafter	-	(11,868)	(11,868)
Total	$ 17,088	$ (5,555)	$ 11,533

Actuarial Assumptions - OPERS

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is a loss of 5.60% for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 1,085,368	$ 848,359	$ 659,875

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 815,457	$ 848,359	$ 886,253

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Currrent measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

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

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

Discount Rate - The total OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%), or one percentage point higher (5.66%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 729,458	$ 598,764	$ 489,057

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate **-** Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

Changes Between Measurement Date and Report Date **-** Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current healthcare model to the stipend based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the City's net OPEB liability is expected to be significant.

NOTE 10 - LONG-TERM OBLIGATIONS

A. During 2019, the following activity occurred in the governmental activities long-term obligations:

Governmental activities:	Balance 12/31/18	Increase	Decrease	Balance 12/31/19	Amounts Due in One Year
Compensated Absences	$ 203,522	$ 136,485	$ (99,605)	$ 240,402	$ 144,296
Net Pension Liability	4,653,670	1,557,582	-	6,211,252	-
Net OPEB Liability	4,201,629	70,530	(3,249,697)	1,022,462	-
Total Governmental Activities	$ 9,058,821	$ 1,764,597	$ (3,349,302)	$ 7,474,116	$ 144,296

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

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NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. During 2019, the following activity occurred in the business-type activities long-term obligations:

Business-type activities:	Balance 12/31/18	Increase	Decrease	Balance 12/31/19	Amounts Due in One Year
General Obligation Bonds:					
Waterworks system - 2012					
2.00 - 2.65%	$ 225,000	$ -	$ (75,000)	$ 150,000	$ 75,000
Total General Obligation Bonds	225,000	-	(75,000)	150,000	75,000
Ohio Public Works Commission loan from direct borrowing:					
Water treatment plant					
improvement - 2010 - 0.00%	786,421	-	(56,173)	730,248	28,087
Upper hillside water main -					
2018 - 0.00%	290,000	-	(4,833)	285,167	4,834
Total OPWC loans	1,076,421	-	(61,006)	1,015,415	32,921
Other Obligations:					
Compensated Absences	58,721	30,792	(28,584)	60,929	29,947
Net Pension Liability	575,162	270,991	-	846,153	-
Net OPEB Liability	418,925	5,736	-	424,661	-
Total Other Obligations	1,052,808	307,519	(28,584)	1,331,743	29,947
Total Business-type Activities	$ 2,354,229	$ 307,519	$ (164,590)	$ 2,497,158	$ 137,868

General Obligation Bonds - On April 11, 2012, the City issued $610,000 in general obligation bonds for the purpose of acquiring waterworks facilities within the City and constructing improvements to existing and new facilities. The interest rates on these bonds range from 2.00% – 2.65%, payable through 2021. Principal and interest on these bonds will be paid from revenues generated within the Water Fund.

OPWC Loans - The OPWC loans are considered direct borrowing. The City has pledged future Water Fund revenues to repay and Ohio Public Works Commission (OPWC) loan related to the Upper hillside water main improvements. The loan is payable solely from the Water Fund revenues and is payable through 2049 at an interest rate of 0.00%.

During 2010, the City entered into another OPWC loan agreement for the purpose of financing construction costs associated with the City's water treatment plant improvements. The loan is payable solely from the Water Fund revenues and is payable through 2032 at an interest rate of 0.00%.

In the event of default, the OPWC may (1) charge an 8% default interest rate form the date of the default to the date of the payment and charge the City of all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2019, follows:

Year Ending	General Obligation Bonds		OPWC Loans	
December 31,	Principal	Interest	Principal	Interest
2020	$ 75,000	$ 2,981	$ 32,921	$ -
2021	75,000	994	65,840	-
2022			65,839	-
2023	-	-	65,840	-
2024	-	-	65,840	-
2025 - 2029	-	-	329,198	-
2030 - 2034	-	-	244,937	-
2035 - 2039	-	-	48,334	-
2040 - 2044	-	-	48,333	-
2045 - 2049	-	-	48,333	-
Total	$ 150,000	$ 3,975	$ 1,015,415	$ -

D. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2019, the City's total debt margin was $19,466,117 and the unvoted debt margin was $10,196,537.

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS

A. Miami Valley Risk Management Association

The City is a member of the Miami Valley Risk Management Association (MVRMA) which is a jointly governed organization established as a joint insurance pool. As of December 31, 2019, MVRMA had twenty-one members. MVRMA covers all property, crime, liability, boiler and machinery and public liability insurance. MVRMA is intended to provide broad based coverage up to established limits with increased emphasis on safety and loss prevention.

