CITY OF RIVERSIDE

MONTGOMERY COUNTY, OHIO

Basic Financial Statements
(Audited)

For the Year Ended
December 31, 2019

Julian & Grube
Serving Ohio Local Governments

OHIO AUDITOR OF STATE
KEITH FABER

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City Council
City of Riverside
5200 Springfield Street, Suite 100
Riverside, Ohio 45431

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

September 2, 2020

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CITY OF RIVERSIDE, OHIO
MONTGOMERY COUNTY, OHIO

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Julian & Grube

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Independent Auditor's Report

City of Riverside
Montgomery County
5200 Springfield Street, Suite 100
Riverside, Ohio 45431

To the Members of Council and Mayor:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riverside, Montgomery County, Ohio, as of December 31, 2019, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Fire, Street/Public Service, Police and Fire/EMS and Police Income Tax funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 3 to the financial statements, during 2019, the City of Riverside adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City of Riverside. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2020, on our consideration of the City of Riverside's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Riverside's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
July 28, 2020

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

Financial Highlights

Key financial highlights for 2019 are as follows:

- The total net position of the City increased $5,162,667 or 195.31% from 2018's restated net position.

- General revenues accounted for $9,199,212 or 69.56% of total governmental activities revenue. Program specific revenues accounted for $4,024,730 or 30.44% of total governmental activities revenue.

- The City had $8,061,275 in expenses related to governmental activities; $4,024,730 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities were offset by general revenues (primarily miscellaneous revenues, property taxes, payments in lieu of taxes, income taxes and unrestricted grants and entitlements) of $9,199,212.

- The general fund had revenues and other financing sources of $11,511,738 in 2019. The expenditures and other financing uses of the general fund totaled $11,458,844 in 2019. The net increase in fund balance for the general fund was $52,894 or 1.37%.

- The fire fund had revenues and other financing sources of $2,746,935 in 2019. The expenditures of the fire fund totaled $2,639,007 in 2019. The net increase in fund balance for the fire fund was $107,928 or 45.62%.

- The street/public service fund had revenues and other financing sources of $2,033,584 in 2019. The expenditures of the street/public service fund totaled $2,221,887 in 2019. The net decrease in fund balance for the street/public service fund was $188,303 or 35.30%.

- The police fund had revenues and other financing sources of $4,027,535 in 2019. The expenditures of the police fund totaled $4,150,287 in 2019. The net decrease in fund balance for the police fund was $122,752 or 290.45%.

- The police and fire income tax fund had revenues of $1,785,583 in 2019. The expenditures and other financing uses of the police and fire income tax fund totaled $1,769,760 in 2019. The net increase in fund balance for the police and fire income tax fund was $15,823 or 10.77%.

- In the general fund, the actual revenues and other financing sources of $6,180,499 were greater than the final budget of $5,940,131. Actual expenditures and other financing uses of $6,523,985 were less than the amount in the final budget of $7,847,910. Budgeted revenues and other financing sources increased $23,560 from the original to the final budget while budgeted expenditures and other financing uses increased $82,487.

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 the City perform financially during 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, 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 net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the City's programs and services, including general administration, police and fire protection, street maintenance, economic development and capital improvements. These services are funded primarily by property and municipal income taxes, revenue in lieu of taxes, and intergovernmental revenues including federal and state grants and other shared revenues.

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.

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.

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 fiscal 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, fire fund, street/public service fund, police fund and police and fire income tax 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.

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/OPEB assets and liabilities.

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Government-Wide Financial Analysis

The table below provides a summary of the City's assets, deferred inflows of resources, liabilities, deferred outflows of resources and net position at December 31, 2019 and 2018. The net position at December 31, 2018 has been restated as described in Note 3 in the notes to the financial statements.

Net Position

	Governmental Activities 2019	Restated Governmental Activities 2018
Assets		
Current and other assets	$ 14,202,811	$ 14,995,554
Capital assets, net	20,475,880	21,290,295
Total assets	34,678,691	36,285,849
Deferred outflows of resources	5,119,664	3,074,713
Liabilities		
Current liabilities	1,475,589	2,120,969
Long-term liabilities		
Net pension liability	14,935,043	10,938,899
Net OPEB liability	2,630,567	9,807,136
Other long-term liabilities	10,222,434	10,878,931
Total liabilities	29,263,633	33,745,935
Deferred inflows of resources	2,728,742	2,971,314
Net position		
Net investment in capital assets	11,098,996	10,792,980
Restricted	2,559,632	2,321,586
Unrestricted (deficit)	(5,852,648)	(10,471,253)
Total net position	$ 7,805,980	$ 2,643,313

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." 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 and the net pension asset.

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/asset 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/asset 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/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $7,805,980.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 59.04% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles and infrastructure. The net investment in capital assets at December 31, 2019, was $11,098,996 in the governmental activities. These capital assets are used to provide services to citizens and are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, $2,559,632, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance is a deficit unrestricted net position of $5,852,648.

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The following table shows the changes in net position for 2019 and 2018. The net position at December 31, 2018 has been restated as described in Note 3 in the notes to the basic financial statements.

Change in Net Position

	Governmental Activities	
		Restated
	2019	2018
Revenues		
Program revenues:		
Charges for services	$ 1,818,878	$ 1,768,530
Operating grants and contributions	2,205,852	1,691,966
Capital grants and contributions	-	363,550
Total program revenues	4,024,730	3,824,046
General revenues:		
Property taxes	1,950,553	1,938,942
Income taxes	6,235,704	6,038,480
Other local taxes	59,572	307,488
Revenue in lieu of taxes	183,925	146,718
Unrestricted grants and entitlements	507,842	489,818
Investment earnings	67,807	46,368
Miscellaneous	193,809	328,408
Total general revenues	9,199,212	9,296,222
Total revenues	13,223,942	13,120,268
Expenses		
General government	2,444,619	2,479,048
Security of persons and property	1,278,416	8,169,609
Public health and welfare	9,181	6,743
Leisure time activity	78,601	84,828
Community and economic development	524,006	683,290
Transportation	3,394,511	2,768,107
Interest and fiscal charges	331,941	307,828
Total expenses	8,061,275	14,499,453
Change in net position	5,162,667	(1,379,185)
Net position at beginning of year (restated)	2,643,313	4,022,498
Net position at end of year	$ 7,805,980	$ 2,643,313

Governmental Activities

Expenses decreased in 2019 primarily due to the implementation of a new stipend-based health care model by Ohio Police & Fire (OP&F).

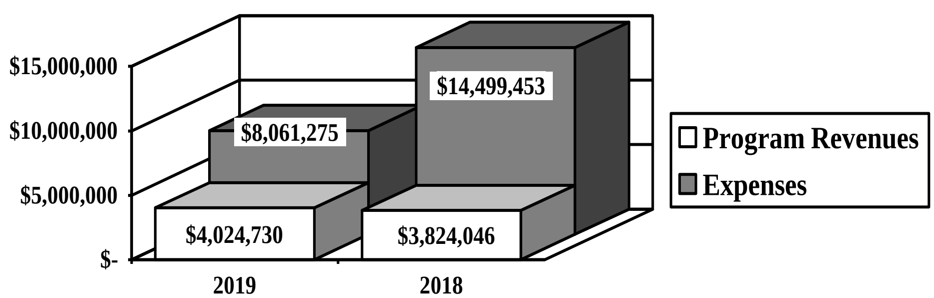
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for $1,278,416 of the total expenses of the City. These expenses were partially funded by $837,850 in direct charges to users of the services and $278,663 in operating grants and contributions. Transportation expenses totaled $3,394,511. Transportation expenses were primarily funded by $1,633,591 in operating grants and contributions.

During 2019, the local state and federal government contributed to the City a total of $2,205,852 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, $1,633,591 subsidized transportation programs and $278,663 subsidized security of persons and property programs.

General revenues totaled $9,199,212 and amounted to 69.56% of total governmental revenues in 2019. These revenues primarily consist of property and income tax revenue of $8,186,257. The other primary source of general revenues is unrestricted grants and entitlements, making up $507,842.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and municipal income taxes as well as miscellaneous revenues.

Governmental Activities - Program Revenues vs. Total Expenses

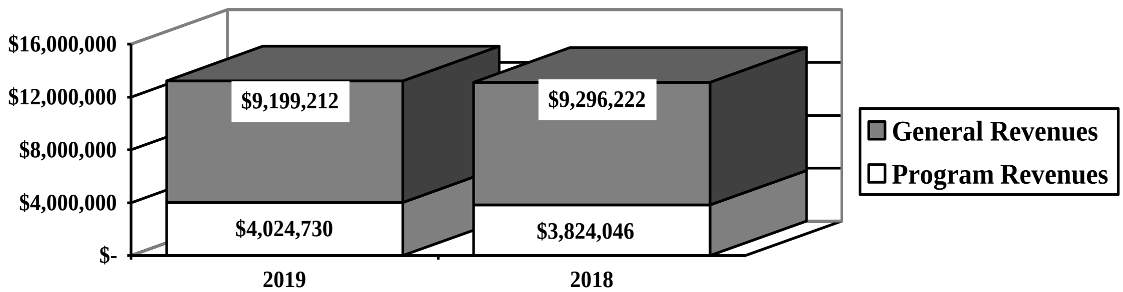


Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program expenses:				
General government	$ 2,444,619	$ 1,389,904	$ 2,479,048	$ 1,590,860
Security of persons and property	1,278,416	162,003	8,169,609	6,938,618
Public health and welfare	9,181	8,781	6,743	6,743
Leisure time activity	78,601	78,601	84,828	84,828
Community and economic development	524,006	304,675	683,290	611,398
Transportation	3,394,511	1,760,640	2,768,107	1,135,132
Interest and fiscal charges	331,941	331,941	307,828	307,828
Total	$ 8,061,275	$ 4,036,545	$ 14,499,453	$ 10,675,407

The dependence upon general revenues for governmental activities is apparent, with 50.07% of expenses supported through taxes and other general revenues for 2019.

