

# **CITY OF BELLBROOK GREENE COUNTY, OHIO**

**Basic Financial Statements**

**For the Year Ended  
December 31, 2020**



**CITY OF BELLBROOK  
GREENE COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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Accountant's Compilation Report

To the Members of City Council  
Bellbrook, Ohio

Management is responsible for the accompanying basic financial statements of the City of Bellbrook, which comprise the statements listed in the table of contents as of December 31, 2020 and for the fiscal year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on the financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 through 13 and the required supplementary information on pages 70 through 85 be presented to supplement the basic financial statements. Although this information is not a part of the basic financial statements, the Governmental Accounting Standards Board considers it essential to placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

*Julian & Grube, Inc.*

Westerville, Ohio  
April 22, 2021

## CITY OF BELLBROOK, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

The management's discussion and analysis of the City of Bellbrook's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. 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 2020 are as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2020 by \$21,492,288 (net position). Of this amount, \$539,293 is restricted in use and \$20,301,774 is the net investment in capital assets. The remaining unrestricted net position is \$651,221.
- Total net position increased \$1,893,180 as a result of current year operations. Net position of governmental activities increased \$1,000,258 while the net position of business-type activities increased \$892,922.
- The City had \$5,078,239 in expenses related to governmental activities; \$1,890,764 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$3,187,475 were offset by general revenues (primarily property taxes and unrestricted grants and entitlements) of \$4,187,733.
- The general fund had revenues of \$1,541,195 in 2020 and expenditures and other financing uses of \$1,217,621. The fund balance for the general fund increased from \$1,642,716 to \$1,966,290.

#### **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 2020?" 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.

## CITY OF BELLBROOK, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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, fire fund, and capital improvements 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.

**CITY OF BELLBROOK, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

***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 2020 compared to 2019.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b><u>Assets</u></b>						
Current and other assets	\$ 8,305,311	\$ 7,347,163	\$ 3,862,494	\$ 3,295,867	\$ 12,167,805	\$ 10,643,030
Capital assets, net	7,101,215	6,534,805	14,258,053	13,984,668	21,359,268	20,519,473
Total assets	15,406,526	13,881,968	18,120,547	17,280,535	33,527,073	31,162,503
<b><u>Deferred outflows of resources</u></b>						
Pension	725,175	1,786,681	151,578	252,904	876,753	2,039,585
OPEB	429,460	373,407	83,254	34,366	512,714	407,773
Total deferred outflows of resources	1,154,635	2,160,088	234,832	287,270	1,389,467	2,447,358
<b><u>Liabilities</u></b>						
Current liabilities	182,254	178,554	109,149	108,953	291,403	287,507
Long-term liabilities:						
Due within one year	170,487	144,296	171,804	137,868	342,291	282,164
Net pension liability	4,764,424	6,211,252	670,435	846,153	5,434,859	7,057,405
Net OPEB liability	987,420	1,022,462	463,422	424,661	1,450,842	1,447,123
Other amounts	69,017	96,106	949,323	1,088,476	1,018,340	1,184,582
Total liabilities	6,173,602	7,652,670	2,364,133	2,606,111	8,537,735	10,258,781
<b><u>Deferred inflows of resources</u></b>						
Property taxes	3,318,711	3,087,678	-	-	3,318,711	3,087,678
Pension	830,763	194,123	176,332	83,746	1,007,095	277,869
OPEB	470,611	340,369	90,100	46,056	560,711	386,425
Total deferred inflows of resources	4,620,085	3,622,170	266,432	129,802	4,886,517	3,751,972
<b><u>Net position</u></b>						
Net investment in capital assets	7,101,215	6,534,805	13,200,559	12,819,253	20,301,774	19,354,058
Restricted	539,293	436,189	-	-	539,293	436,189
Unrestricted (deficit)	(1,873,034)	(2,203,778)	2,524,255	2,012,639	651,221	(191,139)
Total net position	\$ 5,767,474	\$ 4,767,216	\$ 15,724,814	\$ 14,831,892	\$ 21,492,288	\$ 19,599,108

## CITY OF BELLBROOK, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2020 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.



**CITY OF BELLBROOK, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2020, net position was \$5,767,247 and \$15,724,814 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 46.09% and 78.68% 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, 2020, was \$7,101,215 and \$13,200,559 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, \$539,293, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was \$651,221, consisting of \$2,524,255 in the business-type activities and \$(1,873,034) 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 2020 compared to 2019.

	<b>Change in Net Position</b>					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 175,879	\$ 158,369	\$ 2,329,025	\$ 2,252,428	\$ 2,504,904	\$ 2,410,797
Operating grants and contributions	973,487	495,324	-	-	973,487	495,324
Capital grants and contributions	741,398	-	667,354	-	1,408,752	-
Total program revenues	<u>1,890,764</u>	<u>653,693</u>	<u>2,996,379</u>	<u>2,252,428</u>	<u>4,887,143</u>	<u>2,906,121</u>
General revenues:						
Property and other taxes	3,209,967	3,169,092	-	-	3,209,967	3,169,092
Unrestricted grants and entitlements	683,644	629,612	-	-	683,644	629,612
Investment earnings	51,364	122,508	-	-	51,364	122,508
Miscellaneous	242,758	39,422	32,240	9,745	274,998	49,167
Total general revenues	<u>4,187,733</u>	<u>3,960,634</u>	<u>32,240</u>	<u>9,745</u>	<u>4,219,973</u>	<u>3,970,379</u>

**CITY OF BELLBROOK, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**Change in Net Position (Continued)**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
	<b>Expenses:</b>					
General government	660,127	497,862	-	-	660,127	497,862
Public safety	3,565,694	768,583	-	-	3,565,694	768,583
Transportation	785,749	818,068	-	-	785,749	818,068
Community environment	51,959	58,748	-	-	51,959	58,748
Recreation	14,710	19,015	-	-	14,710	19,015
Waste collection	-	-	473,147	483,237	473,147	483,237
Water	-	-	1,662,550	1,599,996	1,662,550	1,599,996
Total expenses	<u>5,078,239</u>	<u>2,162,276</u>	<u>2,135,697</u>	<u>2,083,233</u>	<u>7,213,936</u>	<u>4,245,509</u>
Change in net position	1,000,258	2,452,051	892,922	178,940	1,893,180	2,630,991
Net position at beginning of year	<u>4,767,216</u>	<u>2,315,165</u>	<u>14,831,892</u>	<u>14,652,952</u>	<u>19,599,108</u>	<u>16,968,117</u>
Net position at end of year	<u>\$ 5,767,474</u>	<u>\$ 4,767,216</u>	<u>\$ 15,724,814</u>	<u>\$ 14,831,892</u>	<u>\$ 21,492,288</u>	<u>\$ 19,599,108</u>

**Governmental Activities**

Net position for the governmental activities increased \$1,000,258 or 20.98% in 2020. Total revenues increased \$1,464,170 or 31.73%. This was primarily due to increases in operating grants and contributions and capital grants and contributions. The former is mostly due to Federal CARES Act money that the City received, and the latter is a result of grant funding from the Ohio Public Works Commission and capital contributions of infrastructure from developers.

General revenues totaled \$4,187,733 in 2020, which amounts to 68.89% of total governmental revenues. These revenues primarily consist of taxes revenue of \$3,209,967 and unrestricted grants and entitlements of \$683,644.

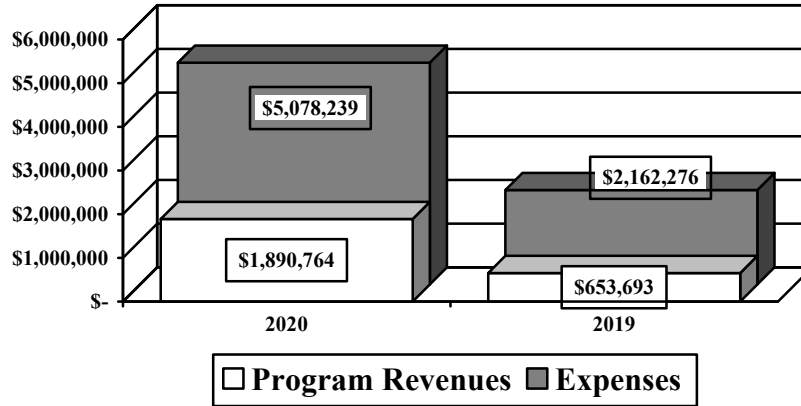
Total expenses increased \$2,915,963 or 134.86% compared to 2019. The large increase is primarily due to changes in the City's proportionate share of pension and OPEB expense as required under GASB 68 and GASB 75. This is especially evident in public safety expenses which increased nearly \$2.8 million as a result of changes in the pension and OPEB calculations from the Ohio Police & Fire Pension System.