MVRMA is a corporation governed by a twenty member board of trustees consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation with each trustee having a single vote. The board is responsible for its own financial matters and the corporation maintains its own book of account. Budgeting and financing of MVRMA is subject to the approval of the board. As of December 31, 2019, the member cities were: Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Fairfield, Indian Hill, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington and Wyoming.

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

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

B. Jefferson Health Plan

The City is a member of the Center for Local Government Benefits Pool (CLGBP) which is a member of the Jefferson Health Plan (JHP). JHP is a jointly governed organization established as a joint insurance pool. As of December 31, 2019, JHP had over 100 members. JHP provides medical, dental and prescription benefit coverage.

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

NOTE 12 - CONTINGENT LIABILITIES

The City receives significant financial assistance from numerous Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2019.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, police fund, and fire fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

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

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

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	General	Police	Fire
Budget basis	$ 292,113	$ 17,361	$ 66,835
Net adjustment for revenue accruals	7,438	(11,584)	(179)
Net adjustment for expenditure accruals	(2,789)	17,689	(3,982)
Adjustment for encumbrances	7,796	-	4,771
GAAP basis	$ 304,558	$ 23,466	$ 67,445

NOTE 14 - FUND BALANCE

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

Fund balance	General	Police	Fire	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies	$ -	$ 9,209	$ 10,108	$ 44,136	$ 63,453
Prepayments	3,451	53,249	19,932	-	76,632
Total nonspendable	3,451	62,458	30,040	44,136	140,085
Restricted:					
Public safety programs	-	175,146	219,583	19,826	414,555
Capital improvements	-	-	-	103,334	103,334
Transportation	-	-	-	479,828	479,828
Total restricted	-	175,146	219,583	602,988	997,717
Committed:					
Transportation	-	-	-	6,523	6,523
Total committed	-	-	-	6,523	6,523
Assigned:					
General government	7,574	-	-	-	7,574
Capital improvement	-	-	-	835,330	835,330
Total assigned	7,574	-	-	835,330	842,904
Unassigned	1,631,691	-	-	-	1,631,691
Total fund balances	$ 1,642,716	$ 237,604	$ 249,623	$ 1,488,977	$ 3,618,920

NOTE 15 - SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuring emergency measures will impact subsequent periods of the City. The City's investment portfolio and the investments of the pension and other employee benefit plan in which the City participates may incur a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS (1)

	2019	2018	2017	2016
Traditional Plan:				
City's proportion of the net pension liability	0.006172%	0.006757%	0.006951%	0.007040%
City's proportionate share of the net pension liability	$ 1,690,386	$ 1,060,042	$ 1,578,452	$ 1,219,417
City's covered payroll	$ 837,229	$ 892,915	$ 1,003,092	$ 967,708
City's proportionate share of the net pension liability as a percentage of its covered payroll	201.90%	118.72%	157.36%	126.01%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
Member Directed Plan:				
City's proportion of the net pension asset	0.019282%	0.020795%		
City's proportionate share of the net pension asset	$ 439	$ 726		
City's covered payroll	$ 110,220	$ 104,480		
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.40%	0.69%		
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.46%		

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

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

(1) Amounts for the member directed plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014
	0.007348%	0.007348%
	$ 886,251	$ 866,233
	$ 990,742	$ 1,157,285
	89.45%	74.85%
	86.45%	86.36%

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2019	2018	2017	2016
City's proportion of the net pension liability	0.06575100%	0.06792400%	0.06945100%	0.06922900%
City's proportionate share of the net pension liability	$ 5,367,019	$ 4,168,790	$ 4,398,957	$ 4,453,550
City's covered payroll	$ 1,517,265	$ 1,513,225	$ 1,493,116	$ 1,436,377
City's proportionate share of the net pension liability as a percentage of its covered payroll	353.73%	275.49%	294.62%	310.05%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014	
	0.06936800%		0.06936800%
$	3,593,567	$	3,378,453
$	1,410,189	$	1,236,558
	254.83%		273.21%
	72.20%		73.00%

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS (1)

	2019	2018	2017	2016
Traditional Plan:				
Contractually required contribution	$ 120,554	$ 117,212	$ 116,079	$ 120,371
Contributions in relation to the contractually required contribution	(120,554)	(117,212)	(116,079)	(120,371)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 861,100	$ 837,229	$ 892,915	$ 1,003,092
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
Member Directed Plan:				
Contractually required contribution	$ 5,311	$ 11,022		
Contributions in relation to the contractually required contribution	(5,311)	(11,022)		
Contribution deficiency (excess)	$ -	$ -		
City's covered payroll	$ 53,110	$ 110,220		
Contributions as a percentage of covered payroll	10.00%	10.00%		