Governmental Activities - General and Program Revenues



Financial Analysis of the Government's Funds

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

Governmental Funds

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

Fund balances at December 31, 2018 have been restated due to the implementation of GASB Statement No. 84, which is described in Note 3 in the notes to the basic financial statements. The City's governmental funds reported a combined fund balance of $7,472,195 which is $57,079 less than last year's restated total of $7,529,274. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2019 and December 31, 2018 for all major and nonmajor governmental funds.

	Fund Balances (Deficit) 12/31/19	Restated Fund Balances (Deficit) 12/31/18	Increase (Decrease)
Major funds:			
General	$ 3,904,124	$ 3,851,230	$ 52,894
Fire	344,499	236,571	107,928
Street/public service	345,187	533,490	(188,303)
Police	(165,014)	(42,262)	(122,752)
Police and fire income tax	162,783	146,960	15,823
Other nonmajor governmental funds	2,880,616	2,803,285	77,331
Total	$ 7,472,195	$ 7,529,274	$ (57,079)

General Fund

The City's general fund balance increased $52,894. The table that follows assists in illustrating the revenues of the general fund.

	2019 Amount	2018 Amount	Percentage Change
Revenues			
Taxes	$ 4,978,944	$ 5,025,029	(0.92) %
Rent	723,953	716,808	1.00 %
Intergovernmental	524,492	369,456	41.96 %
Investment income	66,526	46,659	42.58 %
Other	430,433	187,779	129.22 %
Total	$ 6,724,348	$ 6,345,731	5.97 %

Tax revenue represents 74.04% of all general fund revenue. Rent revenue increased due to higher rent revenue at Wright Point in 2019. Intergovernmental revenues increased 41.96% primarily due to the City receiving funds from the Wellfield Protection grant in 2019 and not in 2018. Investment income increased 42.58% as a result of an increase in interest rates. Other revenue increased 129.22% primarily due to an increase in franchise fees. All other amounts remained comparable to 2018.

The table that follows assists in illustrating the expenditures of the general fund.

	2019 Amount	2018 Amount	Percentage Change
Expenditures			
General government	$ 2,108,136	$ 2,708,016	(22.15) %
Leisure time activity	55,477	55,267	0.38 %
Community and economic development	301,934	486,900	(37.99) %
Capital outlay	121,904	196,292	(37.90) %
Debt service	5,017,969	5,106,376	(1.73) %
Total	$ 7,605,420	$ 8,552,851	(11.08) %

The total general fund expenditures of the City decreased 11.08%. The most significant changes occurred in the general government, community and economic development, and capital outlay line items. General government expenditures decreased 22.15% due to a road improvement project that was paid for from the general fund in 2018. Community and economic development line item decreased 37.99% due to a change in development expenditures in fiscal year 2019. Capital outlay decreased by 37.90% or $74,388 primarily due to a reduction in building and tenant improvement expenditures.

Fire Fund

The City's fire fund had revenues and other financing sources of $2,746,935 in 2019. The expenditures of the fire fund totaled $2,639,007 in 2019. The net increase in fund balance for the fire fund was $107,928 or 45.62%.

Street/Public Service Fund

The City's street/public service fund had revenues and other financing sources of $2,033,584 in 2019. The expenditures of the street/public service fund totaled $2,221,887 in 2019. The net decrease in fund balance for the street/public service fund was $188,303 or 35.30%.

Police Fund

The City's police fund had revenues and other financing sources of $4,027,535 in 2019. The expenditures of the police fund totaled $4,150,287 in 2019. The net decrease in fund balance for the police fund was $122,752 or 290.45%.

Police and Fire Income Tax Fund

The City's police and fire income tax fund had revenues of $1,785,583 in 2019. The expenditures and other financing uses of the police and fire income tax fund totaled $1,769,760 in 2019. The net increase in fund balance for the police and fire income tax fund was $15,823 or 10.77%.

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. The actual revenues and other financing sources of $6,180,499 were greater than the final budget of $5,940,131. Actual expenditures and other financing uses of $6,523,985 were less than the amount in the final budget of $7,847,910. Budgeted revenues and other financing sources increased $23,560 from the original to the final budget while budgeted expenditures and other financing uses increased $82,487.

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the City had $20,475,880 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure.

The following table shows 2019 balances compared to 2018:

Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	$ 3,156,136	$ 3,186,949
Construction in progress	898,099	1,206,165
Land improvements	590,152	633,922
Buildings and improvements	3,984,135	4,133,543
Machinery and equipment	1,375,165	1,454,869
Vehicles	1,650,977	2,048,862
Infrastructure	8,821,216	8,625,985
Totals	$ 20,475,880	$ 21,290,295

The City's largest capital asset category is infrastructure. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 43.08% of the City's total governmental capital assets. See Note 10 to the basic financial statements for detail on capital assets.

Debt Administration

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

	Governmental Activities	
	2019	2018
General obligation bonds	$ 557,994	$ 639,923
OPWC loans	273,496	288,699
OWDA loan	13,959	15,058
TIF loans	2,815,773	2,815,773
Bond anticipation note	4,730,000	4,900,000
Capital lease obligation	1,197,263	1,552,491
Total long-term debt obligations	$ 9,588,485	$ 10,211,944

See Note 12 to the basic financial statements for detail on long-term obligations.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 Mr. Thomas Garrett, Finance Director, 5200 Springfield Street, Suite 100, Riverside, Ohio 45431.

CITY OF RIVERSIDE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2019

		Governmental Activities
Assets:		
Equity in pooled cash and investments.	$	7,478,244
Cash with fiscal agent.		19,692
Receivables:		
Income taxes.		2,451,065
Property and other local taxes.		1,983,425
Accounts.		685,592
Payments in lieu of taxes		178,910
Special assessments		30,250
Accrued interest		10,747
Due from other governments.		1,298,924
Materials and supplies inventory.		47,091
Net pension asset		18,871
Capital assets:		
Land and construction in progress.		4,054,235
Depreciable capital assets, net.		16,421,645
Total capital assets, net.		20,475,880
Total assets		34,678,691
Deferred outflows of resources:		
Pension		4,114,484
OPEB		1,005,180
Total deferred outflows of resources		5,119,664
Liabilities:		
Accounts payable.		208,110
Contracts payable.		36,923
Accrued wages payable		286,100
Due to other governments		242,873
Accrued interest payable		414,090
Notes payable.		170,000
Accrued vacation payable.		117,493
Long-term liabilities:		
Due within one year		1,082,208
Due greater than one year:		
Net pension liability.		14,935,043
Net OPEB liability.		2,630,567
Other amounts due in more than one year. .		9,140,226
Total liabilities		29,263,633
Deferred inflows of resources:		
Property taxes and payments in lieu of taxes levied for the next fiscal year		2,022,028
Pension		174,442
OPEB		532,272
Total deferred inflows of resources		2,728,742
Net position:		
Net investment in capital assets.		11,098,996
Restricted for:		
Capital projects		176,084
Transportation projects		1,055,499
Community development programs		180,692
Police and fire purposes		1,019,158
Other purposes.		128,199
Unrestricted (deficit)		(5,852,648)
Total net position	$	7,805,980

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	$ 2,444,619	$ 958,980	$ 95,735	$ (1,389,904)
Security of persons and property	1,278,416	837,750	278,663	(162,003)
Public health and welfare	9,181	400	-	(8,781)
Transportation	3,394,511	280	1,633,591	(1,760,640)
Community and economic development	524,006	21,468	197,863	(304,675)
Leisure time activity	78,601	-	-	(78,601)
Interest and fiscal charges	331,941	-	-	(331,941)
Total governmental activities	$ 8,061,275	$ 1,818,878	$ 2,205,852	(4,036,545)

General revenues:	
Property taxes levied for:	
General purposes	321,380
Fire	593,481
Police	1,035,692
Income taxes levied for:	
General purposes	4,487,715
Police and fire	1,747,989
Other local taxes	59,572
Payments in lieu of taxes	183,925
Grants and entitlements not restricted to specific programs	507,842
Investment earnings	67,807
Miscellaneous	193,809
Total general revenues	9,199,212
Change in net position	5,162,667
Net position at beginning of year (restated)	2,643,313
Net position at end of year	$ 7,805,980

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF RIVERSIDE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Fire	Street/ Public Service	Police
Assets:				
Equity in pooled cash and investments	$ 3,865,311	$ 400,154	$ 283,899	$ 48,312
Cash with fiscal agents	-	-	-	-
Receivables:				
Income taxes	1,634,125	-	-	-
Property and other local taxes	329,188	491,837	-	1,162,400
Accounts	419,064	264,995	-	1,533
Payments in lieu of taxes	-	-	-	-
Special assessments	-	-	-	-
Accrued interest	10,747	-	-	-
Due from other governments	313,401	49,017	637,742	98,586
Materials and supplies inventory	-	-	47,091	-
Total assets	$ 6,571,836	$ 1,206,003	$ 968,732	$ 1,310,831
Liabilities:				
Accounts payable	$ 118,775	$ 14,697	$ 34,189	$ 6,294
Contracts payable	-	-	-	-
Accrued wages payable	28,358	70,460	44,693	140,889
Due to other governments	104,514	44,405	15,283	73,012
Accrued interest payable	3,251	-	-	-
Notes payable	170,000	-	-	-
Total liabilities	424,898	129,562	94,165	220,195
Deferred inflows of resources:				
Property taxes and payments in lieu of taxes levied for the next fiscal year	302,092	452,513	-	1,088,513
Delinquent property tax revenue not available	23,015	39,324	-	73,887
Accrued interest not available	6,508	-	-	-
Special assessments revenue not available	336,300	-	-	-
Miscellaneous revenue not available	73,475	192,605	-	-
Income tax revenue not available	1,219,563	-	-	-
Intergovernmental revenue not available	281,861	47,500	529,380	93,250
Total deferred inflows of resources	2,242,814	731,942	529,380	1,255,650
Fund balances:				
Nonspendable	-	-	47,091	-
Restricted	-	344,499	298,096	-
Committed	-	-	-	-
Assigned	683,322	-	-	-
Unassigned (deficit)	3,220,802	-	-	(165,014)
Total fund balances	3,904,124	344,499	345,187	(165,014)
Total liabilities, deferred inflows of resources and fund balances	$ 6,571,836	$ 1,206,003	$ 968,732	$ 1,310,831

