

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

*SINGLE AUDIT*

FOR THE YEAR ENDED  
DECEMBER 31, 2020



Rea & associates

[www.reacpa.com](http://www.reacpa.com)





OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council  
City of Fremont  
323 South Front Street  
Fremont, OH 43420-3037

We have reviewed the *Independent Auditor's Report* of the City of Fremont, Sandusky County, prepared by Rea & Associates, Inc., for the audit period January 1, 2020 through December 31, 2020. 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 Fremont is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 13, 2021**

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**Sandusky County, Ohio**  
*December 31, 2020*  
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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Fremont  
Sandusky County, Ohio  
323 South Front Street  
Fremont, Ohio 43420

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fremont, Sandusky County, Ohio (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fremont, Sandusky County, Ohio, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Lima, Ohio  
June 10, 2021

**CITY OF FREMONT  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

The management's discussion and analysis of the City of Fremont's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2020 are as follows:

- The total net position of the City increased \$2,980,736 or 3.20% from 2019. Net position of governmental activities increased \$2,866,554 or 16.10% from 2019 and net position of business-type activities increased \$114,182 or less than 1.0% from 2019.
- General revenues accounted for \$12,435,182 or 67.49% of total governmental activities revenue. Program specific revenues accounted for \$5,991,295 or 32.51% of total governmental activities revenue.
- The City had \$15,569,205 in expenses related to governmental activities; \$5,991,295 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$12,435,182 were adequate to support the remaining expenses.
- The general fund had revenues of \$13,181,215 in 2020. This represents a decrease of \$13,953 or less than 1.0% from 2019. The expenditures and other financing uses of the general fund, which totaled \$11,083,138 in 2020, decreased \$1,676,609 or 13.14% from 2019. The net increase in fund balance for the general fund was \$2,098,077 or 35.85%.
- The capital improvement fund had \$2,620,706 in revenues and other financing sources and \$3,244,159 in expenditures in 2020. In 2020, the City had transfers in from the general fund totaling \$543,589. The capital improvement's fund balance decreased \$623,453 or 11.57% during 2020.
- Net position for the business-type activities, which are made up of the water and sewer enterprise funds, increased in 2020 by \$114,182. This increase in net position was primarily due to (1) an increase in charges for services revenue and (2) a decrease in contracts payable related to construction projects.
- In the general fund, actual revenues and other financing sources were \$749,401 less than the final budget revenues and other financing sources, and actual expenditures and other financing uses were \$1,847,913 less than the final budget expenditures and other financing uses. Budgeted expenditures and other financing uses increased \$824,385 from the original budget to the final budget, primarily due to an increase in budgeted general government expenditures.

**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.

**CITY OF FREMONT  
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Reporting the City as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, 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 that position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

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

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

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

The City's statement of net position and statement of activities can be found on pages 20-22 of this report.

**Reporting the City's Most Significant Funds**

***Fund Financial Statements***

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 13.

***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.

**CITY OF FREMONT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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. The basic fund financial statements can be found on pages 24-28 of this report.

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 non-major funds. The City's major governmental funds are the general fund and the capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

***Proprietary Funds***

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer management functions. All of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The proprietary fund statements can be found on pages 29-32 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type. The basic fiduciary fund financial statements can be found on page 33-34 of this report.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 36-89 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability/net pension asset and net OPEB liability. The required supplementary information can be found on pages 91-105 of this report.

**CITY OF FREMONT  
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2020 and December 31, 2019.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current assets	\$ 19,770,263	\$ 18,932,640	\$ 27,295,631	\$ 30,258,842	\$ 47,065,894	\$ 49,191,482
Capital assets, net	25,068,671	22,532,401	143,887,215	146,364,680	168,955,886	168,897,081
Total assets	44,838,934	41,465,041	171,182,846	176,623,522	216,021,780	218,088,563
<b>Deferred outflows of resources</b>						
Pension	2,106,649	4,905,553	729,319	2,016,742	2,835,968	6,922,295
OPEB	1,377,514	1,100,916	478,135	250,385	1,855,649	1,351,301
Total deferred outflows of resources	3,484,163	6,006,469	1,207,454	2,267,127	4,691,617	8,273,596
<b>Liabilities</b>						
Current liabilities	627,958	1,248,984	366,785	2,770,180	994,743	4,019,164
Long-term liabilities:						
Due within one year	1,675,394	1,395,207	3,172,668	3,111,994	4,848,062	4,507,201
Net pension liability	14,074,146	17,948,441	4,550,575	6,565,625	18,624,721	24,514,066
Net OPEB liability	4,054,195	3,890,357	2,986,607	2,920,678	7,040,802	6,811,035
Other amounts	3,150,517	3,397,534	84,140,709	87,946,117	87,291,226	91,343,651
Total liabilities	23,582,210	27,880,523	95,217,344	103,314,594	118,799,554	131,195,117
<b>Deferred inflows of resources</b>						
Property taxes	788,036	774,755	-	-	788,036	774,755
Pension	2,237,979	494,452	1,093,558	90,292	3,331,537	584,744
OPEB	1,048,234	521,696	487,378	7,925	1,535,612	529,621
Total deferred inflows of resources	4,074,249	1,790,903	1,580,936	98,217	5,655,185	1,889,120
<b>Net Position</b>						
Net investment in capital assets	21,383,080	18,212,856	56,980,278	53,326,466	78,363,358	71,539,322
Restricted	2,575,338	2,556,249	-	-	2,575,338	2,556,249
Unrestricted	(3,291,780)	(2,969,021)	18,611,742	22,151,372	15,319,962	19,182,351
Total net position	\$ 20,666,638	\$ 17,800,084	\$ 75,592,020	\$ 75,477,838	\$ 96,258,658	\$ 93,277,922

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 and the net pension asset related to pension and OPEB.



**CITY OF FREMONT  
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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/asset, 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, 2020, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$96,258,658. At year-end, net positions were \$20,666,638 and \$75,592,020 for the governmental activities and the business-type activities, respectively.

**CITY OF FREMONT  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 78.21% of total assets. Capital assets include land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The net investments in capital assets at December 31, 2020, were \$21,383,080 and \$56,980,278 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. 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, \$2,575,338 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is a deficit of \$3,291,780. The business-type activities reported a positive unrestricted balance of \$18,611,742.

Assets of the governmental activities increased \$3,373,893 or 8.14% from 2019. Current assets of the governmental activities increased \$837,623 or 4.42% primarily in cash and investments as a result of current year operations coupled with an increase in account receivable. Capital assets increased \$2,536,270 or 11.26% as current year additions exceeded depreciation expense of \$1,781,877.

Liabilities of the governmental activities decreased \$4,298,313 or 15.42% from 2019. Current liabilities of the governmental activities decreased \$621,026 due to a decrease in contracts payable related to City construction projects. Long-term obligations of the governmental activities decreased \$3,677,287 or 13.81% due to a decrease in the City's net pension liability and the City paying down its debt obligations.

Assets of the business-type activities decreased \$5,440,676 or 3.08% from 2019. Current assets of the business-type activities decreased \$2,963,211 or 7.79% primarily in cash and investments as the City expended monies for an the Garrison Street project. The capital assets of the business-type activities decreased \$2,477,465 or 1.69%. This decrease was due depreciation expense of \$4,887,414 exceeding capital asset additions of \$2,421,892.

Liabilities of the business-type activities decreased \$8,097,250 or 7.84% from 2019. Current liabilities of the business-type activities decreased \$2,403,395 due to a decrease in contracts payable related to the City's water and sewer funds ongoing projects. Long-term obligations of the business-type activities decreased \$5,693,855 or 5.66% as the City paid principal payments on debt obligations (total approximately \$3.8 million) and saw a decrease in the net pension liability (total approximately \$2.0 million).

**CITY OF FREMONT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

The table below shows the changes in net position for fiscal years 2020 and 2019.

	<b>Change in Net Position</b>					
	Governmental	Governmental	Business-type	Business-type	2020	2019
	Activities	Activities	Activities	Activities	Total	Total
	2020	2019	2020	2019	Total	Total
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 1,076,959	\$ 1,539,946	\$ 16,307,054	\$ 15,936,643	\$ 17,384,013	\$ 17,476,589
Operating grants and contributions	2,647,495	1,915,888	-	-	2,647,495	1,915,888
Capital grants and contributions	2,266,841	345,754	459,058	85,867	2,725,899	431,621
<b>Total program revenues</b>	<b>5,991,295</b>	<b>3,801,588</b>	<b>16,766,112</b>	<b>16,022,510</b>	<b>22,757,407</b>	<b>19,824,098</b>
General revenues:						
Property taxes	983,020	471,902	-	-	983,020	471,902
Income taxes	9,474,626	10,048,250	-	-	9,474,626	10,048,250
Hotel/motel taxes	43,367	54,594	-	-	43,367	54,594
Unrestricted grants and entitlements	601,045	541,058	-	-	601,045	541,058
Investment earnings	958,904	1,053,958	3,835	9,664	962,739	1,063,622
Miscellaneous	374,220	235,114	519,022	90,458	893,242	325,572
<b>Total general revenues</b>	<b>12,435,182</b>	<b>12,404,876</b>	<b>522,857</b>	<b>100,122</b>	<b>12,958,039</b>	<b>12,504,998</b>
<b>Total revenues</b>	<b>18,426,477</b>	<b>16,206,464</b>	<b>17,288,969</b>	<b>16,122,632</b>	<b>35,715,446</b>	<b>32,329,096</b>
<b>Expenses</b>						
General government	4,131,861	3,898,137	-	-	4,131,861	3,898,137
Security of persons and property	6,564,809	744,129	-	-	6,564,809	744,129
Public health and welfare	4,746	6,928	-	-	4,746	6,928
Transportation	2,098,798	2,504,627	-	-	2,098,798	2,504,627
Community environment	239,265	380,172	-	-	239,265	380,172
Leisure time activity	2,112,943	2,489,555	-	-	2,112,943	2,489,555
Economic development	291,079	117,864	-	-	291,079	117,864
Interest and fiscal charges	125,704	139,025	-	-	125,704	139,025
Water	-	-	6,994,242	10,083,217	6,994,242	10,083,217
Sewer	-	-	10,171,263	12,730,955	10,171,263	12,730,955
<b>Total expenses</b>	<b>15,569,205</b>	<b>10,280,437</b>	<b>17,165,505</b>	<b>22,814,172</b>	<b>32,734,710</b>	<b>33,094,609</b>
Increase (decrease) in net position before transfers and special item	2,857,272	5,926,027	123,464	(6,691,540)	2,980,736	(765,513)
Transfers	9,282	(155,652)	(9,282)	155,652	-	-
Special item: Ballville dam removal	-	-	-	(227,287)	-	(227,287)
<b>Change in net position</b>	<b>2,866,554</b>	<b>5,770,375</b>	<b>114,182</b>	<b>(6,763,175)</b>	<b>2,980,736</b>	<b>(992,800)</b>
<b>Net position at beginning of year</b>	<b>17,800,084</b>	<b>12,029,709</b>	<b>75,477,838</b>	<b>82,241,013</b>	<b>93,277,922</b>	<b>94,270,722</b>
<b>Net position at end of year</b>	<b>\$ 20,666,638</b>	<b>\$ 17,800,084</b>	<b>\$ 75,592,020</b>	<b>\$ 75,477,838</b>	<b>\$ 96,258,658</b>	<b>\$ 93,277,922</b>

**CITY OF FREMONT  
SANDUSKY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Governmental Activities**

Governmental activities net position increased \$2,866,554 in 2020. The increase is primarily due to an increase in capital grants and contributions for transportation projects.

Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$6,564,809 of the total expenses of the City. These expenses were partially funded by \$40,424 in direct charges to users of the services. Security of persons and property expense increased \$5,820,680, which is the result of an increase in Other Postemployment Benefits (OPEB) expense related to the Ohio Police & Fire Pension Fund (OP&F). Beginning January 1, 2019, OP&F replaced its retiree health care model and current self-insured health care plan with a stipend-based health care model. As a result of the change in OPEB models, OP&F reported a significant decrease in OPEB expense in 2019. The City reports its proportionate share of OP&F OPEB expense. As a result, the City’s OPEB expense for OP&F for 2020 was \$148,626, an increase of \$7,075,214 from the City’s 2019 OPEB expense.

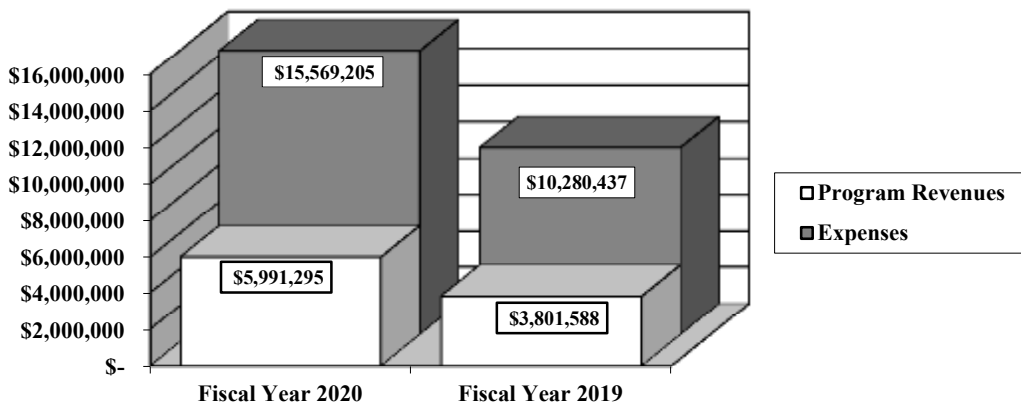
General government expenses totaled \$4,131,861. General government expenses were partially funded by \$617,461 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$2,647,495 in operating grants and contributions and \$2,266,841 in capital grants and contributions. These revenues are restricted to a particular program or purpose. The total capital grants and contributions subsidized transportation programs. Of the total operating grants and contributions, \$1,201,740 subsidized transportation programs, \$21,762 subsidized community environment, and \$1,084,247 subsidized general government activities. Operating grants increased \$731,607 from the prior year.

General revenues totaled \$12,435,182 and amounted to 67.49% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$10,457,646. Another primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue, making up \$601,045. Investment earnings decreased \$95,054 from 2019.

As can be seen in the graph below, program revenues support only a portion of the City’s overall governmental activities expenses. The City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

**Governmental Activities – Program Revenues vs. Total Expense**



**CITY OF FREMONT  
SANDUSKY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

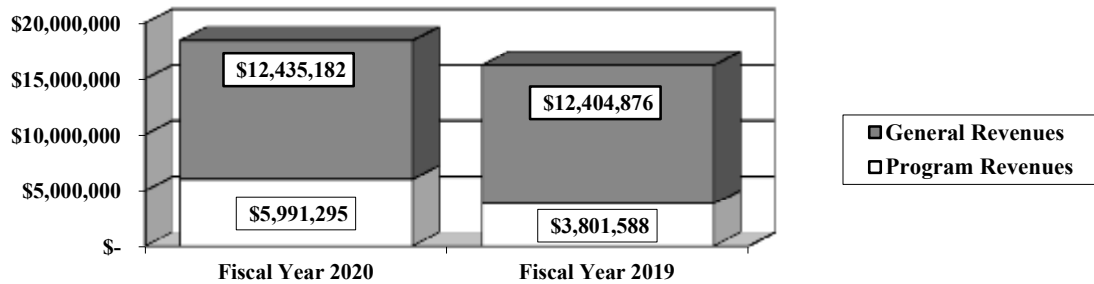
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2020	2020	2019	2019
Program Expenses:				
General government	\$ 4,131,861	\$ 2,430,153	\$ 3,898,137	\$ 2,648,100
Security of persons and property	6,564,809	6,455,804	744,129	643,019
Public health and welfare	4,746	4,746	6,928	6,928
Transportation	2,098,798	(1,371,283)	2,504,627	1,116,141
Community environment	239,265	191,401	380,172	(88,588)
Leisure time activity	2,112,943	1,597,109	2,489,555	1,905,388
Economic development	291,079	145,754	117,864	116,902
Interest and fiscal charges	125,704	124,226	139,025	130,959
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total	<u>\$ 15,569,205</u>	<u>\$ 9,577,910</u>	<u>\$ 10,280,437</u>	<u>\$ 6,478,849</u>

The dependence upon general revenues for governmental activities is apparent, with 61.52% of expenses supported through taxes and other general revenues.

The graph below shows a comparison of the City’s general revenues compared to program revenues for the governmental activities.

**Governmental Activities – General and Program Revenues**



**Business-type Activities**

Business-type activities include the water and sewer enterprise funds. These programs had program revenues of \$16,766,112, general revenues of \$522,857, expenses of \$17,165,505, and transfers out of \$9,282 for 2020. The increase in program revenues can mainly be attributed to the increased charges for services in the water and sewer funds. The decreases in water and sewer expenses are primarily due to energy improvement related expenses incurred for the City’s Energy Project in 2019.

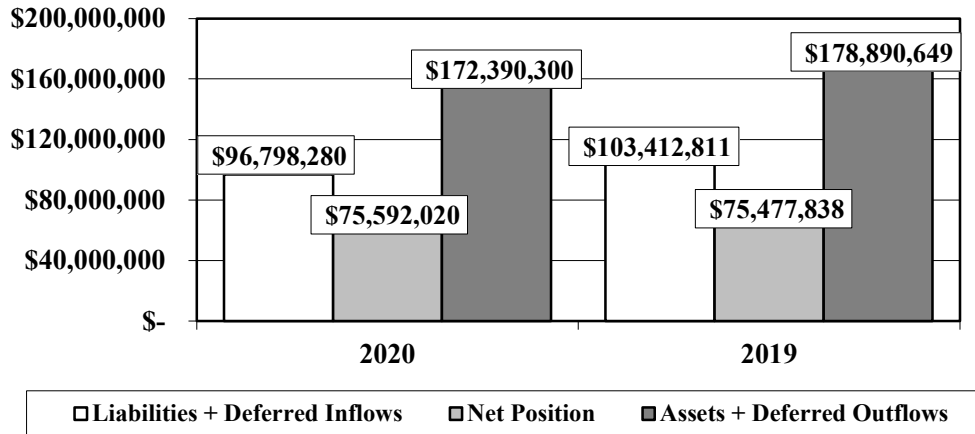


**CITY OF FREMONT  
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

The graph below illustrates the City's business-type assets, liabilities, deferred outflows, deferred inflows, and net position at December 31, 2020 and December 31, 2019.

**Net Position in Business-Type Activities**



**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.

The City's governmental funds (as presented on the balance sheet on page 24) reported a combined fund balance of \$16,974,905 which is \$1,490,655 more than last year's total of \$15,484,250. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2020 for all major and nonmajor governmental funds.

	Fund Balances 12/31/20	Fund Balances 12/31/19	Change
Major funds:			
General	\$ 7,950,126	\$ 5,852,049	\$ 2,098,077
Capital improvement	4,764,185	5,387,638	(623,453)
Other nonmajor governmental funds	4,260,594	4,244,563	16,031
<b>Total</b>	<b>\$ 16,974,905</b>	<b>\$ 15,484,250</b>	<b>\$ 1,490,655</b>

**CITY OF FREMONT  
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

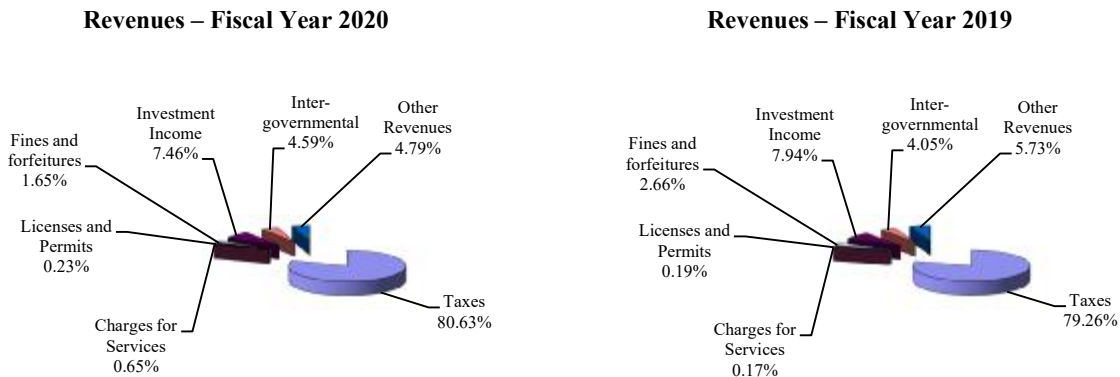
**General Fund**

The City's general fund balance increased \$2,098,077. The table below compares 2020 versus 2019 revenues.