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.

**CITY OF BELLBROOK, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**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 2020 and 2019. That is, it identifies the cost of these services supported by general revenues (such as taxes revenue and unrestricted grants and entitlements).

**Governmental Activities**

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program expenses:				
General government	\$ 660,127	\$ 462,871	\$ 497,862	\$ 477,807
Public safety	3,565,694	3,134,736	768,583	642,438
Transportation	785,749	(461,507)	818,068	318,002
Community environment	51,959	36,665	58,748	51,321
Recreation	14,710	14,710	19,015	19,015
<b>Total</b>	<b>\$ 5,078,239</b>	<b>\$ 3,187,475</b>	<b>\$ 2,162,276</b>	<b>\$ 1,508,583</b>

The dependence upon general revenues for governmental activities is apparent, with 62.77% of expenses supported through taxes and other general revenues in 2020.

**Business-type Activities**

Business-type activities include the waste collection and water enterprise funds. These programs had revenues, primarily charges for services, of \$3,028,619 and expenses of \$2,135,697 in 2020. Expenses remained comparable to the prior year and revenues saw an increase due to capital contributions. Net position increased by \$892,922 or 6.02%.

**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.

**CITY OF BELLBROOK, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

***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 \$4,303,607 which is \$684,687 higher than last year's total of \$3,618,920. The schedule that follows indicates the fund balances and the total change in fund balances as of December 31, 2020 for all major and non-major governmental funds.

	<u>Fund Balance</u> <u>12/31/2020</u>	<u>Fund Balance</u> <u>12/31/2019</u>	<u>Change</u>
Major funds:			
General	\$ 1,966,290	\$ 1,642,716	\$ 323,574
Police	412,957	237,604	175,353
Fire	419,915	249,623	170,292
Capital improvements	800,345	938,664	(138,319)
Nonmajor governmental funds	<u>704,100</u>	<u>550,313</u>	<u>153,787</u>
Total	<u>\$ 4,303,607</u>	<u>\$ 3,618,920</u>	<u>\$ 684,687</u>

***General Fund***

The City's general fund balance increased \$323,574 as revenues exceeded expenditures and other financing uses. The following table assists in illustrating the revenues of the general fund.

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Property and other taxes	\$ 637,769	\$ 628,904	1.41 %
Charges for services	19,408	20,055	(3.23) %
Fines, licenses and permits	119,178	111,150	7.22 %
Intergovernmental	501,869	198,468	152.87 %
Investment income	54,953	120,417	(54.36) %
Miscellaneous	<u>208,018</u>	<u>11,069</u>	1,779.28 %
Total	<u>\$ 1,541,195</u>	<u>\$ 1,090,063</u>	41.39 %

As the table above illustrates, total general fund revenues increased considerably in 2020. Intergovernmental revenues were higher as a result of grant funding from the Ohio Public Works Commission (OPWC) which the City used for a culvert repair/replacement project. Miscellaneous revenues also increased, primarily due to a sizeable rebate received from the Ohio Bureau of Workers' Compensation (BWC). The only significant decrease in general fund revenues was investment income which is due to a decline in interest rates on the City's investments.

**CITY OF BELLBROOK, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
General government	\$ 380,605	\$ 369,772	2.93 %
Public safety	-	100	(100.00) %
Community environment	49,928	49,636	0.59 %
Recreation	14,488	15,997	(9.43) %
<b><u>Other financing uses</u></b>			
Transfers out	<u>772,600</u>	<u>350,000</u>	120.74 %
Total	<u>\$ 1,217,621</u>	<u>\$ 785,505</u>	55.01 %

Total general fund expenditures for 2020 were comparable to the prior year. The only significant change was in transfers to other funds. This was a result of transferring the OPWC grant money, along with local matching funds, to the capital improvements fund for the culvert project.

***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 \$1,764,309 and expenditures of \$1,588,956 in 2020. These amounts were comparable to the prior year. Fund balance increased during the year from \$237,604 to \$412,957.

***Fire Fund***

The fire fund, a major governmental fund, is used to account for property taxes and other revenues restricted for fire department operations. This fund had revenues and other financing sources of \$1,360,567 and expenditures of \$1,190,275 in 2020. These amounts were comparable to the prior year. Fund balance increased from \$249,623 to \$419,915.

***Capital Improvements Fund***

The capital improvements fund is a major governmental fund which is used to account for resources used for capital purchases. This fund had revenues and other financing sources of \$635,790 and expenditures of \$774,109 in 2020. These represent increases from the prior year's amounts due to transfers from the general fund used for the aforementioned culvert project. Fund balance decreased from \$938,664 to \$800,345.

***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 expenses. Revenues increased considerably, however, due to capital contributions for the water fund (infrastructure assets from developers). Net position for the water fund increased \$877,242 while net position for the waste collection fund increased \$15,680.

## CITY OF BELLBROOK, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

#### ***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 \$1,027,008 were increased slightly to \$1,366,008 in the final budget. This increase was primarily done to account for the OPWC grant money mentioned previously. Actual revenues of \$1,511,329 were \$145,321 or 10.64% more than the final budgeted amount. This variance is mostly due to a rebate received from the Ohio BWC.

The final budget expenditures and other financing uses in the general fund were \$1,328,374, which represent an increase of \$402,000 compared to the original budget expenditures and other financing uses. Transfers to other funds were increased by \$347,600 in the final budget in order to account for monies transferred to the capital improvements fund. Actual budget basis expenditures and other financing uses totaled \$1,221,821, or \$106,553 less than the final budget.

#### **Capital Assets and Debt Administration**

##### ***Capital Assets***

The following table shows 2020 balances compared to 2019. Additional detail can be found in Note 6 in the notes to the basic financial statements.

#### **Capital Assets at December 31 (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 262,230	\$ 262,230	\$ 604,370	\$ 604,370	\$ 866,600	\$ 866,600
Land improvements	186,632	133,769	8,619	10,386	195,251	144,155
Utility structures	-	-	10,025,042	9,584,286	10,025,042	9,584,286
Buildings and improvements	1,586,966	1,641,953	3,237,356	3,365,118	4,824,322	5,007,071
Machinery and equipment	132,069	110,081	93,390	115,444	225,459	225,525
Vehicles	408,559	512,981	289,276	305,064	697,835	818,045
Infrastructure	4,524,759	3,873,791	-	-	4,524,759	3,873,791
Totals	<u>\$ 7,101,215</u>	<u>\$ 6,534,805</u>	<u>\$ 14,258,053</u>	<u>\$ 13,984,668</u>	<u>\$ 21,359,268</u>	<u>\$ 20,519,473</u>

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 63.72% of the City's total governmental capital assets. Significant changes during the year consisted of roadway improvements in the total amount of \$1,046,501. This includes contributed capital from developers of \$471,261.

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 70.31% of the City's total business-type capital assets. Significant changes during the year consisted of water main additions/improvements in the total amount of \$693,541. This includes contributed capital from developers of \$667,354.

**CITY OF BELLBROOK, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2020 and 2019.

	<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 75,000	\$ 150,000
OPWC loans	<u>982,494</u>	<u>1,015,415</u>
Total long-term obligations	<u>\$ 1,057,494</u>	<u>\$ 1,165,415</u>

There were no additions to long-term liabilities in 2020 and total reductions (principal retirement) amounted to \$107,921. 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.