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Fire/EMS and Police Income Tax	Other Governmental Funds	Total Governmental Funds
$ 321	$ 2,880,247	$ 7,478,244
-	19,692	19,692
816,940	-	2,451,065
-	-	1,983,425
-	-	685,592
-	178,910	178,910
-	30,250	30,250
-	-	10,747
-	200,178	1,298,924
-	-	47,091
$ 817,261	$ 3,309,277	$ 14,183,940
$ 24,251	$ 9,904	$ 208,110
-	36,923	36,923
-	1,700	286,100
4,423	1,236	242,873
-	-	3,251
-	-	170,000
28,674	49,763	947,257
-	178,910	2,022,028
-	-	136,226
-	-	6,508
-	30,250	366,550
-	-	266,080
625,804	-	1,845,367
-	169,738	1,121,729
625,804	378,898	5,764,488
-	-	47,091
162,783	1,567,301	2,372,679
-	229	229
-	1,313,086	1,996,408
-	-	3,055,788
162,783	2,880,616	7,472,195
$ 817,261	$ 3,309,277	$ 14,183,940

CITY OF RIVERSIDE, OHIO

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

Total governmental fund balances		$ 7,472,195
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,475,880
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	$ 1,845,367	
Property and other taxes receivable	136,226	
Accounts receivable	266,080	
Intergovernmental receivable	1,121,729	
Special assessments receivable	366,550	
Accrued interest receivable	6,508	
Total		3,742,460
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(410,839)
Vacation is accrued for leave accrued on the statement of net position, whereas in the funds, vacation leave expenditures are reported when taken.		(117,493)
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 of resources are not reported in governmental funds.		
Net pension asset	18,871	
Deferred outflows of resources	4,114,484	
Net pension liability	(14,935,043)	
Deferred inflows of resources	(174,442)	
Total		(10,976,130)
The net OPEB liability is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	1,005,180	
Deferred inflows of resources	(532,272)	
Net OPEB liability	(2,630,567)	
Total		(2,157,659)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	633,949	
Capital lease payable	1,197,263	
General obligation bonds payable	557,994	
Loans payable	3,103,228	
Notes payable	4,730,000	
Total		(10,222,434)
Net position of governmental activities		$ 7,805,980

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF RIVERSIDE, OHIO

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

	General	Fire	Street/ Public Service	Police
Revenues:				
Income taxes	$ 4,594,947	$ -	$ -	$ -
Property and other local taxes	383,997	599,433	-	1,045,541
Charges for services	32,490	737,217	-	36,623
Licenses and permits	256,926	-	280	-
Fines and forfeitures	-	-	-	13,347
Intergovernmental	524,492	95,439	1,082,174	201,075
Special assessments	-	-	-	-
Investment income	66,526	-	-	-
Rental income	723,953	-	-	-
Contributions and donations	1,300	3,005	-	250
Payments in lieu of taxes	-	-	-	-
Other	139,717	30,324	35,855	80,243
Total revenues	6,724,348	1,465,418	1,118,309	1,377,079
Expenditures:				
Current:				
General government	2,108,136	-	-	-
Security of persons and property	-	2,465,567	-	4,034,452
Public health and welfare	-	-	-	-
Transportation	-	-	2,045,294	1,019
Community and economic development	301,934	-	-	-
Leisure time activity	55,477	-	-	-
Capital outlay	121,904	-	17,209	53,496
Debt service:				
Principal retirement	4,903,812	150,106	142,959	55,966
Interest and fiscal charges	114,157	23,334	16,425	5,354
Total expenditures	7,605,420	2,639,007	2,221,887	4,150,287
Excess (deficiency) of revenues over (under) expenditures	(881,072)	(1,173,589)	(1,103,578)	(2,773,208)
Other financing sources (uses):				
Note issuance	4,730,000	-	-	-
Sale of capital assets	57,390	-	-	-
Transfers in	-	1,281,517	915,275	2,650,456
Transfers (out)	(3,853,424)	-	-	-
Total other financing sources (uses)	933,966	1,281,517	915,275	2,650,456
Net change in fund balances	52,894	107,928	(188,303)	(122,752)
Fund balances (deficit) at beginning of year (restated)	3,851,230	236,571	533,490	(42,262)
Fund balances (deficit) at end of year	$ 3,904,124	$ 344,499	$ 345,187	$ (165,014)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Fire/EMS and Police Income Tax	Other Governmental Funds	Total Governmental Funds
$ 1,785,583	$ -	$ 6,380,530
-	-	2,028,971
-	400	806,730
-	-	257,206
-	162	13,509
-	555,336	2,458,516
-	118,953	118,953
-	-	66,526
-	6,600	730,553
-	-	4,555
-	183,925	183,925
-	1,102	287,241
1,785,583	866,478	13,337,215
-	426	2,108,562
65,967	184,419	6,750,405
-	9,029	9,029
-	375,504	2,421,817
-	182,259	484,193
-	-	55,477
-	402,608	595,217
-	158,744	5,411,587
-	186,127	345,397
65,967	1,499,116	18,181,684
1,719,616	(632,638)	(4,844,469)
-	-	4,730,000
-	-	57,390
-	868,969	5,716,217
(1,703,793)	(159,000)	(5,716,217)
(1,703,793)	709,969	4,787,390
15,823	77,331	(57,079)
146,960	2,803,285	7,529,274
$ 162,783	$ 2,880,616	$ 7,472,195

CITY OF RIVERSIDE, OHIO

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

Net change in fund balances - total governmental funds		$ (57,079)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.		
Capital asset additions	$ 655,385	
Current year depreciation	(1,348,264)	
Total		(692,879)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(121,536)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(144,826)	
Property and other taxes	(18,846)	
Intergovernmental revenues	251,923	
Special assessments	2,337	
Licenses and permits	1,312	
Investment income	1,281	
Charges for services	(111,722)	
Other revenue	(94,732)	
Total		(113,273)
Proceeds of notes are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(4,730,000)
Repayment of principal is an expenditure in the govermental funds, but the repayment reduces long-term liabilities on the statement of net position.		5,411,587
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		
Decrease in accrued interest payable		13,456
In the statement of activities, vacation leave is accrued when earned, whereas in governmental funds, an expenditure is reported when vacation leave is taken.		6,949
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		937,027
OPEB		18,880
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		(2,240,493)
OPEB		6,755,118
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(25,090)
Change in net position of governmental activities		$ 5,162,667

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Income taxes	$ 4,338,485	$ 4,355,760	$ 4,532,015	$ 176,255
Property and other local taxes.	367,294	368,757	383,679	14,922
Charges for services.	31,324	31,449	32,722	1,273
Licenses and permits	246,294	247,275	257,281	10,006
Intergovernmental.	493,592	495,558	515,611	20,053
Investment income.	60,726	60,968	63,435	2,467
Contributions and donations.	1,244	1,249	1,300	51
Other	33,760	33,894	35,266	1,372
Total revenues	5,572,719	5,594,910	5,821,309	226,399
Expenditures:				
Current:				
General government	2,231,746	2,329,088	2,131,193	197,895
Community and economic development.	413,102	385,847	331,708	54,139
Leisure time activity	47,723	60,123	57,590	2,533
Total expenditures	2,692,571	2,775,058	2,520,491	254,567
Excess of revenues over expenditures.	2,880,148	2,819,852	3,300,818	480,966
Other financing sources (uses):				
Sale of capital assets.	54,939	55,158	57,390	2,232
Advances in.	277,617	278,722	290,000	11,278
Advances (out).	(290,000)	(290,000)	(290,000)	-
Transfers in	11,296	11,341	11,800	459
Transfers (out).	(4,782,852)	(4,782,852)	(3,713,494)	1,069,358
Total other financing sources (uses)	(4,729,000)	(4,727,631)	(3,644,304)	1,083,327
Net change in fund balances	(1,848,852)	(1,907,779)	(343,486)	1,564,293
Fund balance at beginning of year	2,595,785	2,595,785	2,595,785	-
Prior year encumbrances appropriated	794,365	794,365	794,365	-
Fund balance at end of year	$ 1,541,298	$ 1,482,371	$ 3,046,664	$ 1,564,293

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property and other local taxes	$ 627,638	$ 619,225	$ 599,433	$ (19,792)
Charges for services	755,865	745,734	721,899	(23,835)
Intergovernmental	98,929	97,603	94,483	(3,120)
Contributions and donations	3,146	3,104	3,005	(99)
Other	31,751	31,325	30,324	(1,001)
Total revenues	1,517,329	1,496,991	1,449,144	(47,847)
Expenditures:				
Current:				
Security of persons and property	2,611,221	2,486,686	2,459,402	27,284
Capital outlay	245,291	44,431	44,104	327
Debt service:				
Principal retirement	148,734	148,734	148,734	-
Interest and fiscal charges	23,227	23,227	23,223	4
Total expenditures	3,028,473	2,703,078	2,675,463	27,615
Excess of expenditures over revenues	(1,511,144)	(1,206,087)	(1,226,319)	(20,232)
Other financing sources:				
Transfers in	1,341,814	1,323,829	1,281,517	(42,312)
Total other financing sources	1,341,814	1,323,829	1,281,517	(42,312)
Net change in fund balances	(169,330)	117,742	55,198	(62,544)
Fund balance at beginning of year	288,212	288,212	288,212	-
Prior year encumbrances appropriated	27,653	27,653	27,653	-
Fund balance at end of year	$ 146,535	$ 433,607	$ 371,063	$ (62,544)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