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

(1) Amounts for the member directed plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014		2013	
$	116,125	$	118,889	$	150,447
	(116,125)		(118,889)		(150,447)
$	-	$	-	$	-
$	967,708	$	990,742	$	1,157,285
	12.00%		12.00%		13.00%

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 320,155	$ 312,865	$ 312,758	$ 315,794
Contributions in relation to the contractually required contribution	(320,155)	(312,865)	(312,758)	(315,794)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,538,581	$ 1,517,265	$ 1,513,225	$ 1,493,116
Contributions as a percentage of covered payroll	20.81%	20.62%	20.67%	21.15%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014		2013	
$	296,912	$	290,039	$	210,891
	(296,912)		(290,039)		(210,891)
$	-	$	-	$	-
$	1,436,377	$	1,410,189	$	1,236,558
	20.67%		20.57%		17.05%

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2019	2018	2017
City's proportion of the net OPEB liability	0.006507%	0.007110%	0.007232%
City's proportionate share of the net OPEB liability	$ 848,359	$ 772,094	$ 730,483
City's covered payroll	$ 947,449	$ 892,915	$ 1,003,092
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.54%	86.47%	72.82%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2019	2018	2017
City's proportion of the net OPEB liability	0.06575100%	0.06792400%	0.06945100%
City's proportionate share of the net OPEB liability	$ 598,764	$ 3,848,461	$ 3,296,683
City's covered payroll	$ 1,517,265	$ 1,513,225	$ 1,493,116
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	39.46%	254.32%	220.79%
Plan fiduciary net position as a percentage of the total OPEB liability	46.57%	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 2,124	$ 4,409	$ 8,929	$ 20,053
Contributions in relation to the contractually required contribution	(2,124)	(4,409)	(8,929)	(20,053)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 914,210	$ 947,449	$ 892,915	$ 1,003,092
Contributions as a percentage of covered payroll	0.23%	0.47%	1.00%	2.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014		2013	
$	19,345	$	19,806	$	11,568
	(19,345)		(19,806)		(11,568)
$	-	$	-	$	-
$	967,708	$	990,742	$	1,157,285
	2.00%		2.00%		1.00%

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 7,693	$ 7,587	$ 7,566	$ 7,741
Contributions in relation to the contractually required contribution	(7,693)	(7,587)	(7,566)	(7,741)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,538,581	$ 1,517,265	$ 1,513,225	$ 1,493,116
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.52%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014		2013	
$	7,266	$	7,135	$	47,599
	(7,266)		(7,135)		(47,599)
$	-	$	-	$	-
$	1,436,377	$	1,410,189	$	1,236,558
	0.51%		0.51%		3.85%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019 the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple. There were no changes in assumptions for 2019.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96 %, (b) the investment rate of return was decreased from 6.50% down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25%, ultimate in 2029.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

City of Bellbrook
Greene County
15 East Franklin Street
Bellbrook, Ohio 45305

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards,* the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Bellbrook, Greene County, Ohio as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Bellbrook's basic financial statements and have issued our report thereon dated June 19, 2020, wherein we noted as discussed in Note 15, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City of Bellbrook's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City of Bellbrook's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the City of Bellbrook's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

City of Bellbrook's Response to Finding

The City of Bellbrook's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not subject the City of Bellbrook's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the City of Bellbrook's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City of Bellbrook's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 19, 2020

CITY OF BELLBROOK
GREENE COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Significant Deficiency - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the City, this could also include reviewing the year-end system reports to ensure activity is reported in the correct line items and fund balances are properly classified.

Adjustments were made to the financial statements to properly record significant transactions during the audit period.

- An adjustment was necessary to reduce depreciation in the amount of $119,977 for the vehicles in the Water Fund.
- An adjustment was necessary to record an accounts payable in the amount of $37,367 in the Waste Collection Fund.

The financial statements and notes have been adjusted to properly report the activity.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the City's activity.

We recommend the City design and implement additional procedures to facilitate more accurate and detailed financial reporting. Further, we recommend the City review the adjustments noted above and develop additional procedures to ensure depreciation is properly calculated for all assets, and payables that are incurred prior to year-end but paid after year-end, are included on the financial statements.

Client Response: The City will closely monitor all transactions to ensure accurate financial reporting in the future.

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OHIO AUDITOR OF STATE
KEITH FABER

CITY OF BELLBROOK

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 8/13/2020

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