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**CITY OF BELLBROOK, OHIO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 4,150,620	\$ 3,460,199	\$ 7,610,819
Cash with fiscal agents. . . . .	141,524	-	141,524
Receivables:			
Property taxes . . . . .	3,383,303	-	3,383,303
Accounts . . . . .	78,717	364,782	443,499
Accrued interest . . . . .	5,008	-	5,008
Intergovernmental . . . . .	477,625	-	477,625
Materials and supplies inventory. . . . .	36,093	27,356	63,449
Prepayments . . . . .	32,272	9,968	42,240
Net pension asset . . . . .	149	189	338
Capital assets:			
Nondepreciable capital assets. . . . .	262,230	604,370	866,600
Depreciable capital assets, net . . . . .	6,838,985	13,653,683	20,492,668
Total capital assets, net . . . . .	<u>7,101,215</u>	<u>14,258,053</u>	<u>21,359,268</u>
Total assets . . . . .	<u>15,406,526</u>	<u>18,120,547</u>	<u>33,527,073</u>
<b>Deferred outflows of resources:</b>			
Pension . . . . .	725,175	151,578	876,753
OPEB . . . . .	<u>429,460</u>	<u>83,254</u>	<u>512,714</u>
Total deferred outflows of resources . . . . .	<u>1,154,635</u>	<u>234,832</u>	<u>1,389,467</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	78,182	46,046	124,228
Accrued wages and benefits payable . . . . .	39,070	8,233	47,303
Due to other governments . . . . .	43,480	8,546	52,026
Accrued interest payable . . . . .	-	330	330
Deposits held and due to others . . . . .	21,522	-	21,522
Unearned revenue . . . . .	-	45,994	45,994
Long-term liabilities:			
Due within one year. . . . .	170,487	171,804	342,291
Due in more than one year:			
Net pension liability. . . . .	4,764,424	670,435	5,434,859
Net OPEB liability . . . . .	987,420	463,422	1,450,842
Other amounts due in more than one year. . . . .	<u>69,017</u>	<u>949,323</u>	<u>1,018,340</u>
Total liabilities. . . . .	<u>6,173,602</u>	<u>2,364,133</u>	<u>8,537,735</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	3,318,711	-	3,318,711
Pension. . . . .	830,763	176,332	1,007,095
OPEB. . . . .	<u>470,611</u>	<u>90,100</u>	<u>560,711</u>
Total deferred inflows of resources . . . . .	<u>4,620,085</u>	<u>266,432</u>	<u>4,886,517</u>
<b>Net position:</b>			
Net investment in capital assets . . . . .	7,101,215	13,200,559	20,301,774
Restricted for:			
Streets and highways . . . . .	531,146	-	531,146
Coronavirus relief. . . . .	8,147	-	8,147
Unrestricted (deficit) . . . . .	<u>(1,873,034)</u>	<u>2,524,255</u>	<u>651,221</u>
Total net position . . . . .	<u>\$ 5,767,474</u>	<u>\$ 15,724,814</u>	<u>\$ 21,492,288</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELLBROOK, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>				
General government. . . . .	\$ 660,127	\$ 19,408	\$ 177,848	\$ -
Public safety. . . . .	3,565,694	139,826	291,132	-
Transportation. . . . .	785,749	1,351	504,507	741,398
Community environment . . . . .	51,959	15,294	-	-
Recreation. . . . .	14,710	-	-	-
Total governmental activities . . . . .	<u>5,078,239</u>	<u>175,879</u>	<u>973,487</u>	<u>741,398</u>
<b>Business-type activities:</b>				
Waste collection. . . . .	473,147	488,827	-	-
Water . . . . .	1,662,550	1,840,198	-	667,354
Total business-type activities . . . . .	<u>2,135,697</u>	<u>2,329,025</u>	<u>-</u>	<u>667,354</u>
Total . . . . .	<u>\$ 7,213,936</u>	<u>\$ 2,504,904</u>	<u>\$ 973,487</u>	<u>\$ 1,408,752</u>

**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**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (462,871)	\$ -	\$ (462,871)
(3,134,736)	-	(3,134,736)
461,507	-	461,507
(36,665)	-	(36,665)
(14,710)	-	(14,710)
<u>(3,187,475)</u>	<u>-</u>	<u>(3,187,475)</u>
-	15,680	15,680
-	845,002	845,002
-	<u>860,682</u>	<u>860,682</u>
<u>(3,187,475)</u>	<u>860,682</u>	<u>(2,326,793)</u>
3,171,547	-	3,171,547
38,420	-	38,420
683,644	-	683,644
51,364	-	51,364
242,758	32,240	274,998
<u>4,187,733</u>	<u>32,240</u>	<u>4,219,973</u>
1,000,258	892,922	1,893,180
4,767,216	14,831,892	19,599,108
<u>\$ 5,767,474</u>	<u>\$ 15,724,814</u>	<u>\$ 21,492,288</u>

**CITY OF BELLBROOK, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Equity in pooled cash and investments . . . . .	\$ 1,917,521	\$ 433,144	\$ 456,965	\$ 658,821	\$ 684,169	\$ 4,150,620
Receivables:						
Property taxes . . . . .	710,051	1,386,062	1,230,487	-	56,703	3,383,303
Accounts . . . . .	26,576	-	50,976	-	1,165	78,717
Accrued interest . . . . .	5,008	-	-	-	-	5,008
Intergovernmental . . . . .	94,087	100,678	60,359	-	222,501	477,625
Materials and supplies inventory . . . . .	-	2,917	1,553	-	31,623	36,093
Prepayments . . . . .	12,078	15,184	4,923	-	87	32,272
Restricted assets:						
Cash with fiscal and escrow agents . . . . .	-	-	-	141,524	-	141,524
Total assets . . . . .	<u>\$ 2,765,321</u>	<u>\$ 1,937,985</u>	<u>\$ 1,805,263</u>	<u>\$ 800,345</u>	<u>\$ 996,248</u>	<u>\$ 8,305,162</u>
<b>Liabilities:</b>						
Accounts payable . . . . .	\$ 8,437	\$ 2,187	\$ 5,835	\$ -	\$ 61,723	\$ 78,182
Accrued wages and benefits payable . . . . .	3,814	14,572	17,466	-	3,218	39,070
Compensated absences payable . . . . .	-	-	12,154	-	-	12,154
Due to other governments . . . . .	3,034	21,529	16,252	-	2,665	43,480
Deposits held and due to others . . . . .	-	-	-	-	21,522	21,522
Total liabilities . . . . .	<u>15,285</u>	<u>38,288</u>	<u>51,707</u>	<u>-</u>	<u>89,128</u>	<u>194,408</u>
<b>Deferred inflows of resources:</b>						
Property taxes levied for the next fiscal year . .	696,200	1,357,742	1,209,160	-	55,609	3,318,711
Delinquent property tax revenue not available .	13,851	28,320	21,327	-	1,094	64,592
Accrued interest not available . . . . .	2,131	-	-	-	-	2,131
Miscellaneous revenue not available . . . . .	-	-	42,795	-	-	42,795
Intergovernmental revenue not available . . . .	71,564	100,678	60,359	-	146,317	378,918
Total deferred inflows of resources . . . . .	<u>783,746</u>	<u>1,486,740</u>	<u>1,333,641</u>	<u>-</u>	<u>203,020</u>	<u>3,807,147</u>
<b>Fund balances:</b>						
Nonspendable . . . . .	12,078	18,101	6,476	-	31,710	68,365
Restricted . . . . .	-	394,856	413,439	141,524	665,387	1,615,206
Committed . . . . .	-	-	-	-	7,003	7,003
Assigned . . . . .	145	-	-	658,821	-	658,966
Unassigned . . . . .	1,954,067	-	-	-	-	1,954,067
Total fund balances . . . . .	<u>1,966,290</u>	<u>412,957</u>	<u>419,915</u>	<u>800,345</u>	<u>704,100</u>	<u>4,303,607</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 2,765,321</u>	<u>\$ 1,937,985</u>	<u>\$ 1,805,263</u>	<u>\$ 800,345</u>	<u>\$ 996,248</u>	<u>\$ 8,305,162</u>

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, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

<b>Total governmental fund balances</b>		\$	4,303,607
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			7,101,215
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	\$	64,592	
Accounts receivable		42,795	
Intergovernmental receivable		378,918	
Accrued interest receivable		2,131	
Total		488,436	488,436
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.			
Net pension asset		149	
Deferred outflows of resources		725,175	
Deferred inflows of resources		(830,763)	
Net pension liability		(4,764,424)	
Total		(4,869,863)	(4,869,863)
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		429,460	
Deferred inflows of resources		(470,611)	
Net OPEB liability		(987,420)	
Total		(1,028,571)	(1,028,571)
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.			(227,350)
<b>Net position of governmental activities</b>		\$	5,767,474