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

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Licenses and permits	$ -	$ 311	$ 280	$ (31)
Intergovernmental.	600,725	1,161,692	1,044,773	(116,919)
Other	92,000	44,675	40,179	(4,496)
Total revenues	692,725	1,206,678	1,085,232	(121,446)
Expenditures:				
Current:				
Transportation	1,807,507	2,103,662	2,052,705	50,957
Capital outlay	12,100	19,220	19,219	1
Debt service:				
Principal retirement.	142,531	142,531	142,531	-
Interest and fiscal charges	15,924	15,924	15,912	12
Total expenditures	1,978,062	2,281,337	2,230,367	50,970
Excess of expenditures over revenues.	(1,285,337)	(1,074,659)	(1,145,135)	(70,476)
Other financing sources:				
Transfers in	1,236,380	1,017,702	915,275	(102,427)
Total other financing sources	1,236,380	1,017,702	915,275	(102,427)
Net change in fund balances	(48,957)	(56,957)	(229,860)	(172,903)
Fund balance at beginning of year	436,436	436,436	436,436	-
Prior year encumbrances appropriated	48,958	48,958	48,958	-
Fund balance at end of year.	$ 436,437	$ 428,437	$ 255,534	$ (172,903)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

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

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Property and other local taxes	$ 1,076,367	$ 1,066,892	$ 1,045,541	$ (21,351)
Charges for services	37,630	37,299	36,553	(746)
Fines and forfeitures	12,740	12,628	12,375	(253)
Intergovernmental	201,510	199,736	195,739	(3,997)
Contributions and donations	257	255	250	(5)
Other	82,609	81,882	80,243	(1,639)
Total revenues	1,411,113	1,398,692	1,370,701	(27,991)
Expenditures:				
Current:				
Security of persons and property	4,084,747	4,123,796	4,069,691	54,105
Capital outlay	130,939	103,495	103,489	6
Total expenditures	4,215,686	4,227,291	4,173,180	54,111
Excess of expenditures over revenues	(2,804,573)	(2,828,599)	(2,802,479)	26,120
Other financing sources:				
Transfers in	2,728,600	2,704,582	2,650,456	(54,126)
Total other financing sources	2,728,600	2,704,582	2,650,456	(54,126)
Net change in fund balances	(75,973)	(124,017)	(152,023)	(28,006)
Fund balance at beginning of year	182,411	182,411	182,411	-
Prior year encumbrances appropriated	12,417	12,417	12,417	-
Fund balance at end of year	$ 118,855	$ 70,811	$ 42,805	$ (28,006)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

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

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Income taxes	$ 1,748,815	$ 1,770,815	$ 1,770,262	$ (553)
Total revenues	1,748,815	1,770,815	1,770,262	(553)
Expenditures:				
Current:				
Security of persons and property	69,500	69,500	66,342	3,158
Total expenditures	69,500	69,500	66,342	3,158
Excess of revenues over expenditures	1,679,315	1,701,315	1,703,920	2,605
Other financing uses:				
Transfers (out)	(1,679,315)	(1,707,615)	(1,703,793)	3,822
Total other financing uses	(1,679,315)	(1,707,615)	(1,703,793)	3,822
Net change in fund balances	-	(6,300)	127	6,427
Fund balance at beginning of year	194	194	194	-
Fund balance (deficit) at end of year	$ 194	$ (6,106)	$ 321	$ 6,427

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Riverside (the "City") is a chartered municipal corporation established and operating under the laws of the State of Ohio and its charter. Mad River Township and the Village of Riverside merged in 1994 to become the City of Riverside. The City operates under a Council-Manager form of government. Elected officials include seven council members, one of which is the Mayor. Legislative power is vested in this seven-member Council. All council members, including the Mayor, are elected to four-year terms.

The City Manager, who is appointed by the Council, is the chief executive officer for the City. The administrative activities of the City are carried out by a Department of Finance, a Department of Law, a Department of Service, and a Department of Safety. All department heads are hired by the City Manager, with approval from Council, except for the Director of the Department of Law, who is appointed by Council.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City's reporting entity has been defined in accordance with GASB Statement No. 14, "*The Financial Reporting Entity*" as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*". The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the City are not misleading.

The primary government of the City consists of all funds, departments, and activities which are not legally separate from the City. They comprise the City's legal entity, which provides various services including police protection, fire protection, health services, street maintenance and repairs, leisure-time activities, and community and economic development. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. The City has no component units.

The City is associated with five organizations, three of which are defined as jointly governed organizations, one as a related organization, and one as a risk sharing pool.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission
The Miami Valley Regional Planning Commission (the "Commission") is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami, and Montgomery Counties and various cities residing within these counties, including the City of Riverside. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses that affect the development of the region. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the general fund. The City contributed $11,592 for the operation of the Commission during 2019. Financial information may be obtained by writing to Brian Martin, Executive Director, 10 North Ludlow Street, Suite 700, Dayton, Ohio 45402.

Greater Miami Valley Emergency Medical Services Council
The Greater Miami Valley EMS Council (the "Council") is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Council is to foster cooperation among the political subdivisions by promoting programs and recommending matters that will result in more efficient methods of delivering fire and emergency medical services in the region. The Council is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS services by volunteers, two representatives appointed by the members who are provided Fire/EMS services by a combination of full-time employees and volunteers, and a representative appointed by members who are provided Fire/EMS services by full-time employees. Payments to the Council are made from the fire special revenue fund. The board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating member is limited to its representation on the Board. The City contributed $625 toward the operation of the Council during 2019. Financial information may be obtained by writing to Sandy Lehrter, Executive Administrator, at 247 Taylor Street, Suite 130, Dayton, Ohio 45402.

Economic Development/Government Equity Program
The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is property balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships, and cities within Montgomery County and Montgomery County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial, or research facilities and by creating and preserving job and employment opportunities for the people of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for 8 years, ending December 31, 2019. Any member default in paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the general fund. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating government is limited to its representation on the Board. The City did not receive any monies from ED/GE during 2019. Financial information may be obtained by writing to Erik Collins, Executive Administrator, 451 West Third Street, Dayton, Ohio 45422.

RELATED ORGANIZATION

The Riverside Historical Society

The Riverside Historical Society (RHS) is a related organization that was created by Ordinance No. 96-0-79 on November 7, 1996 by the City of Riverside. RHS is governed by seven members, which are appointed by City Council. RHS was established to provide a society that is interested and qualified to undertake such programs that will promote the historical and cultural heritage of the City, to protect existing historical landmarks in the City, and to promote the use of protected historical sites within the City. The City is not able to impose its will on the RHS, and no financial benefit and/or burden relationship exists. The City contributed $3,810 to the operating of the RHS during 2019.

RISK SHARING POOL

Public Entities Pool of Ohio

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to Section 2744.081 of the Ohio Revised Code by the execution of an intergovernmental contract ("Participation Agreements"). PEP enables the subscribing subdivisions to pool risk for property, liability, and public official liability.

PEP has no employees; rather, it is administered through contracts with various professionals. Pursuant to a contract, the firm of American Risk Pooling Consultants administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative, and claims functions to a "Pool Operator," currently USI Insurance Services. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP, and other as required.

The City pays an annual "premium" to PEP for the coverage they are provided, based on rates established by PEP, using anticipated and actual results of operation for the various coverage provided. Participants are also charged for a "surplus contribution" that is used to fund the activities of PEP. During 2019, the City made premium payments of $174,985 to PEP. There was no required surplus contribution in 2019.

PEP is governed by a seven-member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio 45402.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements normally distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. The City, however; has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental 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 governmental program or business segment is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds - Governmental funds are those through which most governmental functions of the City are typically financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

The following are the City's major governmental funds:

<u>General fund</u> - This fund accounts for and reports all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fire fund - This fund accounts for and reports restricted monies related to the fire department activities and the fire levy tax proceeds.

Street/public service fund - This fund accounts for and reports that portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

Police fund - This fund accounts for and reports restricted monies received from police levy tax proceeds, along with fines generated through safety enforcement within the City.

Fire/EMS and police income tax fund - This fund accounts for and reports the accumulation of restricted income taxes levied for the payment of the current and accrued liability for police and fire disability and pension benefits. Once the income taxes are collected, the monies are transferred to the respective police and fire special revenue funds for payment of the liabilities.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed, or assigned for a particular purpose.

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. The governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, revenue in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes and revenue in lieu of taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income taxes, other local taxes, investment income, and intergovernmental revenues (including motor vehicle license tax, gasoline tax, grants, and local government assistance).

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 16 and 17 for deferred outflows of resources related the City's net pension liability/asset and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the 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, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 16 and 17 for deferred inflows of resources related to the City's net pension liability/asset and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Cash and Cash Equivalents

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

The City has permissive motor vehicle license money, which is held by the Montgomery County Engineer as agent and distributed to the City for approved street projects. The balance in this account is presented on the balance sheet as "cash with fiscal agent".

During the year, investments were limited to federal agency securities, a money market mutual fund, United States Treasury Notes, negotiable certificates of deposit and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, the City measures its investments at fair value which is based upon quoted market prices.

During 2019, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its 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 NAV per share that approximates fair value.

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

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the general fund during 2019 amounted to $66,526, which includes $31,244 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are considered to be cash equivalents.

G. Materials and Supplies Inventory

Inventories are presented at cost on a first-in, first out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Capital Assets

General capital assets are capital assets that are associated with governmental activities. These assets generally result from expenditures in 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 are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and deletions during the year. Donated capital assets are recorded at their acquisition values on the date received. The City maintains a capitalization threshold of $1,000. 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 expensed.

All reported capital assets, except for land and construction in progress, are depreciated. 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 replacements.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	10 - 25 years
Buildings and improvements	20 - 50 years
Machinery and equipment	3 - 20 years
Vehicles	5 - 20 years
Infrastructure	10 - 60 years

The City's infrastructure consists of streets, a storm sewer system, light poles, street lights, traffic signals, and curbs. The City only reports the amounts acquired after 2003. General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees after one year of service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments after an employee retires. The liability is an estimate based on the City's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, compensated absences, claims and judgments that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans, bond anticipation notes, and lease purchase agreements are recognized as liabilities 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.

K. Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements bond premiums are recognized in the period in which these items are incurred. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund.

L. Fund Balance

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 the resources in the governmental funds. The classifications are as follows:

<u>Nonspendable</u> - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. The nonspendable fund balance for the City includes materials and supplies inventory.