	2020	2019	% Change
<b>Revenues</b>			
Taxes	\$ 10,627,448	\$ 10,458,244	1.62 %
Charges for services	87,430	23,125	278.08 %
Licenses and permits	29,860	24,595	21.41 %
Fines and forfeitures	216,922	350,668	(38.14) %
Intergovernmental	604,738	533,769	13.30 %
Investment income	982,812	1,048,073	(6.23) %
Other	632,005	756,694	(16.48) %
<b>Total</b>	<b>\$ 13,181,215</b>	<b>\$ 13,195,168</b>	<b>(0.11) %</b>

Tax revenue represents 80.63% of all general fund revenue. Income tax revenue decreased in 2020 resulting primarily due to the COVID-19 pandemic. Property taxes increased in 2020 due to increased collections. Investment income decreased as interest rates on applicable investments decreased.

The graphs below show general fund revenue, by source, for 2020 and 2019:



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

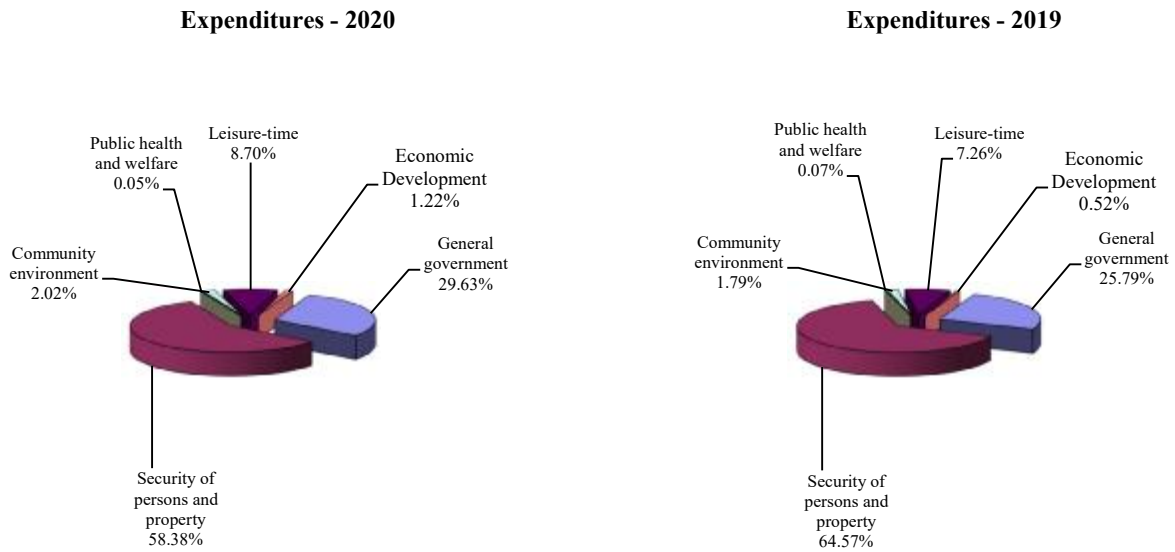
	2020	2019	% Change
<b>Expenditures</b>			
General government	\$ 2,882,799	\$ 2,648,277	8.86 %
Security of persons and property	5,681,076	6,631,993	(14.34) %
Public health and welfare	4,746	6,928	(31.50) %
Community environment	196,561	184,191	6.72 %
Leisure time activity	846,195	745,185	13.56 %
Economic development	118,731	53,231	123.05 %
<b>Total</b>	<b>\$ 9,730,108</b>	<b>\$ 10,269,805</b>	<b>(5.26) %</b>

**CITY OF FREMONT  
SANDUSKY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

The most significant decrease in dollars in general fund expenditures was in security of persons and property. This line item decreased \$950,917 in 2020. This was primarily due to the City using a portion of the Coronavirus Relief grant to pay a portion of police and fire department wages during 2020. Police and fire department wages paid with Coronavirus Relief grant monies are accounted for in the Coronavirus Relief fund (a nonmajor governmental fund). General government expenditures increased \$234,522. Leisure-time activities expenditures increased \$101,010 in 2020. This is primarily due to more equipment related expenditures in the parks department in 2020 versus 2019.

The graphs below show general fund expenditures, by function, for 2020 and 2019:



***Capital Improvement Fund***

The City’s capital improvement fund’s fund balance decreased by \$623,453 from 2019. The capital improvement fund’s transfers in were reduced by \$831,411 during 2020 compared to 2019. Expenditures in 2020 increased \$1,016,712 from 2019. The increase in expenditures is primarily due to expenditures for the Garrison Street reconstruction project.

***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. In the general fund, one of the most significant changes was between the original and final budgeted amount in the area of revenues and other financing sources, which increased \$1,332,605 from \$10,017,525 to \$11,350,130 primarily due an increase in budgeted other revenues. Actual revenues and other financing sources of \$10,600,729 were less than final budgeted revenues and other financing sources by \$749,401. The other significant change was between the final budgeted expenditures and other financing uses and actual expenditures and other financing uses. Actual expenditures and other financing uses came in \$1,847,913 lower than the final budgeted amounts, primarily due to expenditures for general government operations and security of persons and property programs being less than budgeted. The final budgeted expenditures and other financing uses were increased \$824,385 from original expenditures and other financing uses of \$10,978,751.

**CITY OF FREMONT  
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

The City's business-type funds (as presented on the statement of net position on page 29) reported a combined net position of \$75,592,827, which is \$112,260 more than last year's total of \$75,480,567. This increase is primarily due to an increase in charges for services revenues.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2020, the City had \$168,955,886 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress (CIP). Of this total, \$25,068,671 was reported in governmental activities and \$143,887,215 was reported in business-type activities. See Note 10 for further description of capital assets.

The following table shows 2020 balances compared to 2019:

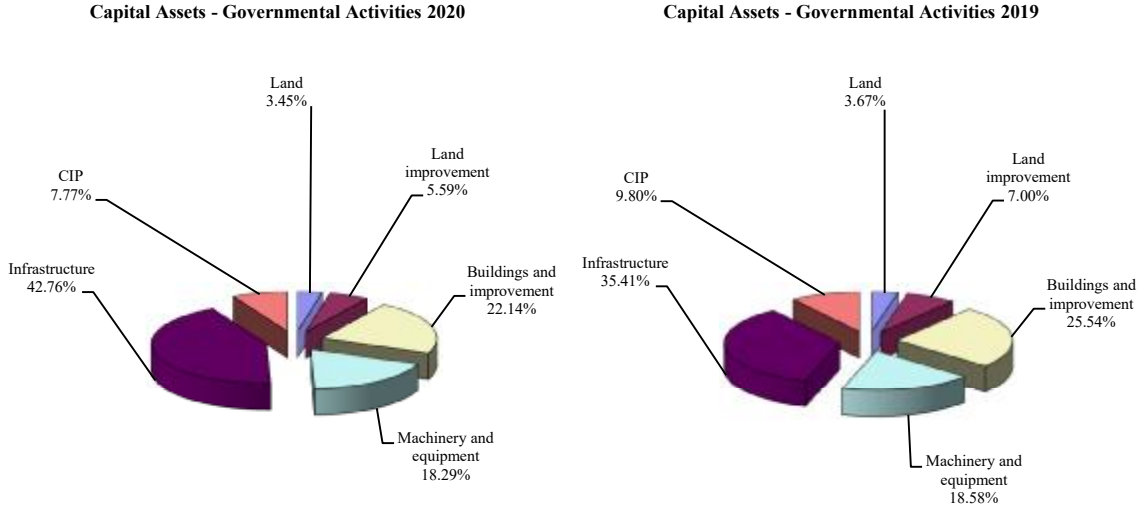
**Capital Assets at December 31  
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 864,955	\$ 828,059	\$ 977,180	\$ 977,180	\$ 1,842,135	\$ 1,805,239
Land improvements	1,400,340	1,577,448	40,072,238	41,108,680	41,472,578	42,686,128
Buildings and improvements	5,549,828	5,754,478	71,942,404	73,466,740	77,492,232	79,221,218
Machinery and equipment	4,586,004	4,186,210	10,658,686	11,118,652	15,244,690	15,304,862
Infrastructure	10,719,284	7,978,111	19,705,001	18,360,838	30,424,285	26,338,949
Construction in progress	1,948,260	2,208,095	531,706	1,332,590	2,479,966	3,540,685
<b>Totals</b>	<b>\$ 25,068,671</b>	<b>\$ 22,532,401</b>	<b>\$ 143,887,215</b>	<b>\$ 146,364,680</b>	<b>\$ 168,955,886</b>	<b>\$ 168,897,081</b>

**CITY OF FREMONT  
SANDUSKY COUNTY**

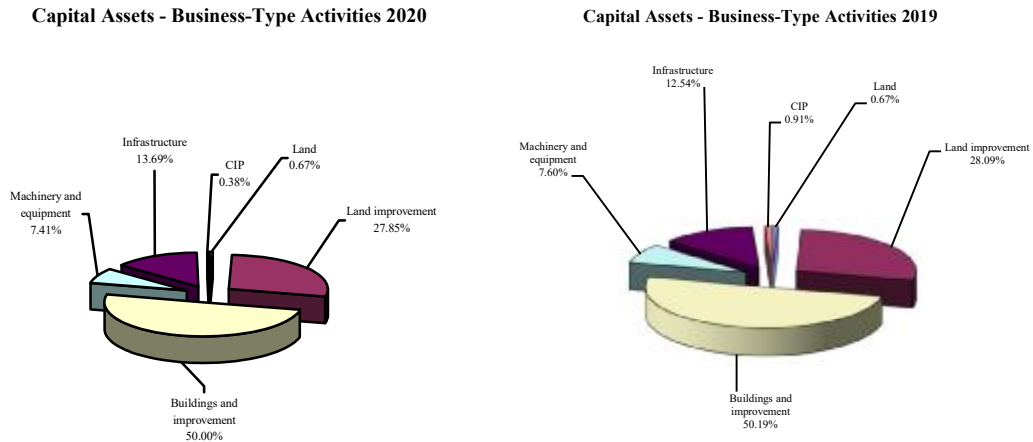
**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

The following graphs show the breakdown of governmental capital assets by category for 2020 and 2019.



In governmental type activities, the City’s largest capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City’s infrastructure (cost less accumulated depreciation) represents approximately 42.76% of the City’s total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2020 and 2019.