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, 2020  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<b>General</b>	<b>Police</b>	<b>Fire</b>	<b>Capital Improvement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>						
Property and other taxes . . . . .	\$ 637,769	\$ 1,383,150	\$ 1,102,970	\$ -	\$ 87,489	\$ 3,211,378
Charges for services. . . . .	19,408	16,750	99,745	-	1,158	137,061
Fines, licenses and permits . . . . .	119,178	155	-	-	-	119,333
Intergovernmental. . . . .	501,869	207,058	125,950	38,190	941,809	1,814,876
Special assessments . . . . .	-	-	-	-	193	193
Investment income. . . . .	54,953	-	-	-	40	54,993
Other. . . . .	208,018	7,196	6,902	-	20,642	242,758
<b>Total revenues. . . . .</b>	<b>1,541,195</b>	<b>1,614,309</b>	<b>1,335,567</b>	<b>38,190</b>	<b>1,051,331</b>	<b>5,580,592</b>
<b>Expenditures:</b>						
Current:						
General government . . . . .	380,605	-	-	-	174,755	555,360
Public safety . . . . .	-	1,588,956	1,190,275	-	339,729	3,118,960
Transportation . . . . .	-	-	-	-	383,060	383,060
Community environment . . . . .	49,928	-	-	-	-	49,928
Recreation. . . . .	14,488	-	-	-	-	14,488
Capital outlay . . . . .	-	-	-	774,109	-	774,109
<b>Total expenditures. . . . .</b>	<b>445,021</b>	<b>1,588,956</b>	<b>1,190,275</b>	<b>774,109</b>	<b>897,544</b>	<b>4,895,905</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	1,096,174	25,353	145,292	(735,919)	153,787	684,687
<b>Other financing sources (uses):</b>						
Transfers in . . . . .	-	150,000	25,000	597,600	-	772,600
Transfers (out). . . . .	(772,600)	-	-	-	-	(772,600)
<b>Total other financing sources (uses). . . . .</b>	<b>(772,600)</b>	<b>150,000</b>	<b>25,000</b>	<b>597,600</b>	<b>-</b>	<b>-</b>
Net change in fund balances . . . . .	323,574	175,353	170,292	(138,319)	153,787	684,687
<b>Fund balance at beginning of year. . . . .</b>	<b>1,642,716</b>	<b>237,604</b>	<b>249,623</b>	<b>938,664</b>	<b>550,313</b>	<b>3,618,920</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 1,966,290</b>	<b>\$ 412,957</b>	<b>\$ 419,915</b>	<b>\$ 800,345</b>	<b>\$ 704,100</b>	<b>\$ 4,303,607</b>

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, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

<b>Net change in fund balances - total governmental funds</b>	\$	684,687
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital asset additions	\$ 1,208,653	
Current year depreciation	<u>(642,243)</u>	
Total		566,410
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Delinquent property taxes	(1,411)	
Intergovernmental revenues	9,116	
Investment income	(3,629)	
Charges for services	<u>22,568</u>	
Total		26,644
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	391,110	
OPEB	<u>8,054</u>	
Total		399,164
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	(642,498)	
OPEB	<u>(47,201)</u>	
Total		(689,699)
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.		
		<u>13,052</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u><u>1,000,258</u></u></b>

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, 2020  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property and other taxes. . . . .	\$ 455,145	\$ 605,381	\$ 637,769	\$ 32,388
Charges for services. . . . .	14,661	19,500	19,408	(92)
Fines, licenses and permits . . . . .	86,235	114,700	119,023	4,323
Intergovernmental. . . . .	391,950	521,327	492,167	(29,160)
Investment income. . . . .	52,628	70,000	56,761	(13,239)
Other. . . . .	26,389	35,100	186,201	151,101
Total revenues . . . . .	<u>1,027,008</u>	<u>1,366,008</u>	<u>1,511,329</u>	<u>145,321</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	413,116	468,016	383,770	84,246
Community environment . . . . .	67,437	66,937	50,850	16,087
Recreation . . . . .	20,821	20,821	14,601	6,220
Total expenditures . . . . .	<u>501,374</u>	<u>555,774</u>	<u>449,221</u>	<u>106,553</u>
Excess of revenues over expenditures . . . . .	<u>525,634</u>	<u>810,234</u>	<u>1,062,108</u>	<u>251,874</u>
<b>Other financing sources (uses):</b>				
Transfers (out). . . . .	<u>(425,000)</u>	<u>(772,600)</u>	<u>(772,600)</u>	-
Total other financing sources (uses). . . . .	<u>(425,000)</u>	<u>(772,600)</u>	<u>(772,600)</u>	-
Net change in fund balance . . . . .	100,634	37,634	289,508	251,874
<b>Fund balance at beginning of year. . . . .</b>	1,609,069	1,609,069	1,609,069	-
<b>Prior year encumbrances appropriated . . . . .</b>	7,796	7,796	7,796	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,717,499</u>	<u>\$ 1,654,499</u>	<u>\$ 1,906,373</u>	<u>\$ 251,874</u>

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, 2020  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 1,369,928	\$ 1,317,000	\$ 1,383,150	\$ 66,150
Charges for services. . . . .	19,348	18,600	16,750	(1,850)
Fines, licenses and permits . . . . .	583	560	155	(405)
Intergovernmental. . . . .	217,400	209,000	207,058	(1,942)
Other . . . . .	3,901	3,750	7,196	3,446
<b>Total revenues. . . . .</b>	<u>1,611,160</u>	<u>1,548,910</u>	<u>1,614,309</u>	<u>65,399</u>
<b>Expenditures:</b>				
Current:				
Public safety . . . . .	1,767,037	1,780,337	1,573,513	206,824
<b>Total expenditures . . . . .</b>	<u>1,767,037</u>	<u>1,780,337</u>	<u>1,573,513</u>	<u>206,824</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(155,877)</u>	<u>(231,427)</u>	<u>40,796</u>	<u>272,223</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	150,000	150,000	150,000	-
<b>Total other financing sources . . . . .</b>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net change in fund balances . . . . .	(5,877)	(81,427)	190,796	272,223
<b>Fund balances at beginning of year . . . . .</b>	<u>242,253</u>	<u>242,253</u>	<u>242,253</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 236,376</u>	<u>\$ 160,826</u>	<u>\$ 433,049</u>	<u>\$ 272,223</u>