<u>Restricted</u> - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision-making authority). 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, the 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 City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is 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 nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority by ordinance or by State statute. The future appropriations amount assigned in the general fund represents 2020 appropriations that exceed estimated revenues. 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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

M. Interfund Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The City's 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. Net position restricted for other purposes includes federal equitable sharing and cemetery. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Estimates

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

P. Interfund Receivables and Payables

On fund financial statements, outstanding interfund loans and unpaid interfund services are reported as "interfund receivable" and "interfund payable." Interfund balances are eliminated in the governmental activities column of the statement of net position. The City had no interfund balances outstanding at December 31, 2019.

Q. 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.

R. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation 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 appropriation 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 legal level of control has been established by Council at the fund, department, and the following object categories: personnel services, operating expenses, capital outlay, debt service and transfers. Budgetary modifications may only be made by resolution of Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. 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 set forth in the financial statements as final budgeted amounts represent estimates from the amended certificate in effect at the time final appropriations were passed by Council.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 revised budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2019.

T. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency fund which has been reclassified as a governmental fund. This fund reclassification resulted in the restatement of the City's financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the City; however, certain note disclosures in Note 12 have been modified to conform to the new requirements.

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

B. Restatement of Net Position and Fund Balances

The implementation of GASB Statement No. 84 had the following effect on fund balance as reported at December 31, 2018:

	General	Fire	Street/Public Service	Police	Police and Fire Income Tax
Fund Balance as previously reported	$ 3,851,230	$ 236,571	$ 533,490	$ (42,262)	$ 146,960
GASB Statement No. 84	-	-	-	-	-
Restated Fund Balance, at December 31, 2018	$ 3,851,230	$ 236,571	$ 533,490	$ (42,262)	$ 146,960

	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	$ 2,775,445	$ 7,501,434
GASB Statement No. 84	27,840	27,840
Restated Fund Balance, at December 31, 2018	$ 2,803,285	$ 7,529,274

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of GASB Statement No. 84 had the following effect on the net position as reported at December 31, 2018:

	Governmental Activities
Net position as previously reported	$ 2,615,473
GASB Statement No. 84	27,840
Restated net position at December 31, 2018	$ 2,643,313

Due to the implementation of GASB Statement No.84, the City is no longer reporting any fiduciary funds. Also, related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of $27,840.

C. Deficit Fund Balance

Fund balances at December 31, 2019 included the following individual fund deficit:

Major fund	Deficit
Police	$ 165,014

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS 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 either 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.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 or 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:

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (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 and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have not been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,

3. Obligations of the City.

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.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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. In accordance with Ohio Revised Code, 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. The City's investment policy limits security purchases to those that mature within five years of the settlement date. 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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash with Fiscal Agent

At year end, the City had $19,692 on deposit with the Montgomery County Treasurer. The data regarding insurance and collateralization can be obtained from the Montgomery County Comprehensive Annual Financial Report for the year ended December 31, 2019. This amount is not included in the City's depository balance below.

B. Deposits with Financial Institutions

At December 31, 2019, the carrying amount of all City deposits was $4,711,215 and the bank balance of all City deposits was $4,874,276. Of the bank balance, $4,624,276 was covered by the Ohio Pooled Collateral System (OPCS) and $250,000 was covered by the FDIC.

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. For 2019, the City's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. 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.

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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

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

		Investment Maturities		
Measurement/ Investment type	Measurment Value	6 months or less	7 to 12 months	13 to 18 months
Fair value:				
FNMA	$ 570,518	$ 404,901	$ 165,617	$ -
FHLMC	550,063	455,069	94,994	-
FHLB	766,382	375,635	315,610	75,137
U.S. Treasury Notes	635,143	235,025	349,932	50,186
Negotiable CDs	99,122	99,122	-	-
U.S. Government money market mutual fund	11,708	11,708	-	-
Amortized cost:				
STAR Ohio	131,393	131,393	-	-
Total	$ 2,764,329	$ 1,712,853	$ 926,153	$ 125,323

The weighted average of maturity of investments is 0.46 years.

The City's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FHLB, FHLMC, FNMA), U.S. Treasury Notes and negotiable certificates of deposit are valued 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 observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: State statute requires that an investment mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and that an investment must be purchased with the expectation that it will be held to maturity. The City's investment policy states that the City will not directly invest in securities maturing more than five years from the settlement date unless, per a bond indenture, the investment is matched to a specified obligation or debt of the subdivision. Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The intent to invest in securities with longer maturities will be disclosed in writing to City Council.

Credit Risk: Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The City's investments in federal agency securities and U.S. treasury notes were both rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market mutual fund an AAAm money market rating. The City's investment in negotiable CDs were not rated as these amounts were covered by the FDIC. The City limits its investments to those authorized by State statute.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Director of Finance or qualified trustee.

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

Measurement/ Investment type	Measurement Amount	% of Total
Fair value:		
FNMA	$ 570,518	20.64
FHLMC	550,063	19.90
FHLB	766,382	27.72
U.S. Treasury Notes	635,143	22.98
Negotiable CDs	99,122	3.59
U.S. Government money market mutual fund	11,708	0.42
Amortized cost:		
STAR Ohio	131,393	4.75
Total	$ 2,764,329	100.00

D. Reconciliation of Cash and Investments to Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2019:

Cash and investments per note	
Carrying amount of deposits	$ 4,711,215
Investments	2,764,329
Cash with fiscal agent	19,692
Cash on hand	2,700
Total	$ 7,497,936
Cash and investments per statement of net position	
Governmental activities	$ 7,497,936

NOTE 5 - MUNICIPAL INCOME TAX

The City levies and collects an income tax of one and one-half percent on all income earned within the City, as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 50 percent of the City's current tax rate. The City utilized the Regional Income Tax Agency (RITA) for the collection of income taxes during 2019. Beginning in 2020, the City will utilize the Central Collection Agency (CCA) to collect income taxes.

Income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, police and fire operations, and other governmental functions when needed, as determined by Council. In 2019, the proceeds were allocated to the general fund and the fire/EMS and police income tax special revenue fund.

NOTE 6 - INTERFUND TRANSACTIONS

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

	Transfers to:				
Transfers from:	Fire Fund	Street/Public Service Fund	Police Fund	Nonmajor Governmental Funds	Total
General fund	$ 600,000	$ 915,275	$ 1,628,180	$ 709,969	$ 3,853,424
Fire/EMS and police income tax	681,517	-	1,022,276	-	1,703,793
Nonmajor governmental	-	-	-	159,000	159,000
Total	$ 1,281,517	$ 915,275	$ 2,650,456	$ 868,969	$ 5,716,217

Transfers from the general fund were made to move unrestricted balances to support programs and projects accounted for in other funds. Transfers from the fire/EMS and police income tax fund to the fire fund and the police fund were made for operating purposes. Transfers from the permissive tax fund (a nonmajor governmental fund) of $159,000 to the federal transportation grants fund (a nonmajor governmental fund) were to fund various road projects. Interfund transfers between governmental funds are eliminated on the government-wide financial statements. All transfers were compliant with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 7 - 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. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

NOTE 7 - PROPERTY TAXES - (Continued)

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

The full tax rate for all City operations for the year ended December 31, 2019 was $11.34 per $1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2019 property tax receipts were based are as follows:

Real property		
Residential/agricultural	$	201,045,620
Commercial/industrial/public utility		45,055,960
Public utility		
Personal		6,021,910
Total assessed value	$	252,123,490

NOTE 8 - TAX ABATEMENTS

As of December 31, 2019, Montgomery County provides tax abatements through Enterprise Zone Tax Exemptions.

Pursuant to Ohio Revised Code Chapter 5709, Montgomery County established an Enterprise Zone to provide property tax abatements to encourage job creating within the City. Abatements are obtained through application by the property owner, including proof that the improvements have been made, and equal to a sixty to seventy-five percent of the additional property tax resulting from the increase is assessed value as a result of the improvement. The amount of the abatement is deducted from the recipient’s tax bill.

The amount of the City’s property tax abated totaled approximately $3,000 for 2019.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2019, consisted of property taxes, revenue in lieu of taxes, other local taxes, municipal income taxes, accounts, accrued interest, special assessments and amounts due from other governments arising from grants, entitlements or shared revenues.

A summary of the principal items of intergovernmental receivables follows:

Governmental activities:	Amount
Local government	$ 199,094
Grants	191,549
Homestead and rollback	180,425
Auto license	77,497
Gasoline tax	633,359
Permissive motor vehicle license tax	17,000
Total due from other governments	$ 1,298,924

All receivables are considered fully collectible and will be received within one year with the exception of property taxes, revenue in lieu of taxes, income taxes and special assessments. Property taxes, revenue in lieu of taxes and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Special assessments expected to be collected in more than one year for the City amounts to $30,250 and represents delinquents at December 31, 2019.

Revenue in lieu of taxes

The City granted real property tax exemptions to landowners for improvements made to their properties for a period of 10 years. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefitting the owners. The City accrues a receivable for amounts measurable at December 31, 2019, with a corresponding credit to deferred inflows of resources.

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NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

Governmental activities:	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
Capital assets, not being depreciated:				
Land	$ 3,186,949	$ 1,587	$ (32,400)	$ 3,156,136
Construction in progress	1,206,165	365,935	(674,001)	898,099
Total capital assets, not being depreciated	4,393,114	367,522	(706,401)	4,054,235
Capital assets being depreciated:				
Land improvements	979,081	-	-	979,081
Buildings and improvements	5,572,954	93,488	(92,610)	5,573,832
Machinery and equipment	4,377,992	120,359	-	4,498,351
Vehicles	4,611,854	-	(76,477)	4,535,377
Infrastructure	12,341,356	748,017	-	13,089,373
Total capital assets being depreciated	27,883,237	961,864	(169,087)	28,676,014
Less: accumulated depreciation:				
Land improvements	(345,159)	(43,770)	-	(388,929)
Buildings and improvements	(1,439,411)	(153,760)	3,474	(1,589,697)
Machinery and equipment	(2,923,123)	(200,063)	-	(3,123,186)
Vehicles	(2,562,992)	(397,885)	76,477	(2,884,400)
Infrastructure	(3,715,371)	(552,786)	-	(4,268,157)
Total accumulated depreciation	(10,986,056)	(1,348,264)	79,951	(12,254,369)
Total capital assets being depreciated, net	16,897,181	(386,400)	(89,136)	16,421,645
Governmental activities capital assets, net	$ 21,290,295	$ (18,878)	$ (795,537)	$ 20,475,880

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

Governmental activities:	
General government	$ 190,674
Security of persons and property	366,796
Public health and welfare	152
Leisure time activities	23,124
Transporation	767,518
Total depreciation expense	$ 1,348,264

NOTE 11 - LEASES

A. Capital

In 2018, the City entered into a lease agreement with Phoenix Safety Outfitters for turnout gear. The original amount of the lease was $54,325 and will be paid from the fire fund.