In business type activities, the largest capital assets category is buildings and improvements, which includes water and sewer plants. The net book value of the City’s buildings and improvements represents approximately 50.00% of the City’s total capital type assets.



**CITY OF FREMONT  
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

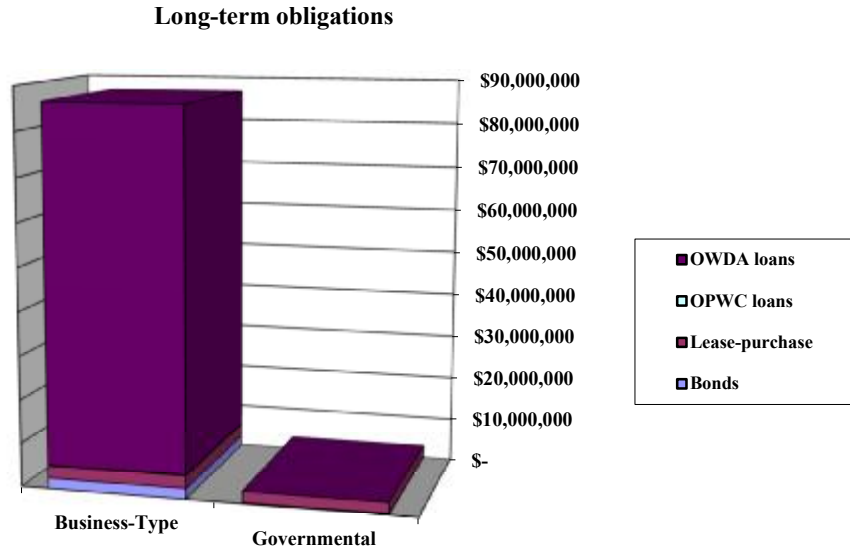
***Debt Administration***

See Note 12 for further discussion of the City's long-term debt obligations. The City had the following long-term debt obligations outstanding at December 31, 2020 and 2019:

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 270,000	\$ 335,000
Bond anticipation notes	1,070,000	1,068,980
Lease-purchase agreement	<u>2,531,140</u>	<u>2,661,434</u>
Total long-term obligations	<u>\$ 3,871,140</u>	<u>\$ 4,065,414</u>

	Business-type Activities	
	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 2,415,000	\$ 3,045,000
Lease-purchase agreement	2,924,308	3,099,149
OPWC loans	178,689	205,463
OWDA loans	<u>81,255,921</u>	<u>84,140,927</u>
Total long-term obligations	<u>\$ 86,773,918</u>	<u>\$ 90,490,539</u>

A comparison of the long-term obligations by category is depicted in the chart below.



**CITY OF FREMONT  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Economic Conditions and Outlook**

2020 began much like any other year but soon presented new challenges to our local economy. As the pandemic began to impact so many aspects of our lives, we found ourselves working with all business, big and small, to help keep their doors open. Fortunately, we were able to help a lot our locally owned businesses to get through so many obstacles. In spite of the unprecedented hurdles of 2020, we experienced a new manufacturer relocating to Fremont, bringing 75 new jobs to our community. At the same time several manufacturers had significant capital investments while a few even expanded their operations and added new jobs to our City.

Manufacturing throughout Fremont had a strong presence with new project announcements in 2020. The International Cushing Company (ICC) purchased the old Fremont Plastics building on Cedar Street. This was a \$3.6 million dollar investment adding 75 new jobs to our community and \$3.4 million new payroll. First Choice Packaging announced a \$1.5 million dollar investment of new machinery and adding 9 new jobs to the already 95 employees working for them. Quality Steel announced they are adding a 40,000 square addition to their building at an investment cost of \$13.6 million dollars. In addition to the 75 new jobs Quality Steel added to their workforce in 2019, they are adding 18 new jobs to their operation, bringing their workforce to 182 employees. The Freeman Company's purchase of new machinery at a cost of \$1.5 million and commitment to add 29 new jobs are signs of a strong manufacturing community. Nine companies in the City of Fremont reported investments of over \$1 million dollars and hiring 20 more individuals.

We have been working with several small businesses to help them survive during this pandemic. The Small Business Relief Program has helped City of Fremont's small businesses and organizations with monetary relief caused by the COVID-19 pandemic. Governor, Mike DeWine announced 125-million-dollar grant program to help small businesses. The City administration has assisted several locally owned businesses navigate the Small Business Administration website for the Paycheck Protection Program. In addition, the City offered to those businesses utilizing the Revolving Loan Funds to temporarily suspend their monthly loan payments as an additional form of business relief. Lastly, we saw some of our small businesses relocate. The Party Starts Here moved to an open building in downtown Fremont and Ideal Bakery moved to Oak Harbor Road.

Many of you have seen the construction of the new Chipotle Mexican Grill and Aspen Dental building on the east side of State Route 53. We look forward to the grand opening happening this spring. In addition, to the new Chipotle, Fremont will be getting a Dunkin Donuts. Preparation of the site has begun, and construction should be completed this summer.

**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. Paul Grahl, City Auditor, City of Fremont, 323 South Front Street, Fremont, Ohio 43420.

**CITY OF FREMONT  
SANDUSKY COUNTY**

STATEMENT OF NET POSITION  
DECEMBER 31, 2020

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 14,800,235	\$ 20,642,995	\$ 35,443,230
Receivables (net of allowances for uncollectibles):			
Income taxes . . . . .	2,436,591	-	2,436,591
Property and other local taxes . . . . .	845,299	-	845,299
Accounts . . . . .	64,311	2,009,510	2,073,821
Loans . . . . .	267,965	-	267,965
Accrued interest . . . . .	81,091	-	81,091
Due from other governments . . . . .	1,074,139	4,000,580	5,074,719
Materials and supplies inventory . . . . .	116,289	498,931	615,220
Prepayments . . . . .	74,668	37,144	111,812
Internal balance . . . . .	807	(807)	-
Net pension asset (Note 15) . . . . .	8,868	10,333	19,201
Restricted assets:			
Equity in pooled cash and investments . . . . .	-	96,945	96,945
Capital assets:			
Nondepreciable capital assets . . . . .	2,813,215	1,508,886	4,322,101
Depreciable capital assets, net . . . . .	22,255,456	142,378,329	164,633,785
Total capital assets, net . . . . .	<u>25,068,671</u>	<u>143,887,215</u>	<u>168,955,886</u>
Total assets . . . . .	<u>44,838,934</u>	<u>171,182,846</u>	<u>216,021,780</u>
<b>Deferred outflows of resources:</b>			
Pension (Note 15) . . . . .	2,106,649	729,319	2,835,968
OPEB (Note 16) . . . . .	1,377,514	478,135	1,855,649
Total deferred outflows of resources . . . . .	<u>3,484,163</u>	<u>1,207,454</u>	<u>4,691,617</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	330,234	157,995	488,229
Contracts payable . . . . .	84,451	-	84,451
Accrued wages and benefits . . . . .	29,977	8,093	38,070
Due to other governments . . . . .	120	-	120
Pension and postemployment benefits payable . . . . .	102,078	36,930	139,008
Due to claimants . . . . .	8,950	-	8,950
Accrued interest payable . . . . .	56,208	66,822	123,030
Deposits held and due to others . . . . .	15,940	-	15,940
Payable from restricted assets:			
Refundable deposits . . . . .	-	96,945	96,945
Long-term liabilities:			
Due within one year . . . . .	1,675,394	3,172,668	4,848,062
Due in more than one year:			
Net pension liability (Note 15) . . . . .	14,074,146	4,550,575	18,624,721
Net OPEB liability (Note 16) . . . . .	4,054,195	2,986,607	7,040,802
Other amounts due in more than one year . . . . .	3,150,517	84,140,709	87,291,226
Total liabilities . . . . .	<u>23,582,210</u>	<u>95,217,344</u>	<u>118,799,554</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next year . . . . .	788,036	-	788,036
Pension (Note 15) . . . . .	2,237,979	1,093,558	3,331,537
OPEB (Note 16) . . . . .	1,048,234	487,378	1,535,612
Total deferred inflows of resources . . . . .	<u>4,074,249</u>	<u>1,580,936</u>	<u>5,655,185</u>
<b>Net position:</b>			
Net investment in capital assets . . . . .	21,383,080	56,980,278	78,363,358
Restricted for:			
Debt service . . . . .	288,977	-	288,977
Transportation projects . . . . .	264,481	-	264,481
Court projects . . . . .	493,444	-	493,444
Revolving loans . . . . .	356,055	-	356,055
R.L. Walsh Trust . . . . .	779,132	-	779,132
Other purposes . . . . .	393,249	-	393,249
Unrestricted . . . . .	<u>(3,291,780)</u>	<u>18,611,742</u>	<u>15,319,962</u>
Total net position . . . . .	<u>\$ 20,666,638</u>	<u>\$ 75,592,020</u>	<u>\$ 96,258,658</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT  
SANDUSKY COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government . . . . .	\$ 4,131,861	\$ 617,461	\$ 1,084,247	\$ -
Security of persons and property . . . . .	6,564,809	40,424	68,581	-
Public health and welfare . . . . .	4,746	-	-	-
Transportation . . . . .	2,098,798	1,500	1,201,740	2,266,841
Community environment . . . . .	239,265	26,102	21,762	-
Leisure time activity . . . . .	2,112,943	391,472	124,362	-
Economic development . . . . .	291,079	-	145,325	-
Interest and fiscal charges . . . . .	125,704	-	1,478	-
Total governmental activities . . . . .	<u>15,569,205</u>	<u>1,076,959</u>	<u>2,647,495</u>	<u>2,266,841</u>
<b>Business-type activities:</b>				
Water . . . . .	6,994,242	7,764,393	-	459,058
Sewer . . . . .	10,171,263	8,542,661	-	-
Total business-type activities . . . . .	<u>17,165,505</u>	<u>16,307,054</u>	<u>-</u>	<u>459,058</u>
Total primary government . . . . .	<u>\$ 32,734,710</u>	<u>\$ 17,384,013</u>	<u>\$ 2,647,495</u>	<u>\$ 2,725,899</u>

**General revenues:**

- Income taxes levied for:
  - General purposes . . . . .
- Property taxes levied for:
  - General purposes . . . . .
  - Hotel/motel taxes . . . . .
  - Grants and entitlements not restricted to specific programs . . . . .
  - Investment earnings . . . . .
  - Miscellaneous . . . . .

Total general revenues . . . . .

**Transfers:**

Transfers . . . . .