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, 2020  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 1,059,582	\$ 1,051,000	\$ 1,102,970	\$ 51,970
Charges for services. . . . .	105,857	105,000	104,763	(237)
Intergovernmental. . . . .	128,037	127,000	125,950	(1,050)
Other . . . . .	3,024	3,000	6,902	3,902
<b>Total revenues.</b> . . . .	<u>1,296,500</u>	<u>1,286,000</u>	<u>1,340,585</u>	<u>54,585</u>
<b>Expenditures:</b>				
Current:				
Public safety . . . . .	1,389,927	1,405,127	1,183,083	222,044
<b>Total expenditures</b> . . . . .	<u>1,389,927</u>	<u>1,405,127</u>	<u>1,183,083</u>	<u>222,044</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(93,427)</u>	<u>(119,127)</u>	<u>157,502</u>	<u>276,629</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	25,000	25,000	25,000	-
<b>Total other financing sources</b> . . . . .	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balances . . . . .	(68,427)	(94,127)	182,502	276,629
<b>Fund balances at beginning of year</b> . . . . .	269,692	269,692	269,692	-
<b>Prior year encumbrances appropriated</b> . . . . .	4,771	4,771	4,771	-
<b>Fund balance at end of year</b> . . . . .	<u>\$ 206,036</u>	<u>\$ 180,336</u>	<u>\$ 456,965</u>	<u>\$ 276,629</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELLBROOK, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2020  
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Waste Collection</b>	<b>Water</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and investments. . . . .	\$ 136,518	\$ 3,323,681	\$ 3,460,199
Receivables:			
Accounts. . . . .	-	364,782	364,782
Materials and supplies inventory. . . . .	-	27,356	27,356
Prepayments . . . . .	-	9,968	9,968
Total current assets. . . . .	<u>136,518</u>	<u>3,725,787</u>	<u>3,862,305</u>
Noncurrent assets:			
Net pension asset. . . . .	5	184	189
Capital assets:			
Nondepreciable capital assets . . . . .	-	604,370	604,370
Depreciable capital assets, net . . . . .	-	13,653,683	13,653,683
Total capital assets, net. . . . .	<u>-</u>	<u>14,258,053</u>	<u>14,258,053</u>
Total noncurrent assets. . . . .	<u>5</u>	<u>14,258,237</u>	<u>14,258,242</u>
Total assets. . . . .	<u>136,523</u>	<u>17,984,024</u>	<u>18,120,547</u>
<b>Deferred outflows of resources:</b>			
Pension. . . . .	2,851	148,727	151,578
OPEB . . . . .	1,932	81,322	83,254
Total deferred outflows of resources . . . . .	<u>4,783</u>	<u>230,049</u>	<u>234,832</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable. . . . .	37,983	8,063	46,046
Accrued wages and benefits payable . . . . .	215	8,018	8,233
Due to other governments . . . . .	183	8,363	8,546
Accrued interest payable . . . . .	-	330	330
Compensated absences payable - current . . . . .	843	30,121	30,964
Unearned revenue . . . . .	29,980	16,014	45,994
General obligation bonds payable. . . . .	-	75,000	75,000
OPWC loans payable. . . . .	-	65,840	65,840
Total current liabilities . . . . .	<u>69,204</u>	<u>211,749</u>	<u>280,953</u>
Long-term liabilities:			
Compensated absences payable . . . . .	-	32,669	32,669
OPWC loans payable . . . . .	-	916,654	916,654
Net pension liability . . . . .	17,658	652,777	670,435
Net OPEB liability. . . . .	12,206	451,216	463,422
Total long-term liabilities . . . . .	<u>29,864</u>	<u>2,053,316</u>	<u>2,083,180</u>
Total liabilities. . . . .	<u>99,068</u>	<u>2,265,065</u>	<u>2,364,133</u>
<b>Deferred inflows of resources:</b>			
Pension . . . . .	7,375	168,957	176,332
OPEB . . . . .	4,478	85,622	90,100
Total deferred inflows of resources. . . . .	<u>11,853</u>	<u>254,579</u>	<u>266,432</u>
<b>Net position:</b>			
Net investment in capital assets. . . . .	-	13,200,559	13,200,559
Unrestricted. . . . .	<u>30,385</u>	<u>2,493,870</u>	<u>2,524,255</u>
Total net position. . . . .	<u>\$ 30,385</u>	<u>\$ 15,694,429</u>	<u>\$ 15,724,814</u>

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, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Waste Collection</b>	<b>Water</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 488,827	\$ 1,840,198	\$ 2,329,025
Other operating revenues . . . . .	-	32,240	32,240
<b>Total operating revenues.</b> . . . . .	<u>488,827</u>	<u>1,872,438</u>	<u>2,361,265</u>
<b>Operating expenses:</b>			
Personal services. . . . .	17,264	709,061	726,325
Contract services. . . . .	455,844	400,151	855,995
Materials and supplies . . . . .	-	74,131	74,131
Depreciation . . . . .	-	472,954	472,954
Other. . . . .	39	3,599	3,638
<b>Total operating expenses . . . . .</b>	<u>473,147</u>	<u>1,659,896</u>	<u>2,133,043</u>
<b>Operating income . . . . .</b>	<u>15,680</u>	<u>212,542</u>	<u>228,222</u>
<b>Nonoperating revenues (expenses):</b>			
Interest and fiscal charges . . . . .	-	(2,654)	(2,654)
<b>Total nonoperating revenues (expenses) . . . . .</b>	<u>-</u>	<u>(2,654)</u>	<u>(2,654)</u>
<b>Income before capital contributions . . . . .</b>	15,680	209,888	225,568
<b>Capital contributions. . . . .</b>	<u>-</u>	<u>667,354</u>	<u>667,354</u>
<b>Change in net position . . . . .</b>	15,680	877,242	892,922
<b>Net position at beginning of year . . . . .</b>	<u>14,705</u>	<u>14,817,187</u>	<u>14,831,892</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 30,385</u>	<u>\$ 15,694,429</u>	<u>\$ 15,724,814</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELLBROOK, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(SEE ACCOUNTANT'S COMPILATION REPORT)**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Waste Collection</b>	<b>Water</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from charges for services . . . . .	\$ 493,929	\$ 1,821,610	\$ 2,315,539
Cash received from other operations . . . . .	-	32,539	32,539
Cash payments for personal services . . . . .	(20,084)	(665,936)	(686,020)
Cash payments for contract services. . . . .	(455,579)	(376,503)	(832,082)
Cash payments for materials and supplies. . . . .	-	(48,036)	(48,036)
Cash payments for other expenses . . . . .	(39)	(9,259)	(9,298)
Net cash provided by operating activities. . . . .	<u>18,227</u>	<u>754,415</u>	<u>772,642</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	-	(78,985)	(78,985)
Principal retirement . . . . .	-	(107,921)	(107,921)
Interest and fiscal charges . . . . .	-	(2,979)	(2,979)
Net cash used in capital and related financing activities. . . . .	<u>-</u>	<u>(189,885)</u>	<u>(189,885)</u>
Net increase in cash and investments . . . . .	18,227	564,530	582,757
<b>Cash and investments at beginning of year . . . . .</b>	<b>118,291</b>	<b>2,759,151</b>	<b>2,877,442</b>
<b>Cash and investments at end of year . . . . .</b>	<b><u>\$ 136,518</u></b>	<b><u>\$ 3,323,681</u></b>	<b><u>\$ 3,460,199</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income . . . . .	\$ 15,680	\$ 212,542	\$ 228,222
Adjustments:			
Depreciation . . . . .	-	472,954	472,954
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) in accounts receivable . . . . .	-	(20,373)	(20,373)
Decrease in special assessments receivable. . . . .	-	299	299
Decrease in materials and supplies inventory. . . . .	-	27,160	27,160
Decrease in prepayments. . . . .	-	9,013	9,013
Decrease in net pension asset . . . . .	3	28	31
Decrease in deferred outflows - pension . . . . .	6,365	94,961	101,326
(Increase) in deferred outflows - OPEB . . . . .	(687)	(48,201)	(48,888)
Increase (decrease) in accounts payable. . . . .	(291)	6,332	6,041
Increase (decrease) in accrued wages and benefits . . . . .	215	(15,479)	(15,264)
Increase in due to other governments. . . . .	32	2,825	2,857
Increase in compensated absences payable . . . . .	235	2,469	2,704
Increase in unearned revenue. . . . .	5,102	1,785	6,887
(Decrease) in net pension liability. . . . .	(12,989)	(162,729)	(175,718)
Increase (decrease) in net OPEB liability. . . . .	(3,175)	41,936	38,761
Increase in deferred inflows - pension . . . . .	4,715	87,871	92,586
Increase in deferred inflows - OPEB . . . . .	3,022	41,022	44,044
Net cash provided by operating activities. . . . .	<u>\$ 18,227</u>	<u>\$ 754,415</u>	<u>\$ 772,642</u>

**Non-cash capital activity:**

During 2020, the Water fund received contributions of capital assets in the amount of \$667,354.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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#### 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. Component 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.

## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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#### 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.

Capital improvement fund - This fund accounts for money used for capital outlays.

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.

## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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#### 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 2020 amounted to \$54,953, which includes \$41,019 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.

##### **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.



**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT’S COMPILATION REPORT)

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

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 2020, 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:

<u>Description</u>	<u>Estimated Useful Life</u>
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.

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.

## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

##### 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.

*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.

## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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, 2020, but which were levied to finance 2021 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.

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

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

**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**

**Change in Accounting Principles**

For 2020, the City has applied GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*" to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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#### NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The following pronouncement is postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

#### 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;
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;

## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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#### NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)

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, 2020, the bank balance of the City's cash deposits was \$2,390,778. As of December 31, 2020, \$250,000 of the City's bank balance was covered by the Federal Deposit Insurance Corporation (FDIC) and \$2,140,778 was exposed to custodial credit risk as described below.

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

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)**

**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 2020, 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.

As of December 31, 2020, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>Investment Maturities</u>		
		<u>Less than 1 year</u>	<u>1 - 2 years</u>	<u>Greater than 2 years</u>
<i>Fair value:</i>				
Federal Farm Credit Bureau (FFCB)	\$ 225,006	\$ -	\$ -	\$ 225,006
Federal Home Loan Bank (FHLB)	230,091	-	-	230,091
Federal Home Loan Mortgage Corporation (FHLMC)	400,751	200,533	-	200,218
Federal National Mortgage Association (FNMA)	669,724	469,432	-	200,292
U.S. Treasury Notes	216,915	216,915	-	-
U.S. Government Obligations	210,730	210,730	-	-
<i>Amortized cost:</i>				
STAR Ohio	<u>3,344,642</u>	<u>3,344,642</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,297,859</u>	<u>\$ 4,442,252</u>	<u>\$ -</u>	<u>\$ 855,607</u>

The weighted average maturity of investments is 0.50 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.