In 2018, the City entered into a lease agreement with Ford Motor Credit for a Ford E450 truck. The original amount of the lease was $157,494 and will be paid from the fire fund.

In 2018, the City entered into a lease agreement with Republic First National Corporation for a street sweeper truck. The original amount of the lease was $253,980 and will be paid from the street/public service fund.

In 2017, the City entered into a lease agreement with Mercedes-Benz Financial Services for a Freightliner truck. The original amount of the lease was $107,891 and will be paid from the street/public service fund.

In 2017, the City entered into a lease agreement with Ford Motor Credit for three police interceptors. The original amount of the interceptor lease was $117,793 and will be paid from the police fund.

In 2017, the City entered into a lease agreement with Axon Enterprise, Inc. for Tasers. The original amount of the Taser lease was $39,630 and will be paid from the police fund. The acquired equipment associated with this lease was not capitalized on the City's capital assets because the individual Tasers were less than the City's capitalization threshold of $1,000. The balance of this lease was $16,217 at December 31, 2019.

In 2016, the City entered into a lease agreement with Ford Motor Credit for two police interceptors. The original amount of the interceptor lease was $67,545 and will be paid from the police fund.

In 2014, the City entered into a lease agreement with U.S. Bancorp for energy conservation improvements. The original amount of the energy conservation lease was for $830,000 with $56,742 being considered a capital lease and $773,258 being considered an operating lease. Both the capital and operating leases will be repaid from the debt service fund.

In 2015, the City entered into two lease agreements with U.S. Bancorp. The first being for three snow plows and the second for two fire trucks. The original amount of the snow plow lease was $455,655 and will be paid from the street/public service fund. The original amount of the fire truck lease was $985,000 and will be repaid from the fire fund.

In 2015, the City also entered into a lease agreement with De Lage Landen Public Finance, LLC for copiers. The original amount of the copier lease was $39,961 and will be repaid from the general, street/public service, fire and police funds.

Each lease meets the criteria of a capital lease as defined by generally accepted accounting principles. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Capital assets acquired by leases have been capitalized in the amount of $2,346,386 which equaled the present value of the future minimum lease payments at the time of acquisition. Principal payments in 2019 totaled $355,228.

NOTE 11 - LEASES - (Continued)

The assets acquired through capital leases are as follows:

	Asset Value	Accumulated Depreciation	Book Value 12/31/2019
Asset class:			
Buildings	$ 56,742	$ (6,384)	$ 50,358
Machinery and equipment	94,286	(21,776)	72,510
Vehicles	2,195,358	(801,621)	1,393,737
Total	$ 2,346,386	$ (829,781)	$ 1,516,605

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2019:

Year Ending December 31,	Amount
2020	$ 382,164
2021	279,157
2022	211,193
2023	163,758
2024	116,675
2025 - 2029	133,202
Total minimum lease payments	1,286,149
Less: amount representing interest	(88,886)
Present value of future minimum lease payments	$ 1,197,263

B. Operating

In 2014, the City entered into a lease purchase agreement with U.S. Bancorp to finance energy conservation improvements made to various buildings and infrastructure throughout the City. The original amount of the lease was $830,000 with $56,742 being considered a capital lease and $773,258 being considered an operating lease. The lease commenced on June 20, 2014 and ends June 20, 2029. Operating lease payments made during 2019 were $64,350.

The future minimum lease payments are as follows:

Year Ending December 31,	Amount
2020	$ 64,350
2021	64,350
2022	64,350
2023	64,350
2024	64,350
2025 - 2029	289,575
Total	$ 611,325

NOTE 12 - LONG-TERM OBLIGATIONS

During 2019, the following changes occurred in the City's long-term obligations.

	Interest Rate	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
Governmental activities:						
Loans - from direct borrowings:						
OWDA loan	3.25%	$ 15,058	$ -	$ (1,099)	$ 13,959	$ 1,135
Brantwood Division TIF loan	5.00%	1,711,117	-	-	1,711,117	-
Brantwood Division II TIF loan	5.00%	1,104,656	-	-	1,104,656	-
OPWC Burkhardt Road	0.00%	124,699	-	(62,350)	62,349	31,174
OPWC Harshman Road Phase II	0.00%	164,000	-	(8,000)	156,000	4,000
OPWC Union Schoolhouse Road	0.00%	58,128	-	(2,981)	55,147	1,490
Total loans		3,177,658	-	(74,430)	3,103,228	37,799
General obligation bonds:						
Various purpose - series 2010	3.60%	639,923	-	(81,929)	557,994	557,994
Bond anticipation notes:						
2018 property acquisition	2.25%	4,900,000	-	(4,900,000)	-	-
2019 property acquisition	2.70%	-	4,730,000	-	4,730,000	-
Total bond anticipation notes		4,900,000	4,730,000	(4,900,000)	4,730,000	-
Other long-term liabilities:						
Capital lease obligations		1,552,491	-	(355,228)	1,197,263	348,584
Net pension liability		10,938,899	3,996,144	-	14,935,043	-
Net OPEB liability		9,807,136	126,632	(7,303,201)	2,630,567	-
Compensated absences		608,859	113,172	(88,082)	633,949	137,831
Total other long-term liabilities		22,907,385	4,235,948	(7,746,511)	19,396,822	486,415
Total governmental activities long-term liabilities		$ 31,624,966	$ 8,965,948	$ (12,802,870)	$ 27,788,044	$ 1,082,208

The 2010 various purpose bonds were issued on November 8, 2010, in the amount of $1,200,000 to retire the real estate acquisition bond anticipation note and the Center of Flight improvement bond anticipation note. The bonds were issued at a 3.6 percent interest rate and will reach maturity on November 8, 2020. The bonds will be paid from the Center of Flight special revenue fund using transfers from the general fund.

The Ohio Water Development Authority (OWDA) loan consists of money owed to the OWDA for the construction of a salt storage shed. The loan was issued at a 3.25 percent interest rate and will reach maturity on July 1, 2030. The loan will be repaid from the street/public service fund.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

On December 21, 2012, the City entered into a tax increment financing (TIF) and infrastructure development agreement with Disciple Development Company, LLC to fund the construction of public infrastructure improvement in the Brantwood division. The initial loan was received in 2013. During 2018, the City received an additional loan of $403,724. Per the agreement, the City will make payments on the loan based on the TIF monies received from the Brantwood division development, and the repayment schedule will depend upon the amount of TIF monies received by the City. The loan will be repaid from the Brantwood Subdivision fund.

On February 5, 2016, the City entered into a tax increment financing (TIF) and infrastructure development agreement with Brantwood Development, LLC to fund the construction of public infrastructure improvement in the Brantwood division II. The initial loan was received in 2016. During 2018, the City received an additional loan of $376,961. Per the agreement, the City will make payments on the loan based on TIF monies received from the Brantwood division II development, and the repayment schedule will depend upon the amount of TIF monies received by the City. The loan will be repaid from the Brantwood II Subdivision fund.

TIF loans are direct borrowings that have terms negotiated directly between the City and the developers and are not offered for public sale.

The 2018 property acquisition bond anticipation note was issued on March 15, 2018 in the amount of $5,000,000 for acquisition and improvements of properties and buildings. This note matured on March 14, 2019. This note was refinanced on March 14, 2019 for $4,900,000. The note matures on March 12, 2020. On March 12, 2020, the City refinanced the $4,900,000 bond anticipation note with a $4,730,000 bond anticipation note, see Note 22. $402,307 of the note proceeds remain unspent at December 31, 2019.

During 2014, the City received a loan in the amount of $200,000 from the Ohio Public Works Commission (OPWC) for the Harshman Road improvements. The loan was issued at a zero percent interest rate and will mature on July 1, 2039. The loan will be repaid from the bond retirement fund.

During 2015, the City received a loan in the amount of $311,748 from the Ohio Public Works Commission (OPWC) for the Burkhardt Road project. The loan was issued at a zero percent interest rate and will mature on July 1, 2021. The loan will be repaid from the bond retirement fund.

During 2018, the City received a loan in the amount of $59,618 from OPWC for the Union Schoolhouse Road Rehab project. The loan was issued at a zero percent interest rate and will mature on January 1, 2039. The loan will be repaid from the Issue II - Union Schoolhouse fund.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest or late charges associated with the default.

Compensated absences will be paid from the general fund and the fire, street/public service, police and victims of crime act special revenue funds.

For additional information regarding the City’s net pension liability and net OPEB liability, see Notes 16 and 17, respectively. The City pays obligations related to employee compensation from the fund benefitting from their service.