Total general revenues and transfers . . . . .

Change in net position . . . . .

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

**Net position at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,430,153)	\$ -	\$ (2,430,153)
(6,455,804)	-	(6,455,804)
(4,746)	-	(4,746)
1,371,283	-	1,371,283
(191,401)	-	(191,401)
(1,597,109)	-	(1,597,109)
(145,754)	-	(145,754)
(124,226)	-	(124,226)
<u>(9,577,910)</u>	<u>-</u>	<u>(9,577,910)</u>
-	1,229,209	1,229,209
-	<u>(1,628,602)</u>	<u>(1,628,602)</u>
-	<u>(399,393)</u>	<u>(399,393)</u>
<u>(9,577,910)</u>	<u>(399,393)</u>	<u>(9,977,303)</u>
9,474,626	-	9,474,626
983,020	-	983,020
43,367	-	43,367
601,045	-	601,045
958,904	3,835	962,739
<u>374,220</u>	<u>519,022</u>	<u>893,242</u>
12,435,182	522,857	12,958,039
<u>9,282</u>	<u>(9,282)</u>	<u>-</u>
<u>12,444,464</u>	<u>513,575</u>	<u>12,958,039</u>
2,866,554	114,182	2,980,736
<u>17,800,084</u>	<u>75,477,838</u>	<u>93,277,922</u>
<u>\$ 20,666,638</u>	<u>\$ 75,592,020</u>	<u>\$ 96,258,658</u>

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**CITY OF FREMONT  
SANDUSKY COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	<u>General</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 6,453,374	\$ 4,577,925	\$ 3,743,436	\$ 14,774,735
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	2,436,591	-	-	2,436,591
Property and other local taxes . . . . .	845,299	-	-	845,299
Accounts . . . . .	62,867	-	1,444	64,311
Accrued interest . . . . .	81,091	-	-	81,091
Loans . . . . .	-	-	267,965	267,965
Due from other governments . . . . .	225,322	343,095	505,722	1,074,139
Materials and supplies inventory . . . . .	-	-	116,289	116,289
Prepayments . . . . .	65,220	-	8,844	74,064
Total assets . . . . .	<u>\$ 10,169,764</u>	<u>\$ 4,921,020</u>	<u>\$ 4,643,700</u>	<u>\$ 19,734,484</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 233,756	\$ 72,384	\$ 23,934	\$ 330,074
Contracts payable . . . . .	-	84,451	-	84,451
Accrued wages and benefits payable . . . . .	27,822	-	2,038	29,860
Due to other governments . . . . .	-	-	120	120
Compensated absences payable . . . . .	82,693	-	-	82,693
Pension and postemployment benefits payable . . . . .	92,032	-	9,448	101,480
Due to claimants . . . . .	8,950	-	-	8,950
Deposits held and due to others . . . . .	-	-	15,940	15,940
Total liabilities . . . . .	<u>445,253</u>	<u>156,835</u>	<u>51,480</u>	<u>653,568</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next year . . . . .	788,036	-	-	788,036
Delinquent property tax revenue not available . . . . .	57,263	-	-	57,263
Accrued interest not available . . . . .	42,737	-	-	42,737
Income tax revenue not available . . . . .	735,136	-	-	735,136
Intergovernmental revenue not available . . . . .	151,213	-	331,626	482,839
Total deferred inflows of resources . . . . .	<u>1,774,385</u>	<u>-</u>	<u>331,626</u>	<u>2,106,011</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	65,220	-	125,133	190,353
Restricted . . . . .	-	-	3,299,725	3,299,725
Committed . . . . .	3,577,402	4,764,185	642,681	8,984,268
Assigned . . . . .	943,860	-	193,055	1,136,915
Unassigned . . . . .	3,363,644	-	-	3,363,644
Total fund balances . . . . .	<u>7,950,126</u>	<u>4,764,185</u>	<u>4,260,594</u>	<u>16,974,905</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 10,169,764</u>	<u>\$ 4,921,020</u>	<u>\$ 4,643,700</u>	<u>\$ 19,734,484</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT  
SANDUSKY COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2020

<b>Total governmental fund balances</b>		\$	16,974,905
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			25,068,671
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	735,136	
Delinquent property taxes receivable		57,263	
Due from other governments		482,839	
Accrued interest receivable		42,737	
Total			1,317,975
An internal service fund is used by management to charge the costs of internal equipment service to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			(102,193)
When consolidating the internal service fund, the portion of the operating income or loss allocated to business-type activities is eliminated from the governmental activities and is reported as a component of internal balance.			807
In the statement of net position interest is accrued on outstanding bonds, whereas in governmental funds, interest is reported when due.			(56,208)
Unamortized premiums on bond issuances are not recognized in the funds.			(1,227)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds (excludes internal service fund balances).			
Net pension asset		8,697	
Deferred outflows of resources - pension		2,094,496	
Deferred inflows of resources - pension		(2,221,943)	
Net pension liability		(13,998,842)	
Total			(14,117,592)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds (excludes internal service fund balances).			
Deferred outflows of resources - OPEB		1,369,460	
Deferred inflows of resources - OPEB		(1,041,197)	
Net OPEB liability		(4,004,772)	
Total			(3,676,509)
Long-term liabilities, including bonds payable and lease purchase obligations, are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:			
General obligation bonds		(270,000)	
Bond Anticipation Note		(1,070,000)	
Lease purchase obligation		(2,531,140)	
Compensated absences		(870,851)	
Total			(4,741,991)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>20,666,638</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF FREMONT  
SANDUSKY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Income taxes . . . . .	\$ 9,605,626	\$ -	\$ -	\$ 9,605,626
Property and other local taxes . . . . .	1,021,822	-	-	1,021,822
Charges for services . . . . .	87,430	-	310,618	398,048
Licenses, permits and fees . . . . .	29,860	-	-	29,860
Fines and forfeitures . . . . .	216,922	-	181,506	398,428
Intergovernmental . . . . .	604,738	2,077,117	2,722,537	5,404,392
Investment income . . . . .	982,812	-	3,613	986,425
Contributions and donations. . . . .	7,162	-	-	7,162
Other . . . . .	624,843	-	39,573	664,416
Total revenues . . . . .	<u>13,181,215</u>	<u>2,077,117</u>	<u>3,257,847</u>	<u>18,516,179</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	2,882,799	-	1,215,647	4,098,446
Security of persons and property . . . . .	5,681,076	-	101,213	5,782,289
Public health and welfare. . . . .	4,746	-	-	4,746
Transportation . . . . .	-	-	1,048,748	1,048,748
Community environment . . . . .	196,561	-	14,002	210,563
Leisure time activity . . . . .	846,195	-	808,648	1,654,843
Economic development and assistance . . . . .	118,731	-	140,000	258,731
Capital outlay . . . . .	-	3,244,159	409,850	3,654,009
Debt service:				
Principal retirement. . . . .	-	-	1,294,099	1,294,099
Interest and fiscal charges . . . . .	-	-	128,157	128,157
Note issuance costs . . . . .	-	-	4,248	4,248
Total expenditures . . . . .	<u>9,730,108</u>	<u>3,244,159</u>	<u>5,164,612</u>	<u>18,138,879</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>3,451,107</u>	<u>(1,167,042)</u>	<u>(1,906,765)</u>	<u>377,300</u>
<b>Other financing sources (uses):</b>				
Note issuance . . . . .	-	-	1,070,000	1,070,000
Inception of lease purchasing transaction . . . . .	-	-	29,825	29,825
Transfers in . . . . .	-	543,589	818,723	1,362,312
Transfers out . . . . .	(1,353,030)	-	-	(1,353,030)
Premium on note issuance. . . . .	-	-	4,248	4,248
Total other financing sources (uses) . . . . .	<u>(1,353,030)</u>	<u>543,589</u>	<u>1,922,796</u>	<u>1,113,355</u>
Net change in fund balances . . . . .	2,098,077	(623,453)	16,031	1,490,655
<b>Fund balances</b>				
at beginning of year . . . . .	<u>5,852,049</u>	<u>5,387,638</u>	<u>4,244,563</u>	<u>15,484,250</u>
Fund balances at end of year . . . . .	<u>\$ 7,950,126</u>	<u>\$ 4,764,185</u>	<u>\$ 4,260,594</u>	<u>\$ 16,974,905</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT  
SANDUSKY COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