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)**

*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, 2020, 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, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	
	<u>Amount</u>	<u>% of Total</u>
<i>Fair value:</i>		
Federal Farm Credit Bureau (FFCB)	\$ 225,006	4.25%
Federal Home Loan Bank (FHLB)	230,091	4.34%
Federal Home Loan Mortgage Corporation (FHLMC)	400,751	7.56%
Federal National Mortgage Association (FNMA)	669,724	12.64%
U.S. Treasury Notes	216,915	4.09%
U.S. Government Obligations	210,730	3.98%
<i>Amortized cost:</i>		
STAR Ohio	<u>3,344,642</u>	<u>63.13%</u>
Total	<u>\$ 5,297,859</u>	<u>100.00%</u>

**C. Cash with Fiscal Agent**

At year-end, the City had \$141,524 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, 2020. This amount is not included in the City's depository balances.

**NOTE 4 - INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2020, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>
	<u>General</u>
Police fund	\$ 150,000
Fire fund	25,000
Nonmajor governmental funds	<u>597,600</u>
Total	<u>\$ 772,600</u>



**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

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**NOTE 4 - INTERFUND TRANSFERS - (Continued)**

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

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. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 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, 2020 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 2020 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, 2020 was \$21.25 per \$1,000 of assessed value. The assessed values of real and public utility tangible personal property upon which 2020 property tax receipts were based are as follows:

Real property	\$ 182,088,370
Public utility property	<u>4,928,520</u>
Total assessed value	<u><u>\$ 187,016,890</u></u>

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 6 - CAPITAL ASSETS**

**A. Governmental Activities**

Changes in capital assets for the governmental activities for the year ended December 31, 2020 were as follows:

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/20</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 262,230	\$ -	\$ -	\$ 262,230
Total capital assets, not being depreciated	<u>262,230</u>	<u>-</u>	<u>-</u>	<u>262,230</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	411,067	63,687	-	474,754
Buildings and improvements	3,105,593	13,000	-	3,118,593
Machinery and equipment	643,013	53,332	(13,000)	683,345
Vehicles	1,880,053	32,133	(148,739)	1,763,447
Infrastructure	<u>6,266,321</u>	<u>1,046,501</u>	<u>-</u>	<u>7,312,822</u>
Total capital assets, being depreciated	<u>12,306,047</u>	<u>1,208,653</u>	<u>(161,739)</u>	<u>13,352,961</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(277,298)	(10,824)	-	(288,122)
Buildings and improvements	(1,463,640)	(67,987)	-	(1,531,627)
Machinery and equipment	(532,932)	(31,344)	13,000	(551,276)
Vehicles	(1,367,072)	(136,555)	148,739	(1,354,888)
Infrastructure:	<u>(2,392,530)</u>	<u>(395,533)</u>	<u>-</u>	<u>(2,788,063)</u>
Total accumulated depreciation	<u>(6,033,472)</u>	<u>(642,243)</u>	<u>161,739</u>	<u>(6,513,976)</u>
Total capital assets, being depreciated	<u>6,272,575</u>	<u>566,410</u>	<u>-</u>	<u>6,838,985</u>
Governmental activities capital assets, net	<u>\$ 6,534,805</u>	<u>\$ 566,410</u>	<u>\$ -</u>	<u>\$ 7,101,215</u>

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

General government	\$ 94,836
Public safety	152,197
Transportation	<u>395,210</u>
Total depreciation expense - governmental activities	<u>\$ 642,243</u>

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 6 - CAPITAL ASSETS - (Continued)**

**B. Business-Type Activities**

Changes in capital assets for the business-type activities for the year ended December 31, 2020 were as follows:

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/20</u>
<b>Business-type activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 604,370	\$ -	\$ -	\$ 604,370
Total capital assets, not being depreciated	<u>604,370</u>	<u>-</u>	<u>-</u>	<u>604,370</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	31,404	-	-	31,404
Utility structures in service	16,985,874	693,541	-	17,679,415
Buildings and improvements	5,450,107	10,072	-	5,460,179
Machinery and equipment	645,882	-	-	645,882
Vehicles	<u>517,857</u>	<u>42,726</u>	<u>-</u>	<u>560,583</u>
Total capital assets, being depreciated	<u>23,631,124</u>	<u>746,339</u>	<u>-</u>	<u>24,377,463</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(21,018)	(1,767)	-	(22,785)
Utility structures in service	(7,401,588)	(252,785)	-	(7,654,373)
Buildings and improvements	(2,084,989)	(137,834)	-	(2,222,823)
Machinery and equipment	(530,438)	(22,054)	-	(552,492)
Vehicles	<u>(212,793)</u>	<u>(58,514)</u>	<u>-</u>	<u>(271,307)</u>
Total accumulated depreciation	<u>(10,250,826)</u>	<u>(472,954)</u>	<u>-</u>	<u>(10,723,780)</u>
Total capital assets, being depreciated	<u>13,380,298</u>	<u>273,385</u>	<u>-</u>	<u>13,653,683</u>
Business-type activities capital assets, net	<u>\$ 13,984,668</u>	<u>\$ 273,385</u>	<u>\$ -</u>	<u>\$ 14,258,053</u>

**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.

## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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#### 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 2020, 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

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

##### *Net Pension Liability/Asset and Net OPEB Liability*

Pensions and OPEB 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 net pension liability/asset and the net OPEB liability represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB 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.

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/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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#### **NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

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.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

#### ***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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 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. The initial amount of a member’s pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. 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. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local	Public Safety
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	18.1 %
Employee *	10.0 %	**
<b>2020 Actual Contribution Rates</b>		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %
Total Employer	14.0 %	18.1 %
Employee	10.0 %	12.0 %

- \* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- \*\*\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance
- \*\*\*\* This employer health care rate is for the traditional and combined plans. The employer 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 \$128,542 for 2020. Of this amount, \$12,318 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](http://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.

**CITY OF BELLBROOK, OHIO**

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% 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 (see OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

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 over the 12 month period ending on September 30<sup>th</sup> 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
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2020 Actual Contribution Rates</b>		
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 \$334,338 for 2020. Of this amount, \$30,085 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 were measured as of December 31, 2019, 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, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. 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.



**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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	0.00617200%	0.01928200%	0.06575100%	
Proportion of the net pension liability/asset current measurement date	<u>0.00607500%</u>	<u>0.00893300%</u>	<u>0.06285270%</u>	
Change in proportionate share	<u>-0.00009700%</u>	<u>-0.01034900%</u>	<u>-0.00289830%</u>	
Proportionate share of the net pension liability	\$ 1,200,765	\$ -	\$ 4,234,094	\$ 5,434,859
Proportionate share of the net pension asset	-	(338)	-	(338)
Pension expense	144,527	(199)	588,165	732,493

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
<b>Deferred outflows of resources</b>				
Differences between expected and actual experience	\$ -	\$ 1,130	\$ 160,274	\$ 161,404
Changes of assumptions	64,135	55	103,936	168,126
Changes in employer's proportionate percentage/difference between employer contributions	43,337	-	41,006	84,343
Contributions subsequent to the measurement date	128,483	59	334,338	462,880
Total deferred outflows of resources	<u>\$ 235,955</u>	<u>\$ 1,244</u>	<u>\$ 639,554</u>	<u>\$ 876,753</u>

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
<b>Deferred inflows of resources</b>				
Differences between expected and actual experience	\$ 15,181	\$ -	\$ 218,367	\$ 233,548
Net difference between projected and actual earnings on pension plan investments	239,526	106	204,543	444,175
Changes in employer's proportionate percentage/ difference between employer contributions	86,560	-	242,812	329,372
Total deferred inflows of resources	<u>\$ 341,267</u>	<u>\$ 106</u>	<u>\$ 665,722</u>	<u>\$ 1,007,095</u>

\$462,880 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, 2021.