The City’s overall legal debt margin was $22,156,078, with an unvoted debt margin of $9,549,904 at December 31, 2019.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Annual debt service requirements to maturity for long-term obligations are:

Year Ending	General Obligation Bonds		OWDA Loan - Direct Borrowing		OPWC Loans - Direct Borrowing
December 31,	Principal	Interest	Principal	Interest	Principal
2020	$ 557,994	$ 19,331	$ 1,135	$ 410	$ 36,664
2021	-	-	1,172	376	42,156
2022	-	-	1,211	341	10,981
2023	-	-	1,251	304	10,981
2024	-	-	1,292	266	10,981
2025 - 2029	-	-	7,121	718	54,904
2030 - 2034	-	-	777	12	54,905
2035 - 2039	-	-	-	-	51,924
Totals	$ 557,994	$ 19,331	$ 13,959	$ 2,427	$ 273,496

NOTE 13 - NOTES PAYABLE

On March 15, 2018, the City issued $5,000,000 in bond anticipation notes to refinance $5,300,000 of bond anticipation notes that were previously issued in 2017. The bond anticipation notes at December 31, 2018 had an interest rate of 2.25% and matured on March 14, 2019. On March 14, 2019, the City issued $4,900,000 to refinance the 2018 bond anticipation notes. The bond anticipation notes outstanding at December 31, 2019 bear an interest rate of 2.70% and mature on March 12, 2020. The bond anticipation notes are a liability of the general fund. On March 12, 2020, the City refinanced the $4,900,000 bond anticipation note with a $4,730,000 bond anticipation note, see Note 22. A summary of the bond anticipation note transaction for the year ended December 31, 2019 follows:

	Maturity Date	Outstanding 1/1/2019	Issued	Retired	Outstanding 12/31/2019
Governmental activities:					
Bond anticipation notes:					
Series 2019 BAN - 2.70%	3/12/2020	$ -	$ 170,000		$ 170,000
Series 2018 BAN - 2.25%	3/14/2019	100,000	-	(100,000)	-
Total bond anticipation notes		$ 100,000	$ 170,000	$ (100,000)	$ 170,000

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NOTE 14 - EMPLOYEE BENEFITS

A. Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and negotiated agreements. The current policy of union employees covered by negotiated agreements credits vacation leave annually on January 1 and allows the unused balance to be accumulated at levels that depend upon years of service. City employees covered by the negotiated agreements are paid for earned, unused vacation leave at the time of termination of employment. However, non-union employees covered by the personnel policy of the City cannot carry over more than 40 hours of accrued vacation. These employees lose any remaining vacation balances existing at the end of the calendar year. On governmental fund financial statements, a liability is reported for non-union employees for vacation balances that do not carry over beyond the anniversary of their date of hire each year. These amounts are recorded in the account “accrued vacation leave payable” in the funds from which the employees will be paid.

Sick leave is earned at rates that vary depending upon specified personnel policies and union contracts. At retirement, employees will be paid varying portions of their accumulated leave, based on the union agreements and the City personnel policy.

City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee’s regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

B. Insurance Benefits

Full-time City employees are provided medical/surgical benefits from Medical Mutual of Ohio. The City pays 90 percent for non-union employees, 83 percent for fire and police union employees, and 85 percent of street union employees, of the monthly premiums for the employees. The premium varies with each employee depending on the plan. Department heads and administrative staff receive an amount equal to their annual salary in life insurance, up to $50,000; the City Manager receives two times his annual salary; police and fire employees receive $50,000, and street union employees receive $30,000 in coverage selected. Additionally, the City contributes to health savings accounts for all full-time employees, which serves to pay part of the employees’ deductible each year. Employees can purchase dental insurance through Superior Dental Care and vision benefits through Superior Vision. Life insurance is provided through Medical Mutual of Ohio.

C. Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan, Ohio Municipal League 457 Deferred Compensation Plan, International City Manager Association 457 Deferred Compensation Plan, or the Ohio Association of Professional Fire Fighters 457 Deferred Compensation Plan. These plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permits deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2019, PEP retained $500,000 for casualty claims and $250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2019 and 2018:

Casualty & Property Coverage	2019	2018
Assets	$54,973,597	$49,921,998
Liabilities	(16,440,940)	(14,676,199)
Net Position	$38,532,657	$35,245,799

At December 31, 2019 and 2018, respectively, the liabilities above include approximately $14.7 million and $13 million of estimated incurred claims payable. The assets above also include approximately $13.7 million and $11.8 million of unpaid claims to be billed. PEP's membership increased from 538 members in 2018 to 553 members in 2019. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2019, the City's share of these unpaid claims collectible in future years is approximately $117,000.

Based on discussions with PEP the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

NOTE 15 - RISK MANAGEMENT- (Continued)

Contributions to PEP	
2018	$179,937
2019	$174,985

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

NOTE 16 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

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

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

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

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

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

* 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.

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $180,831 for 2019. Of this amount, $24,249 is reported as due to other governments.

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

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

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

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $756,196 for 2019. Of this amount, $107,131 is reported as due to other governments.

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00970400%	0.01948600%	0.01657500%	0.15342700%	
Proportion of the net pension liability/asset current measurement date	0.00904700%	0.01656400%	0.01530200%	0.15261300%	
Change in proportionate share	-0.00065700%	-0.00292200%	-0.00127300%	-0.00081400%	
Proportionate share of the net pension liability	$ 2,477,790	$ -	$ -	$ 12,457,253	$ 14,935,043
Proportionate share of the net pension asset	-	18,522	349	-	18,871
Pension expense	504,512	5,140	(90)	1,730,931	2,240,493

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	$ 115	$ -	$ 1,452	$ 511,820	$ 513,387
Net difference between projected and actual earnings on pension plan investments	336,310	3,991	115	1,534,727	1,875,143
Changes of assumptions	215,698	4,138	109	330,259	550,204
Changes in employer's proportionate percentage/ difference between employer contributions	-	-	-	238,723	238,723
Contributions subsequent to the measurement date	172,885	6,709	1,237	756,196	937,027
Total deferred outflows of resources	$ 725,008	$ 14,838	$ 2,913	$ 3,371,725	$ 4,114,484

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	$ 32,534	$ 7,560	$ -	$ 11,631	$ 51,725
Changes in employer's proportionate percentage/ difference between employer contributions	90,338	-	-	32,379	122,717
Total deferred inflows of resources	$ 122,872	$ 7,560	$ -	$ 44,010	$ 174,442

$937,027 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2020.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Year Ending December 31:					
2020	$ 170,746	$ 626	$ 239	$ 810,686	$ 982,297
2021	70,898	(173)	222	475,090	546,037
2022	31,200	(90)	224	512,742	544,076
2023	156,407	1,159	269	725,711	883,546
2024	-	(474)	202	47,290	47,018
Thereafter	-	(479)	520	-	41
Total	$ 429,251	$ 569	$ 1,676	$ 2,571,519	$ 3,003,015

Actuarial Assumptions - OPERS

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

NOTE 16 - 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, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

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

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

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

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 3,660,416	$ 2,477,790	$ 1,495,017
Combined Plan	(6,129)	(18,522)	(27,496)
Member-Directed Plan	(153)	(349)	(612)

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OP&F

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

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

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

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

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

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

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2018 are summarized below:

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

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

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

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

NOTE 16 - 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	$ 16,374,201	$ 12,457,253	$ 9,184,078

NOTE 17 - 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.

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

The City's contractually required contribution was $495 for 2019. Of this amount, $66 is reported as due to other governments.

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

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

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

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

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

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

The City's contractually required contribution to OP&F was $18,385 for 2019. Of this amount, $2,605 is reported as due to other governments.

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

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

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.01026000%	0.15342700%	
Proportion of the net OPEB liability current measurement date	0.00951700%	0.15261300%	
Change in proportionate share	-0.00074300%	-0.00081400%	
Proportionate share of the net OPEB liability	$ 1,240,792	$ 1,389,775	$ 2,630,567
OPEB expense	$ 71,934	$ (6,827,052)	$ (6,755,118)

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 420	$ -	$ 420
Net difference between projected and actual earnings on OPEB plan investments	56,883	47,045	103,928
Changes of assumptions	40,005	720,392	760,397
Changes in employer's proportionate percentage/ difference between employer contributions	-	121,555	121,555
Contributions subsequent to the measurement date	495	18,385	18,880
Total deferred outflows of resources	$ 97,803	$ 907,377	$ 1,005,180

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 3,367	$ 37,235	$ 40,602
Changes of assumptions	-	384,756	384,756
Changes in employer's proportionate percentage/ difference between employer contributions	71,279	35,635	106,914
Total deferred inflows of resources	$ 74,646	$ 457,626	$ 532,272

$18,880 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS	OP&F	Total
Year Ending December 31:			
2020	$ 1,735	$ 76,626	$ 78,361
2021	(16,299)	76,626	60,327
2022	8,571	76,626	85,197
2023	28,655	90,853	119,508
2024	-	68,423	68,423
Thereafter	-	42,212	42,212
Total	$ 22,662	$ 431,366	$ 454,028

Actuarial Assumptions - OPERS

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

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

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

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 1,587,436	$ 1,240,792	$ 965,119

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

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

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 1,192,670	$ 1,240,792	$ 1,296,215

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - OP&F

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

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

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

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

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

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 1,693,126	$ 1,389,775	$ 1,135,139

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

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

NOTE 18 - CONTINGENCIES

A. Litigation

The City is party to legal proceedings. The City is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the City.

B. Federal and State Grants

For the period January 1, 2019, to December 31, 2019, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would not have a material impact on the financial statements.

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (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 and major special revenue funds 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) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

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

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General	Fire	Street/Public Service	Police	Fire/EMS and Police Income Tax
Budget basis	$ (343,486)	$ 55,198	$ (229,860)	$ (152,023)	$ 127
Net adjustment for revenue accruals	74,635	16,274	33,077	6,378	15,321
Net adjustment for expenditure accruals	636,991	7,365	(19,885)	17,386	375
Funds budgeted elsewhere	(402,439)	-	-	-	-
Adjustment for encumbrances	87,193	29,091	28,365	5,507	-
GAAP basis	$ 52,894	$ 107,928	$ (188,303)	$ (122,752)	$ 15,823

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the Wright Point fund, the Danis land acquisition fund and Contingency Reserve fund.