<b>Net change in fund balances - total governmental funds</b>		\$ 1,490,655
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 4,350,038	
Current year depreciation	<u>(1,781,877)</u>	
Total		2,568,161
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(31,891)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property tax revenue	4,565	
Intergovernmental revenue	60,641	
Income tax revenue	(131,000)	
Investment income	<u>(23,908)</u>	
Total		(89,702)
Proceeds of lease purchase agreements and bond anticipation notes are reported as an other financing source in the funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(1,099,825)
Repayment of the general obligation bonds is an expenditure in the governmental funds; however, in the statement of activities it is not recorded as an expense as it decreases liabilities on the statement of net position.		
		1,294,099
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in more interest being reported in the statement of activities:		
Decrease in accrued interest	2,139	
Amortization of bond premiums	<u>314</u>	
Total		2,453
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.		
		(190,445)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,165,843
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,826,705)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		18,960
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		
		(426,891)
An internal service fund is used by management to charge the costs of internal equipment service and employee benefits to individual funds are not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance of (\$807), is allocated among the governmental activities.		
		<u>(8,158)</u>
<b>Change in net position of governmental activities</b>		<u>\$ 2,866,554</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT  
SANDUSKY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 678,000	\$ 833,605	\$ 842,095	\$ 8,490
Charges for services. . . . .	24,250	24,250	87,435	63,185
Licenses, permits and fees . . . . .	19,900	19,900	29,860	9,960
Fines and forfeitures . . . . .	360,000	232,000	224,134	(7,866)
Intergovernmental. . . . .	514,875	575,875	597,148	21,273
Investment income. . . . .	600,000	500,000	492,092	(7,908)
Contributions and donations. . . . .	75,000	75,000	6,162	(68,838)
Other . . . . .	243,000	1,587,000	799,110	(787,890)
<b>Total revenues . . . . .</b>	<u>2,515,025</u>	<u>3,847,630</u>	<u>3,078,036</u>	<u>(769,594)</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	2,301,112	2,688,761	2,344,864	343,897
Security of persons and property . . . . .	7,275,655	7,376,941	6,059,835	1,317,106
Public health and welfare. . . . .	13,430	13,430	4,746	8,684
Community environment . . . . .	241,174	266,174	229,618	36,556
Leisure time activity . . . . .	887,457	1,167,407	1,049,931	117,476
Economic development and assistance . . . . .	168,923	199,423	175,921	23,502
<b>Total expenditures . . . . .</b>	<u>10,887,751</u>	<u>11,712,136</u>	<u>9,864,915</u>	<u>1,847,221</u>
Excess of expenditures over revenues . . . . .	<u>(8,372,726)</u>	<u>(7,864,506)</u>	<u>(6,786,879)</u>	<u>1,077,627</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	2,500	2,500	22,693	20,193
Transfers in . . . . .	7,500,000	7,500,000	7,500,000	-
Transfers out . . . . .	(91,000)	(91,000)	(90,308)	692
<b>Total other financing sources (uses) . . . . .</b>	<u>7,411,500</u>	<u>7,411,500</u>	<u>7,432,385</u>	<u>20,885</u>
Net change in fund balances . . . . .	(961,226)	(453,006)	645,506	1,098,512
<b>Fund balances at beginning of year . . . . .</b>	2,508,706	2,508,706	2,508,706	-
<b>Prior year encumbrances appropriated . . . . .</b>	383,802	383,802	383,802	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,931,282</u>	<u>\$ 2,439,502</u>	<u>\$ 3,538,014</u>	<u>\$ 1,098,512</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT  
SANDUSKY COUNTY**  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and investments . . . . .	\$ 2,757,809	\$ 17,885,186	\$ 20,642,995	\$ 25,500
Receivables (net of allowance for uncollectibles):				
Accounts . . . . .	875,480	1,134,030	2,009,510	-
Due from other governments . . . . .	3,962,167	38,413	4,000,580	-
Materials and supplies inventory . . . . .	416,408	82,523	498,931	-
Prepayments . . . . .	17,756	19,388	37,144	604
Total current assets . . . . .	<u>8,029,620</u>	<u>19,159,540</u>	<u>27,189,160</u>	<u>26,104</u>
Noncurrent assets:				
Net pension asset (Note 15) . . . . .	4,877	5,456	10,333	171
Restricted assets:				
Equity in pooled cash and investments . . . . .	96,945	-	96,945	-
Capital assets:				
Nondepreciable capital assets . . . . .	1,269,893	238,993	1,508,886	-
Depreciable capital assets, net . . . . .	66,591,967	75,786,362	142,378,329	-
Total capital assets, net . . . . .	<u>67,861,860</u>	<u>76,025,355</u>	<u>143,887,215</u>	<u>-</u>
Total noncurrent assets . . . . .	<u>67,963,682</u>	<u>76,030,811</u>	<u>143,994,493</u>	<u>171</u>
Total assets . . . . .	<u>75,993,302</u>	<u>95,190,351</u>	<u>171,183,653</u>	<u>26,275</u>
<b>Deferred outflows of resources:</b>				
Pension (Note 15) . . . . .	353,463	375,856	729,319	12,153
OPEB (Note 16) . . . . .	225,669	252,466	478,135	8,054
Total deferred outflows of resources . . . . .	<u>579,132</u>	<u>628,322</u>	<u>1,207,454</u>	<u>20,207</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	111,061	46,934	157,995	160
Accrued wages and benefits payable . . . . .	3,892	4,201	8,093	117
Pension and postemployment benefits payable . . . . .	17,534	19,396	36,930	598
Accrued interest payable . . . . .	40,024	26,798	66,822	-
Current portion of compensated absences . . . . .	14,656	23,561	38,217	-
Current portion of general obligation bonds . . . . .	635,000	-	635,000	-
Current portion of OWDA loans payable . . . . .	1,449,525	842,103	2,291,628	-
Current portion of OPWC loans payable . . . . .	7,550	19,225	26,775	-
Current portion of lease obligations payable . . . . .	181,048	-	181,048	-
Payable from restricted assets:				
Refundable deposits . . . . .	96,945	-	96,945	-
Total current liabilities . . . . .	<u>2,557,235</u>	<u>982,218</u>	<u>3,539,453</u>	<u>875</u>
Long-term liabilities:				
Compensated absences payable . . . . .	176,530	191,693	368,223	-
General obligation bonds payable . . . . .	1,913,019	-	1,913,019	-
OWDA loans payable . . . . .	17,117,532	61,846,761	78,964,293	-
OPWC loans payable . . . . .	120,792	31,122	151,914	-
Lease obligations payable . . . . .	2,743,260	-	2,743,260	-
Net pension liability (Note 15) . . . . .	2,147,918	2,402,657	4,550,575	75,304
Net OPEB liability (Note 16) . . . . .	1,409,709	1,576,898	2,986,607	49,423
Total long-term liabilities . . . . .	<u>25,628,760</u>	<u>66,049,131</u>	<u>91,677,891</u>	<u>124,727</u>
Total liabilities . . . . .	<u>28,185,995</u>	<u>67,031,349</u>	<u>95,217,344</u>	<u>125,602</u>
<b>Deferred inflows of resources:</b>				
Pension (Note 15) . . . . .	522,868	570,690	1,093,558	16,036
OPEB (Note 16) . . . . .	221,315	266,063	487,378	7,037
Total deferred inflows of resources . . . . .	<u>744,183</u>	<u>836,753</u>	<u>1,580,936</u>	<u>23,073</u>
<b>Net position:</b>				
Net investment in capital assets . . . . .	43,694,134	13,286,144	56,980,278	-
Unrestricted (deficit) . . . . .	3,948,122	14,664,427	18,612,549	(102,193)
Total net position (deficit) . . . . .	<u>\$ 47,642,256</u>	<u>\$ 27,950,571</u>	<u>75,592,827</u>	<u>\$ (102,193)</u>
Adjustment to reflect the consolidation of the internal service fund's activity related to enterprise funds . . . . .			(807)	
Net position of business-type activities . . . . .			<u>\$ 75,592,020</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT  
SANDUSKY COUNTY**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Fund</b>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 7,764,393	\$ 8,542,661	\$ 16,307,054	\$ 82,972
Other . . . . .	349,430	169,592	519,022	4,759
Total operating revenues . . . . .	<u>8,113,823</u>	<u>8,712,253</u>	<u>16,826,076</u>	<u>87,731</u>
<b>Operating expenses:</b>				
Personal services . . . . .	2,471,869	2,754,722	5,226,591	82,524
Contract services . . . . .	283,347	1,182,873	1,466,220	3,601
Materials and supplies . . . . .	867,502	457,427	1,324,929	1,073
Utilities expense . . . . .	390,481	472,124	862,605	5,844
Depreciation . . . . .	2,205,578	2,681,836	4,887,414	-
Other . . . . .	95,554	87,562	183,116	925
Total operating expenses . . . . .	<u>6,314,331</u>	<u>7,636,544</u>	<u>13,950,875</u>	<u>93,967</u>
Operating income (loss) . . . . .	<u>1,799,492</u>	<u>1,075,709</u>	<u>2,875,201</u>	<u>(6,236)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest revenue . . . . .	584	3,251	3,835	-
Interest and fiscal charges . . . . .	(680,309)	(2,533,076)	(3,213,385)	-
Loss on disposal of capital assets . . . . .	-	(3,167)	(3,167)	-
Total nonoperating revenues (expenses) . . . . .	<u>(679,725)</u>	<u>(2,532,992)</u>	<u>(3,212,717)</u>	<u>-</u>
Income (loss) before transfers and capital contribution . . . . .	1,119,767	(1,457,283)	(337,516)	(6,236)
Transfer out . . . . .	(9,282)	-	(9,282)	-
Capital contributions . . . . .	459,058	-	459,058	-
Change in net position . . . . .	1,569,543	(1,457,283)	112,260	(6,236)
<b>Net position (deficit) at beginning of year . . . . .</b>	<u>46,072,713</u>	<u>29,407,854</u>		<u>(95,957)</u>
<b>Net position (deficit) at end of year . . . . .</b>	<u>\$ 47,642,256</u>	<u>\$ 27,950,571</u>		<u>\$ (102,193)</u>
Adjustment to reflect the consolidation of the internal service fund's activity related to enterprise funds			1,922	
Change in net position of business-type activities.			<u>\$ 114,182</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT  
SANDUSKY COUNTY**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Fund</b>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
<b>Cash flows from operating activities:</b>				
Cash received from charges for services . . . . .	\$ 7,970,532	\$ 8,259,184	\$ 16,229,716	\$ 82,972
Cash received from other operations . . . . .	370,432	170,492	540,924	4,785
Cash payments for personal services . . . . .	(2,192,435)	(2,447,155)	(4,639,590)	(71,463)
Cash payments for contractual services . . . . .	(134,360)	(1,189,258)	(1,323,618)	(3,601)
Cash payments for materials and supplies. . . . .	(982,875)	(456,211)	(1,439,086)	(1,073)
Cash payments for utilities expense. . . . .	(392,430)	(472,373)	(864,803)	(5,911)
Cash payments for other expenses . . . . .	(116,579)	(116,804)	(233,383)	(925)
Net cash provided by operating activities . . . . .	<u>4,522,285</u>	<u>3,747,875</u>	<u>8,270,160</u>	<u>4,784</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash payments for transfers out. . . . .	(9,282)	-	(9,282)	-
Cash payments for Ballville dam removal (Note 21) . . . . .	(36,502)	-	(36,502)	-
Net cash (used in) noncapital financing activities. . . . .	<u>(45,784)</u>	<u>-</u>	<u>(45,784)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Cash payments for the acquisition of capital assets. . . . .	(1,680,873)	(1,471,635)	(3,152,508)	-
Cash received from the sale of capital assets . . . . .	-	8,776	8,776	-
Cash payments for principal retirement. . . . .	(2,219,337)	(2,688,304)	(4,907,641)	-
Cash payments for interest and fiscal charges . . . . .	(717,199)	(2,533,076)	(3,250,275)	-
Net cash (used in) capital and related financing activities. . . . .	<u>(4,617,409)</u>	<u>(6,684,239)</u>	<u>(11,301,648)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Cash received from interest earned. . . . .	584	3,251	3,835	-
Net increase (decrease) in cash and cash equivalents . . . . .	(140,324)	(2,933,113)	(3,073,437)	4,784
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>2,995,078</u>	<u>20,818,299</u>	<u>23,813,377</u>	<u>20,716</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 2,854,754</u>	<u>\$ 17,885,186</u>	<u>\$ 20,739,940</u>	<u>\$ 25,500</u>