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:				
2021	\$ (67,091)	\$ 132	\$ (70,274)	\$ (137,233)
2022	(81,514)	134	(80,057)	(161,437)
2023	9,919	161	11,524	21,604
2024	(95,106)	122	(249,012)	(343,996)
2025	(3)	146	27,313	27,456
Thereafter	-	384	-	384
Total	<u>\$ (233,795)</u>	<u>\$ 1,079</u>	<u>\$ (360,506)</u>	<u>\$ (593,222)</u>

***Actuarial Assumptions - OPERS***

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

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

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.

During 2019, 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 17.20% for 2019.

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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 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 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</u>

**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, 2019 was 7.20%. 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 proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the 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	\$ 1,980,450	\$ 1,200,765	\$ 499,851
Member-Directed Plan	(179)	(338)	(447)

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - OP&F*

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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 the value 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below.

Valuation date	1/1/19 with actuarial liabilities rolled forward to 12/31/19
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
	inflation rate of 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%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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.

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

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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.

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, 2019 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
<b>Total</b>	<b>120.00 %</b>	

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.

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*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	\$ 5,868,307	\$ 4,234,094	\$ 2,867,237

**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.

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***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' Comprehensive Annual Financial Report referenced below for additional information.

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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, 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 2020 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 \$23 for 2020. Of this amount, \$2 is reported as due to other governments.



## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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#### NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

##### *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 health care 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. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental 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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% 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.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, 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.

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.

The City's contractually required contribution to OP&F was \$8,044 for 2020. Of this amount, \$724 is reported as due to other governments.

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***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, 2018, rolled forward to the measurement date of December 31, 2019, 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, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. 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:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.00650700%	0.06575100%	
Proportion of the net OPEB liability current measurement date	<u>0.00600900%</u>	<u>0.06285270%</u>	
Change in proportionate share	<u>-0.00049800%</u>	<u>-0.00289830%</u>	
Proportionate share of the net OPEB liability	\$ 830,000	\$ 620,842	\$ 1,450,842
OPEB expense	\$ 46,631	\$ 34,500	\$ 81,131

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 22	\$ -	\$ 22
Changes of assumptions	131,381	362,969	494,350
Changes in employer's proportionate percentage/ difference between employer contributions	10,275	-	10,275
Contributions subsequent to the measurement date	23	8,044	8,067
Total deferred outflows of resources	<u>\$ 141,701</u>	<u>\$ 371,013</u>	<u>\$ 512,714</u>

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	OPERS	OP&F	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 75,908	\$ 66,765	\$ 142,673
Net difference between projected and actual earnings on OPEB plan investments	42,264	28,570	70,834
Changes of assumptions	-	132,312	132,312
Changes in employer's proportionate percentage/difference between employer contributions	69,286	145,606	214,892
Total deferred inflows of resources	<u>\$ 187,458</u>	<u>\$ 373,253</u>	<u>\$ 560,711</u>

\$8,067 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, 2021.

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:			
2021	\$ (21,895)	\$ (4,541)	\$ (26,436)
2022	(5,859)	(4,541)	(10,400)
2023	31	1,318	1,349
2024	(18,057)	(7,920)	(25,977)
2025	-	(2,904)	(2,904)
Thereafter	-	8,304	8,304
Total	<u>\$ (45,780)</u>	<u>\$ (10,284)</u>	<u>\$ (56,064)</u>

***Actuarial Assumptions - OPERS***

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

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Projections of health care costs 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 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, 2018, rolled forward to the measurement date of December 31, 2019. 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	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.50% ultimate in 2030
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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.

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

During 2019, 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, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 was 19.70% for 2019.

The allocation of investment assets within 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 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.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

**Discount Rate** - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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 proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,086,187	\$ 829,999	\$ 624,876

***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 2020 is 10.50%. 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 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 805,506	\$ 829,999	\$ 854,179

***Changes between Measurement Date and Reporting Date***

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

***Actuarial Assumptions - OP&F***

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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 the value 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.

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	3.56%
Prior measurement date	4.66%
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%

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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.

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, 2019, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
<b>Total</b>	<b>120.00 %</b>	

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** - For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. For 2018, the total OPEB liability was calculated using the discount rate of 4.66%. 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 of 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 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.56% for 2019 and 4.66% for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.



**CITY OF BELLBROOK, OHIO**

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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate -*** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%), or one percentage point higher (4.56%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 769,804	\$ 620,842	\$ 497,065

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate -*** The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During 2020, the following activity occurred in the governmental activities long-term obligations:

	Balance			Balance	Amounts
<b>Governmental activities:</b>	<u>12/31/19</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/20</u>	<u>Due in One Year</u>
Compensated Absences	\$ 240,402	\$ 143,398	\$ (144,296)	\$ 239,504	\$ 170,487
Net Pension Liability	6,211,252	-	(1,446,828)	4,764,424	-
Net OPEB Liability	<u>1,022,462</u>	<u>22,078</u>	<u>(57,120)</u>	<u>987,420</u>	<u>-</u>
Total Governmental Activities	<u>\$ 7,474,116</u>	<u>\$ 165,476</u>	<u>\$ (1,648,244)</u>	<u>\$ 5,991,348</u>	<u>\$ 170,487</u>

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

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**B.** During 2020, the following activity occurred in the business-type activities long-term obligations:

	Balance			Balance	Amounts
	<u>12/31/19</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/20</u>	<u>Due in</u>
					<u>One Year</u>
Business-type activities:					
<u>General Obligation Bonds:</u>					
Waterworks system - 2012 2.00 - 2.65%	\$ 150,000	\$ -	\$ (75,000)	\$ 75,000	\$ 75,000
Total General Obligation Bonds	<u>150,000</u>	<u>-</u>	<u>(75,000)</u>	<u>75,000</u>	<u>75,000</u>
<u>Ohio Public Works Commission loans from direct borrowing:</u>					
Water treatment plant improvement - 2010 - 0.00%	730,248	-	(28,087)	702,161	56,173
Upper hillside water main - 2018 - 0.00%	<u>285,167</u>	<u>-</u>	<u>(4,834)</u>	<u>280,333</u>	<u>9,667</u>
Total OPWC loans	<u>1,015,415</u>	<u>-</u>	<u>(32,921)</u>	<u>982,494</u>	<u>65,840</u>
<u>Other Obligations:</u>					
Compensated Absences	60,929	32,651	(29,947)	63,633	30,964
Net Pension Liability	846,153	-	(175,718)	670,435	-
Net OPEB Liability	<u>424,661</u>	<u>38,761</u>	<u>-</u>	<u>463,422</u>	<u>-</u>
Total Other Obligations	<u>1,331,743</u>	<u>71,412</u>	<u>(205,665)</u>	<u>1,197,490</u>	<u>30,964</u>
Total Business-type Activities	<u>\$ 2,497,158</u>	<u>\$ 71,412</u>	<u>\$ (313,586)</u>	<u>\$ 2,254,984</u>	<u>\$ 171,804</u>

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 from 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.

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**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, 2020, follows:

Year Ending December 31,	General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2021	\$ 75,000	\$ 994	\$ 65,840	\$ -
2022	-	-	65,839	-
2023	-	-	65,840	-
2024	-	-	65,840	-
2025	-	-	65,840	-
2026 - 2030	-	-	329,198	-
2031 - 2035	-	-	188,765	-
2036 - 2040	-	-	48,333	-
2041 - 2045	-	-	48,334	-
2046 - 2049	-	-	38,665	-
Total	<u>\$ 75,000</u>	<u>\$ 994</u>	<u>\$ 982,494</u>	<u>\$ -</u>

**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, 2020, the City's total debt margin was \$19,636,773 and the unvoted debt margin was \$10,285,929.

**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, 2020, 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, 2020, 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.

## CITY OF BELLBROOK, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 (SEE ACCOUNTANT'S COMPILATION REPORT)

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#### **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, 2020, 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, 2020.