NOTE 20 - FUND BALANCE

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

Fund balance	General	Fire	Street/Public Service	Police
Nonspendable:				
Materials and supplies inventory	$ -	$ -	$ 47,091	$ -
Total nonspendable	-	-	47,091	-
Restricted:				
Safety forces	-	344,499	-	-
Transportation services	-	-	298,096	-
Center of Flight program	-	-	-	-
Street lighting	-	-	-	-
Drug law	-	-	-	-
Fire insurance settlements	-	-	-	-
Cemetery purposes	-	-	-	-
Community development	-	-	-	-
Capital improvements	-	-	-	-
Total restricted	-	344,499	298,096	-
Committed:				
Transportation services	-	-	-	-
Total committed	-	-	-	-
Assigned:				
Purchases on order	56,414	-	-	-
Capital improvements	-	-	-	-
Debt service	-	-	-	-
Subsequent year appropriations	626,908	-	-	-
Total assigned	683,322	-	-	-
Unassigned (deficit)	3,220,802	-	-	(165,014)
Total fund balances	$ 3,904,124	$ 344,499	$ 345,187	$ (165,014)

- - Continued

NOTE 20 - FUND BALANCE - (Continued)

Fund balance	Fire/EMS and Police Income Tax	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Materials and supplies inventory	$ -	$ -	$ 47,091
Total nonspendable	-	-	47,091
Restricted:			
Safety forces	162,783	23,787	531,069
Transportation services	-	954,248	1,252,344
Center of Flight program	-	185,525	185,525
Street lighting	-	195,519	195,519
Drug law	-	3,045	3,045
Fire insurance settlements	-	27,840	27,840
Cemetery purposes	-	1,253	1,253
Community development	-	58,080	58,080
Capital improvements	-	118,004	118,004
Total restricted	162,783	1,567,301	2,372,679
Committed:			
Transportation services	-	229	229
Total committed	-	229	229
Assigned:			
Purchases on order	-	-	56,414
Capital improvements	-	171,980	171,980
Debt service	-	1,141,106	1,141,106
Subsequent year appropriations	-	-	626,908
Total assigned	-	1,313,086	1,996,408
Unassigned (deficit)	-	-	3,055,788
Total fund balances	$ 162,783	$ 2,880,616	$ 7,472,195

NOTE 21 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances (less those included in payables) in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 89,603
Fire fund	14,649
Street/Service fund	10,411
Police fund	2,999
Nonmajor governmental funds	409,936
Total	$ 527,598

NOTE 22 - SUBSEQUENT EVENTS

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

On March 12, 2020, the City issued $4,730,000 in bond anticipation notes. The proceeds of the notes were used to retire the 2019 notes. The notes bear an interest rate of 2.125%. The bond anticipation notes mature on March 11, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2019	2018	2017	2016
Traditional Plan:				
City's proportion of the net pension liability	0.009047%	0.009704%	0.009880%	0.010230%
City's proportionate share of the net pension liability	$ 2,477,790	$ 1,522,369	$ 2,243,580	$ 1,771,965
City's covered payroll	$ 1,216,657	$ 1,287,969	$ 1,277,675	$ 1,272,350
City's proportionate share of the net pension liability as a percentage of its covered payroll	203.66%	118.20%	175.60%	139.27%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
Combined Plan:				
City's proportion of the net pension asset	0.016564%	0.019486%	0.025438%	n/a
City's proportionate share of the net pension asset	$ 18,522	$ 26,527	$ 14,158	n/a
City's covered payroll	$ 70,843	$ 79,800	$ 99,017	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	26.15%	33.24%	14.30%	n/a
Plan fiduciary net position as a percentage of the total pension asset	126.64%	137.28%	116.55%	n/a
Member Directed Plan:				
City's proportion of the net pension asset	0.015302%	0.016575%	0.022995%	n/a
City's proportionate share of the net pension asset	$ 349	$ 578	$ 96	n/a
City's covered payroll	$ 87,470	$ 90,840	$ 99,475	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.40%	0.64%	0.10%	n/a
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.46%	103.40%	n/a

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014	
	0.010207%		0.010207%
$	1,231,016	$	1,203,213
$	1,252,892	$	1,164,023
	98.25%		103.37%
	86.45%		86.36%
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2019	**2018**	**2017**	**2016**
City's proportion of the net pension liability	0.15261300%	0.15342700%	0.14974100%	0.14821900%
City's proportionate share of the net pension liability	$ 12,457,253	$ 9,416,530	$ 9,484,406	$ 9,535,032
City's covered payroll	$ 3,592,265	$ 3,441,383	$ 3,148,566	$ 3,071,613
City's proportionate share of the net pension liability as a percentage of its covered payroll	346.78%	273.63%	301.23%	310.42%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014
	0.14421990%	0.14421990%
	$ 7,471,192	$ 7,023,962
	$ 2,928,529	$ 2,551,425
	255.12%	275.30%
	72.20%	73.00%

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	2019	2018	2017	2016
Traditional Plan:				
Contractually required contribution	$ 172,885	$ 170,332	$ 167,436	$ 153,321
Contributions in relation to the contractually required contribution	(172,885)	(170,332)	(167,436)	(153,321)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,234,893	$ 1,216,657	$ 1,287,969	$ 1,277,675
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
Combined Plan:				
Contractually required contribution	$ 6,709	$ 9,918	$ 10,374	$ 11,882
Contributions in relation to the contractually required contribution	(6,709)	(9,918)	(10,374)	(11,882)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 47,921	$ 70,843	$ 79,800	$ 99,017
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
Member Directed Plan:				
Contractually required contribution	$ 1,237	$ 8,747	$ 9,084	$ 11,937
Contributions in relation to the contractually required contribution	(1,237)	(8,747)	(9,084)	(11,937)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 12,370	$ 87,470	$ 90,840	$ 99,475
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	12.00%

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.
Note: Information prior to 2016 for the Combined Plan was unavailable.
Note: Information prior to 2016 for the Member Directed Plan was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013
	$ 152,682	$ 150,347	$ 151,323
	(152,682)	(150,347)	(151,323)
	$ -	$ -	$ -
	$ 1,272,350	$ 1,252,892	$ 1,164,023
	12.00%	12.00%	13.00%

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	**2018**	**2017**	**2016**
Police:				
Contractually required contribution	$ 455,530	$ 445,614	$ 417,734	$ 390,585
Contributions in relation to the contractually required contribution	(455,530)	(445,614)	(417,734)	(390,585)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,397,526	$ 2,345,337	$ 2,198,600	$ 2,055,711
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
Fire:				
Contractually required contribution	$ 300,666	$ 293,028	$ 292,054	$ 256,821
Contributions in relation to the contractually required contribution	(300,666)	(293,028)	(292,054)	(256,821)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,279,430	$ 1,246,928	$ 1,242,783	$ 1,092,855
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 377,919	$ 357,425	$ 263,511	$ 220,106	$ 246,712	$ 250,128
(377,919)	(357,425)	(263,511)	(220,106)	(246,712)	(250,128)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,989,047	$ 1,881,184	$ 1,659,041	$ 1,726,322	$ 1,934,996	$ 1,961,788
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%
$ 254,403	$ 246,126	$ 181,797	$ 157,275	$ 154,739	$ 152,894
(254,403)	(246,126)	(181,797)	(157,275)	(154,739)	(152,894)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,082,566	$ 1,047,345	$ 891,890	$ 911,739	$ 897,038	$ 886,342
23.50%	23.50%	20.38%	17.25%	17.25%	17.25%

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2019	2018	2017
City's proportion of the net OPEB liability	0.009517%	0.010260%	0.010777%
City's proportionate share of the net OPEB liability	$ 1,240,792	$ 1,114,160	$ 1,088,492
City's covered payroll	$ 1,374,970	$ 1,458,609	$ 1,476,167
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	90.24%	76.39%	73.74%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVERSIDE, 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 THREE YEARS

	2019	2018	2017
City's proportion of the net OPEB liability	0.15261300%	0.15342700%	0.14974100%
City's proportionate share of the net OPEB liability	$ 1,389,775	$ 8,692,976	$ 7,107,869
City's covered payroll	$ 3,592,265	$ 3,441,383	$ 3,148,566
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.69%	252.60%	225.75%
Plan fiduciary net position as a percentage of the total OPEB liability	46.57%	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 495	$ 3,499	$ 17,312	$ 29,907
Contributions in relation to the contractually required contribution	(495)	(3,499)	(17,312)	(29,907)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,295,184	$ 1,374,970	$ 1,458,609	$ 1,476,167
Contributions as a percentage of covered payroll	0.04%	0.25%	1.19%	2.03%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015		2014		2013
$	59,818	$	37,490	$	62,447
	(59,818)		(37,490)		(62,447)
$	-	$	-	$	-
$	1,272,350	$	1,252,892	$	1,164,023
	4.70%		2.99%		5.36%

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	2018	2017	2016
Police:				
Contractually required contribution	$ 11,988	$ 11,727	$ 10,993	$ 10,279
Contributions in relation to the contractually required contribution	(11,988)	(11,727)	(10,993)	(10,279)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,397,526	$ 2,345,337	$ 2,198,600	$ 2,055,711
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
Fire:				
Contractually required contribution	$ 6,397	$ 6,235	$ 6,214	$ 15,743
Contributions in relation to the contractually required contribution	(6,397)	(6,235)	(6,214)	(15,743)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,279,430	$ 1,246,928	$ 1,242,783	$ 1,092,855
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 9,945	$ 9,405	$ 106,829	$ 116,527	$ 130,612	$ 132,421
(9,945)	(9,405)	(106,829)	(116,527)	(130,612)	(132,421)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,989,047	$ 1,881,184	$ 1,659,041	$ 1,726,322	$ 1,934,996	$ 1,961,788
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%
$ 15,358	$ 14,643	$ 58,020	$ 61,542	$ 60,550	$ 59,828
(15,358)	(14,643)	(58,020)	(61,542)	(60,550)	(59,828)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,082,566	$ 1,047,345	$ 891,890	$ 911,739	$ 897,038	$ 886,342
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since 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.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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

Julian & Grube

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

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Montgomery County
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Riverside, Ohio 45431

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riverside, Montgomery County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Riverside's basic financial statements and have issued our report thereon dated July 28, 2020, wherein we noted as discussed in Note 3 to the financial statements, the City of Riverside adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

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

Julian & Grube, Inc.

Julian & Grube, Inc.
July 28, 2020

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF RIVERSIDE

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 9/15/2020

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