-- Continued

**CITY OF FREMONT  
SANDUSKY COUNTY**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Fund</b>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss) . . . . .	\$ 1,799,492	\$ 1,075,709	\$ 2,875,201	\$ (6,236)
Adjustments:				
Depreciation . . . . .	2,205,578	2,681,836	4,887,414	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable . . . . .	5,547	(285,240)	(279,693)	-
Decrease in intergovernmental receivable . . . . .	200,794	2,663	203,457	26
(Increase) in materials and supplies inventory . . . . .	(5,913)	(803)	(6,716)	-
(Increase) in net pension asset . . . . .	(900)	(1,045)	(1,945)	(38)
Decrease in prepayments . . . . .	5,794	7,301	13,095	177
Decrease in deferred outflows - pensions . . . . .	622,206	665,217	1,287,423	19,758
(Increase) in deferred outflows - OPEB . . . . .	(108,653)	(119,097)	(227,750)	(4,195)
Increase (decrease) in accounts payable . . . . .	37,794	(33,641)	4,153	(67)
(Decrease) in accrued wages and benefits . . . . .	(10,460)	(10,992)	(21,452)	(335)
Increase (decrease) in compensated absences payable . (Decrease) in pension and postemployment benefits payable . . . . .	(6,563) (1,295)	12,412 (954)	5,849 (2,249)	 (-) (27)
(Decrease) in refundable deposits liability . . . . .	(225)	-	(225)	-
(Decrease) in net pension liability . . . . .	(965,071)	(1,049,979)	(2,015,050)	(28,883)
Increase in net OPEB liability . . . . .	46,162	19,767	65,929	3,131
Increase in deferred inflows - pensions . . . . .	480,383	522,883	1,003,266	14,562
Increase in deferred inflows - OPEB . . . . .	217,615	261,838	479,453	6,911
Net cash provided by operating activities . . . . .	<u>\$ 4,522,285</u>	<u>\$ 3,747,875</u>	<u>\$ 8,270,160</u>	<u>\$ 4,784</u>

**Noncash Transactions:**

During 2020, the water fund received contributed capital assets with a cost of \$459,058 from the sewer fund.  
During 2019, the water fund purchased \$685,700 in capital assets on account.  
During 2019, the sewer fund purchased \$503,974 in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT  
SANDUSKY COUNTY**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2020

	<b>Custodial</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 54,630
Cash in segregated accounts . . . . .	3,309
Receivables (net of allowances for uncollectibles):	
Accounts . . . . .	1,889
Total assets . . . . .	59,828
<b>Liabilities:</b>	
Due to other governments . . . . .	55,147
Total liabilities . . . . .	55,147
<b>Net position:</b>	
Restricted for individuals, organizations and other governments .	4,681
Total net position . . . . .	\$ 4,681

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF FREMONT  
SANDUSKY COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Custodial</b>
<b>Additions:</b>	
Fines and forfeitures for other governments . . . . .	\$ 705,439
Sewer surcharges collected for other governments. . . . .	649,077
Total additions . . . . .	1,354,516
<b>Deductions:</b>	
Fines and forfeitures distributions to other governments . . . . .	711,425
Sewer surcharges distributions to other governments. . . . .	710,948
Total deductions . . . . .	1,422,373
Net change in fiduciary net position . . . . .	(67,857)
<b>Net position beginning of year . . . . .</b>	<b>72,538</b>
<b>Net position end of year . . . . .</b>	<b>\$ 4,681</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 1 - DESCRIPTION OF THE CITY**

The City of Fremont (the “City”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a Council/Mayor form of government and provides the following services to its residents: public safety, highways and streets, water, sewer, health and social services, culture recreation, public improvements, planning and zoning and general administration services.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) 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 principles. The most significant of the City’s accounting policies are described below.

**A. Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. The City’s reporting entity has been defined according to GASB Statement No. 14, “The Financial Reporting Entity”, and 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” and GASB Statement No. 80, “Blending Requirements for Certain Component Units an Amendment of GASB Statement No. 14.”

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 organization’s budget, the issuance of its debt or the levying of its taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the City and the organization is such that exclusion by the City would render the City’s financial statements incomplete or misleading. Based upon these criteria, the City has no component units but is a member of an insurance pool described in Note 14.

**B. Basis of Presentation - Fund Accounting**

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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. On the statement of activities, interfund services provided and used are not eliminated in the process of consolidation.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

The statement of net position presents the financial condition of the governmental and business-type 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 and for the business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental program 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 and enterprise 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**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. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are 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 purposes 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 and deferred outflows and liabilities and deferred inflows is reported as fund balance.

The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital improvements fund - The capital improvements fund accounts for resources that are restricted for the acquisition, construction, or improvement of capital facilities and other capital assets.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditure for debt service principal and interest and (b) financial resources that are restricted or committed to an expenditure for specified purposes other than debt service.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

PROPRIETARY FUNDS

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer fund - This fund accounts for the provision of sanitary sewer service to the residential and commercial users located within the City.

Internal service fund - The internal service fund accounts for the financing of services provided by one fund or department to other funds or departments of the City on a cost-reimbursement basis. The City's internal service fund reports on the operations of the servicing of internal equipment.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's only fiduciary funds are custodial funds. The City's custodial funds account for various funds held for Municipal Court activity, including Ohio Highway Patrol portion of Municipal Court fines, and the collections for the County Sewer District.

**D. Measurement Focus and Basis of Accounting**

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of the City are included on the statement of 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, current liabilities and current deferred inflows 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. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities and operating expenses for the internal service fund include personnel costs and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**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. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows and in the presentation of expenses versus expenditures.

*Revenues - Exchange and Nonexchange 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). 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 nonexchange 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, charges for services, State-levied locally shared taxes (including gasoline taxes, local government funds and permissive taxes), fines and forfeitures, grants, interest and licenses permits and fees.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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. For the City, see Note 15 and Note 16 for deferred outflows of resources related the City's net pension liability 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 and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow 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.

For the City, see Note 15 and Note 16 for deferred inflows of resources related to the City's net pension liability 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.

**F. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of control has been established at the fund-department and within each department, the amount spent on personal services and all other expenditures for all funds.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Estimated Resources - The County Budget Commission reviews the estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. On or about December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include the actual unencumbered fund balances from the preceding year. The certificate of estimated resources may be further amended during the year if the City Auditor determines that revenue to be collected will be greater than or less than prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the first and final amended official certificate of estimated resources issued during 2020.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and within each department, the amount for personal services and all other expenditures. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. The amounts set forth in the financial statements represent the original and final appropriations approved by City Council during 2020.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are reappropriated in the succeeding year.

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year end are reported as restricted, committed, or assigned classifications of fund balance in the governmental fund financial statements.

**G. Cash and Investments**

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 City records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

Cash and cash equivalents that are held separately for the City in segregated accounts and not held with the City Treasurer are recorded on the basic financial statements as "cash in segregated accounts".

During 2020, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), STAR Plus, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Federal Farm Credit Bank (FFCB) securities, negotiable certificates of deposit (negotiable CD's), U.S. Treasury notes, and a U.S. Government money market fund. Except for investments in STAR Ohio, investments are reported at fair value which is based on quoted market prices. Investments in STAR Ohio are reported at amortized cost.



**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

During 2020, the City invested in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

During 2020, the City invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but 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 an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the general fund during 2020 was \$982,812, which includes \$842,072 assigned from other City funds.

For purposes of the statement of cash flows and for presentation on the basic financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

**H. Loans Receivable**

Loans receivable represent the right to receive repayment for certain loans made by the City. These loans are based upon written agreements between the City and the various loan recipients.

**I. Inventories of Materials and Supplies**

On the government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. On fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**J. Capital Assets**

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

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The City maintains a capitalization threshold of \$2,500. The City’s governmental infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers and streets. The City’s proprietary and business-type infrastructure consists of water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. Interest incurred during the construction of proprietary capital assets is also capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	10-50 years	10-50 years
Buildings	25-50 years	25-50 years
Building improvements	5-50 years	5-25 years
Machinery and equipment	3-30 years	5-10 years
Infrastructure - streets, sidewalks, and storm sewers	25-50 years	50 years
Infrastructure - bridges and culverts	25-50 years	25-50 years

**K. 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 the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments as well as the sick leave accumulated by those employees expected to become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City’s union contracts or administrative ordinance. The City records a liability for accumulated unused sick leave for all employees with 10 or more years of service with the City up to a maximum of 500 hours for all employees except police sergeants, captains, and firefighters, which have a maximum of 600 hours.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

**L. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. 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.

**M. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

**N. 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:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

*Restricted* - 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.

*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. 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.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

*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 policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes. The City Council has also assigned amounts to cover a gap between estimated resources and appropriations in the 2021 budget.

*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.

**O. Restricted Assets**

Customer deposits are held in the water fund to assure payment of utility bills. At December 31, 2020, the City held \$96,945 in restricted customer deposits. These restricted assets are equally offset by a restricted payable so there is no effect on net position of the water fund.

**P. Bond Issuance Costs, Bond Premiums and Discounts, Accounting Gain or Loss**

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which these items are incurred.

On the government-wide financial statements, bond premiums and discounts are 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 and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 12.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements and enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow of resources or a deferred outflow of resources.

**Q. Estimates**

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

**R. Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, grants or outside contributions of resources restricted to capital acquisition and construction, or capital assets that are purchased by a fund and then transferred to another fund. Capital contributions are reported as nonoperating revenue in the proprietary fund financial statements. During 2020, the water enterprise fund received capital asset contributions with a net book value of \$459,058 from the sewer fund.

**S. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. None of the City's net position are restricted by enabling legislation.

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

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. In 2020, the City reported a special item for continued financial transactions related to the removal of Ballville dam (see Note 21).

**U. Pensions/Other Postemployment Benefits (OPEB)**

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

**V. Prepayments**

Payments made to vendors for services that benefit future periods are recorded as prepayments in both government-wide and fund financial statements. A current asset for the prepaid amount is recorded at the time of purchase, and the expenditure is reported in the year in which services are consumed. Governmental fund balance has been presented as nonspendable equal to the balance of the prepayments at year-end.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

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

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

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

**B. Deficit Net position**

Net position at December 31, 2020 included the following individual fund deficit net positions:

<u>Internal service</u>	<u>Deficit</u>
Internal Equipment Services	\$ 102,193

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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;

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provide 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 for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

1. Bonds 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;
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.

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

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Restricted equity in pooled cash: At year-end, the City had \$96,945 in restricted assets for refundable deposits from customers of the water fund. This amount is included in the “Deposits with Financial Institutions” below.