#### **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).

**CITY OF BELLBROOK, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**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:

	<u>General</u>	<u>Police</u>	<u>Fire</u>
Budget basis	\$ 289,508	\$ 190,796	\$ 182,502
Net adjustment for revenue accruals	29,866	-	(5,018)
Net adjustment for expenditure accruals	3,985	(15,538)	(7,192)
Adjustment for encumbrances	<u>215</u>	<u>95</u>	<u>-</u>
GAAP basis	<u>\$ 323,574</u>	<u>\$ 175,353</u>	<u>\$ 170,292</u>

**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:

<u>Fund balance</u>	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Materials and supplies	\$ -	\$ 2,917	\$ 1,553	\$ -	\$ 31,623	\$ 36,093
Prepayments	<u>12,078</u>	<u>15,184</u>	<u>4,923</u>	<u>-</u>	<u>87</u>	<u>32,272</u>
Total nonspendable	<u>12,078</u>	<u>18,101</u>	<u>6,476</u>	<u>-</u>	<u>31,710</u>	<u>68,365</u>
Restricted:						
Public safety programs	-	394,856	413,439	-	20,749	829,044
Capital improvements	-	-	-	141,524	-	141,524
Transportation	-	-	-	-	636,491	636,491
Coronavirus relief	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,147</u>	<u>8,147</u>
Total restricted	<u>-</u>	<u>394,856</u>	<u>413,439</u>	<u>141,524</u>	<u>665,387</u>	<u>1,615,206</u>
Committed:						
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,003</u>	<u>7,003</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,003</u>	<u>7,003</u>
Assigned:						
General government	145	-	-	-	-	145
Capital improvement	<u>-</u>	<u>-</u>	<u>-</u>	<u>658,821</u>	<u>-</u>	<u>658,821</u>
Total assigned	<u>145</u>	<u>-</u>	<u>-</u>	<u>658,821</u>	<u>-</u>	<u>658,966</u>
Unassigned	<u>1,954,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,954,067</u>
Total fund balances	<u>\$ 1,966,290</u>	<u>\$ 412,957</u>	<u>\$ 419,915</u>	<u>\$ 800,345</u>	<u>\$ 704,100</u>	<u>\$ 4,303,607</u>

**CITY OF BELLBROOK, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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**NOTE 15 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The City's investment portfolio and the pension and other employee benefits plan in which the City participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the City received CARES Act funding. Of the amounts received, \$30,000 was sub-granted to a local organization. This amount is reflected as an expenditure in the local coronavirus relief fund (a nonmajor governmental fund) on the accompanying financial statements.

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 SEVEN YEARS (1)  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.006075%	0.006172%	0.006757%	0.006951%
City's proportionate share of the net pension liability	\$ 1,200,765	\$ 1,690,386	\$ 1,060,042	\$ 1,578,452
City's covered payroll	\$ 861,100	\$ 837,229	\$ 892,915	\$ 1,003,092
City's proportionate share of the net pension liability as a percentage of its covered payroll	139.45%	201.90%	118.72%	157.36%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.008933%	0.019282%	0.020795%	
City's proportionate share of the net pension asset	\$ 338	\$ 439	\$ 726	
City's covered payroll	\$ 53,110	\$ 110,220	\$ 104,480	
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.40%	0.69%	
Plan fiduciary net position as a percentage of the total pension asset	118.84%	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



<u>2016</u>	<u>2015</u>	<u>2014</u>
0.007040%	0.007348%	0.007348%
\$ 1,219,417	\$ 886,251	\$ 866,233
\$ 967,708	\$ 990,742	\$ 1,157,285
126.01%	89.45%	74.85%
81.08%	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 SEVEN YEARS  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.06285270%	0.06575100%	0.06792400%	0.06945100%
City's proportionate share of the net pension liability	\$ 4,234,094	\$ 5,367,019	\$ 4,168,790	\$ 4,398,957
City's covered payroll	\$ 1,538,581	\$ 1,517,265	\$ 1,513,225	\$ 1,493,116
City's proportionate share of the net pension liability as a percentage of its covered payroll	275.19%	353.73%	275.49%	294.62%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	63.07%	70.91%	68.36%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.06922900%	0.06936800%	0.06936800%
\$ 4,453,550	\$ 3,593,567	\$ 3,378,453
\$ 1,436,377	\$ 1,410,189	\$ 1,236,558
310.05%	254.83%	273.21%
66.77%	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 EIGHT YEARS (1)  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 128,483	\$ 120,554	\$ 117,212	\$ 116,079
Contributions in relation to the contractually required contribution	<u>(128,483)</u>	<u>(120,554)</u>	<u>(117,212)</u>	<u>(116,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 917,736	\$ 861,100	\$ 837,229	\$ 892,915
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 59	\$ 5,311	\$ 11,022	
Contributions in relation to the contractually required contribution	<u>(59)</u>	<u>(5,311)</u>	<u>(11,022)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered payroll	\$ 590	\$ 53,110	\$ 110,220	
Contributions as a percentage of covered payroll	10.00%	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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 120,371	\$ 116,125	\$ 118,889	\$ 150,447
<u>(120,371)</u>	<u>(116,125)</u>	<u>(118,889)</u>	<u>(150,447)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,003,092	\$ 967,708	\$ 990,742	\$ 1,157,285
12.00%	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 EIGHT YEARS  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 334,338	\$ 320,155	\$ 312,865	\$ 312,758
Contributions in relation to the contractually required contribution	<u>(334,338)</u>	<u>(320,155)</u>	<u>(312,865)</u>	<u>(312,758)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,608,731	\$ 1,538,581	\$ 1,517,265	\$ 1,513,225
Contributions as a percentage of covered payroll	20.78%	20.81%	20.62%	20.67%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 315,794	\$ 296,912	\$ 290,039	\$ 210,891
<u>(315,794)</u>	<u>(296,912)</u>	<u>(290,039)</u>	<u>(210,891)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,493,116	\$ 1,436,377	\$ 1,410,189	\$ 1,236,558
21.15%	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 FOUR YEARS  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.006009%	0.006507%	0.007110%	0.007232%
City's proportionate share of the net OPEB liability	\$ 829,999	\$ 848,359	\$ 772,094	\$ 730,483
City's covered payroll	\$ 914,210	\$ 947,449	\$ 892,915	\$ 1,003,092
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	90.79%	89.54%	86.47%	72.82%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	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 FOUR YEARS  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.06285270%	0.06575100%	0.06792400%	0.06945100%
City's proportionate share of the net OPEB liability	\$ 620,842	\$ 598,764	\$ 3,848,461	\$ 3,296,683
City's covered payroll	\$ 1,538,581	\$ 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	40.35%	39.46%	254.32%	220.79%
Plan fiduciary net position as a percentage of the total OPEB liability	47.08%	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 EIGHT YEARS  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 23	\$ 2,124	\$ 4,409	\$ 8,929
Contributions in relation to the contractually required contribution	<u>(23)</u>	<u>(2,124)</u>	<u>(4,409)</u>	<u>(8,929)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 918,326	\$ 914,210	\$ 947,449	\$ 892,915
Contributions as a percentage of covered payroll	0.00%	0.23%	0.47%	1.00%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 20,053	\$ 19,345	\$ 19,806	\$ 11,568
<u>(20,053)</u>	<u>(19,345)</u>	<u>(19,806)</u>	<u>(11,568)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,003,092	\$ 967,708	\$ 990,742	\$ 1,157,285
2.00%	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 EIGHT YEARS  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 8,044	\$ 7,693	\$ 7,587	\$ 7,566
Contributions in relation to the contractually required contribution	<u>(8,044)</u>	<u>(7,693)</u>	<u>(7,587)</u>	<u>(7,566)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,608,731	\$ 1,538,581	\$ 1,517,265	\$ 1,513,225
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 7,741	\$ 7,266	\$ 7,135	\$ 47,599
<u>(7,741)</u>	<u>(7,266)</u>	<u>(7,135)</u>	<u>(47,599)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,493,116	\$ 1,436,377	\$ 1,410,189	\$ 1,236,558
0.52%	0.51%	0.51%	3.85%

**CITY OF BELLBROOK, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

PENSION

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms*: There were no changes in benefit terms from the amounts reported for 2014-2020.

*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%. There were no changes in assumptions for 2020.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

*Changes in benefit terms*: There were no changes in benefit terms from the amounts reported for 2014-2020.

*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 2019-2020.

(Continued)

**CITY OF BELLBROOK, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(SEE ACCOUNTANT'S COMPILATION REPORT)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms*: There were no changes in benefit terms from the amounts reported for 2017-2020.

*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 the 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% percent 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. For 2020, 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 decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

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. There were no changes in benefit terms for 2020.

*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%. For 2020, 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 decreased from 4.66% up to 3.56%.