**A. Cash in Segregated Accounts**

At year end, \$3,309 was on deposit in segregated accounts for the Municipal Court and small business checking account. These accounts are included in the total amount of “Deposits with Financial Institutions” reported below; however, this amount is not part of the internal cash pool reported on the statement of net position and the governmental funds balance sheet as “equity in pooled cash and investments”.

**B. Deposits with Financial Institutions**

At December 31, 2020, the carrying amount of all City deposits was \$10,972,870 and the bank balance of all City deposits was \$11,795,205. Of the bank balance, \$6,125,281 was covered by the FDIC and \$5,669,924 was covered by the Ohio Pooled Collateral System.

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 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. 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 2020, the City’s deposits were collateralized through participation in 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.

**C. Investments**

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

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Net Asset Value (NAV):</i>						
STAR Ohio	\$ 1,303,941	\$ 1,303,941	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
FHLMC	2,617,848	-	-	340,088	1,190,112	1,087,648
FNMA	883,897	-	-	-	-	883,897
FFCB	7,327,448	-	-	-	690,800	6,636,648
U.S. Treasury Note	1,105,616	-	-	-	-	1,105,616
Negotiable CD	11,350,812	497,787	989,267	3,192,277	1,323,979	5,347,502
U.S. Government Money Market Mutual funds	32,373	32,373	-	-	-	-
<b>Total</b>	<b>\$ 24,621,935</b>	<b>\$ 1,834,101</b>	<b>\$ 989,267</b>	<b>\$ 3,532,365</b>	<b>\$ 3,204,891</b>	<b>\$ 15,061,311</b>



**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

The weighted average maturity of investments is 2.46 years.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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.

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 and negotiable CDs 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: The Ohio Revised Code general limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Credit Risk: The City's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's negotiable CD's were not rated but are fully insured by the FDIC.

STAR Ohio and U.S. Government money market mutual funds carry a rating of AAAM by Standard & Poor's. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of December 31, 2020, is 60 days or less.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Net Asset Value (NAV):</i>		
STAR Ohio	\$ 1,303,941	5.30
<i>Fair value:</i>		
FHLMC	2,617,848	10.63
FNMA	883,897	3.59
FFCB	7,327,448	29.75
U.S. Treasury Note	1,105,616	4.50
Negotiable CD	11,350,812	46.10
U.S. Government Money Market Mutual funds	<u>32,373</u>	<u>0.13</u>
Total	<u>\$ 24,621,935</u>	<u>100.00</u>

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position as of December 31, 2020:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 10,972,870
Investments	24,621,935
Cash in segregated accounts	3,309
Total	<u>\$ 35,598,114</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 14,800,235
Business-type activities	20,739,940
Custodial funds	57,939
Total	<u>\$ 35,598,114</u>

**NOTE 5 - INTERFUND TRANSFERS**

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

<u>Transfers from:</u>	<u>General</u>	<u>Water</u>	<u>Total</u>
Capital improvements fund	\$ 543,589	\$ -	\$ 543,589
Nonmajor governmental funds	<u>809,441</u>	<u>9,282</u>	<u>818,723</u>
Total	<u>\$ 1,353,030</u>	<u>\$ 9,282</u>	<u>\$ 1,362,312</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; reclassification of prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

Transfers between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - 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.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 6 - PROPERTY TAXES - (Continued)**

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Fremont. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows since the current taxes were not levied to finance 2020 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2020 was \$3.20 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2019 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 148,232,770
Commercial/industrial/mineral	101,028,030
<u>Public utility</u>	
Real	80,730
Personal	<u>17,722,500</u>
Total assessed value	<u>\$267,064,030</u>

**NOTE 7 - LOCAL INCOME TAX**

The City levies and collects an income tax of 1.5 percent based on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax revenue is credited to the general fund and amounted to \$9,605,626 in 2020.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2020 consisted of taxes, accounts (billings for user charged services), loans, accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable and available at December 31, 2020.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - RECEIVABLES - (Continued)**

A summary of the principal items of receivables reported on the statement of net position follows:

<u>Receivables:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Income taxes	\$ 2,436,591	\$ -
Property and other local taxes	845,299	-
Accounts	64,311	2,009,510
Loans	267,965	-
Accrued interest	81,091	-
Due from other governments	<u>1,074,139</u>	<u>4,000,580</u>
Total	<u>\$ 4,769,396</u>	<u>\$ 6,010,090</u>

Receivables have been disaggregated on the face of the basic financial statements. The only receivables not expected to be collected within the subsequent year is the loans receivable, which is collected over the life of the loans (see Note 9). \$3,925,665 of the business-type activities receivable is further described in Note 21.

**NOTE 9 - LOANS RECEIVABLE**

The Fremont City Council created the Revolving Loan Committee and granted them the authority to act on behalf of the City of Fremont in making loans from the City's revolving loan fund to qualified applicants within the revolving loan fund geographic area. At the close of 2020, there were loans to four businesses with a total principal balance of \$267,964. \$24,256 is the amount due within one year and \$243,708 is due in more than one year.

**NOTE 10 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 was as follows:

<u>Governmental activities:</u>	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/20</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 828,059	\$ 36,896	\$ -	\$ 864,955
Construction-in-progress	2,208,095	3,182,508	(3,442,343)	1,948,260
<i>Total capital assets, not being depreciated</i>	<u>3,036,154</u>	<u>3,219,404</u>	<u>(3,442,343)</u>	<u>2,813,215</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	4,730,764	-	-	4,730,764
Buildings and improvements	13,436,037	221,150	-	13,657,187
Machinery and equipment	9,146,047	886,396	(290,066)	9,742,377
Infrastructure	<u>21,689,797</u>	<u>3,465,431</u>	<u>-</u>	<u>25,155,228</u>
<i>Total capital assets, being depreciated</i>	<u>49,002,645</u>	<u>4,572,977</u>	<u>(290,066)</u>	<u>53,285,556</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(3,153,316)	(177,108)	-	(3,330,424)
Buildings and improvements	(7,681,559)	(425,800)	-	(8,107,359)
Machinery and equipment	(4,959,837)	(454,711)	258,175	(5,156,373)
Infrastructure	<u>(13,711,686)</u>	<u>(724,258)</u>	<u>-</u>	<u>(14,435,944)</u>
<i>Total accumulated depreciation</i>	<u>(29,506,398)</u>	<u>(1,781,877)</u>	<u>258,175</u>	<u>(31,030,100)</u>
Total capital assets, being depreciated, net	<u>19,496,247</u>	<u>2,791,100</u>	<u>(31,891)</u>	<u>22,255,456</u>
Total capital assets, net	<u>\$ 22,532,401</u>	<u>\$ 6,010,504</u>	<u>\$ (3,474,234)</u>	<u>\$ 25,068,671</u>

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 10 - CAPITAL ASSETS - (Continued)**

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

**Governmental activities:**

General government	\$ 111,475
Security of persons and property	314,355
Transportation	861,332
Leisure time activities	476,888
Economic development	<u>17,827</u>
Total depreciation expense	<u>\$ 1,781,877</u>

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/20</u>
<b><u>Business-type activities:</u></b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 977,180	\$ -	\$ -	\$ 977,180
Construction-in-progress	<u>1,332,590</u>	<u>2,307,094</u>	<u>(3,107,978)</u>	<u>531,706</u>
<i>Total capital assets, not being depreciated</i>	<u>2,309,770</u>	<u>2,307,094</u>	<u>(3,107,978)</u>	<u>1,508,886</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	47,145,924	53,996	-	47,199,920
Buildings and improvements	93,971,455	743,722	(82,679)	94,632,498
Machinery and equipment	18,450,688	515,499	(247,508)	18,718,679
Infrastructure	<u>29,865,659</u>	<u>1,909,559</u>	<u>-</u>	<u>31,775,218</u>
<i>Total capital assets, being depreciated</i>	<u>189,433,726</u>	<u>3,222,776</u>	<u>(330,187)</u>	<u>192,326,315</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(6,037,244)	(1,090,438)	-	(7,127,682)
Buildings and improvements	(20,504,715)	(2,256,115)	70,736	(22,690,094)
Machinery and equipment	(7,332,036)	(975,465)	247,508	(8,059,993)
Infrastructure	<u>(11,504,821)</u>	<u>(565,396)</u>	<u>-</u>	<u>(12,070,217)</u>
<i>Total accumulated depreciation</i>	<u>(45,378,816)</u>	<u>(4,887,414)</u>	<u>318,244</u>	<u>(49,947,986)</u>
Total capital assets, being depreciated, net	<u>144,054,910</u>	<u>(1,664,638)</u>	<u>(11,943)</u>	<u>142,378,329</u>
Total capital assets, net	<u>\$ 146,364,680</u>	<u>\$ 642,456</u>	<u>\$ (3,119,921)</u>	<u>\$ 143,887,215</u>

Construction in progress represents costs of the water and sewer funds relating to a chemical feed building, Mulberry Street waterlines, bio solids project, and State Street waterlines, as of December 31, 2020.

Capital Assets related to Ohio Water Development Authority (OWDA) loans include \$940,443 in capitalized interest.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 10 - CAPITAL ASSETS - (Continued)**

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

<u>Business-type activities:</u>	<u>Depreciation Expense</u>
Water fund	\$ 2,205,578
Sewer fund	<u>2,681,836</u>
Total depreciation expense	<u>\$ 4,887,414</u>

**NOTE 11 - LEASE-PURCHASE AGREEMENT**

The lease purchase agreements are direct borrowings that have terms negotiated directly between the City and the vendor and are not offered for public sale.

During 2014, the City entered into a lease-purchase agreement to finance the purchase of a John Deere Loader. Principal and interest payments are made 50% from the water fund and 50% from the sewer fund.

In 2018, the City entered into a lease-purchase agreement to finance the purchase of energy efficient equipment. Principal and interest payments are made 46% from the capital improvement fund and 54% from the water fund. In the event of default, the lessor may declare all rental payments payable by the City and other amounts payable by the City hereunder to the end of the then current original term or renewal term to be immediately due and payable.

In 2019 and 2020, the City entered into lease-purchase agreements to finance the purchases of fitness equipment. Principal and interest payments are made from the public recreation fund (a nonmajor governmental fund).

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of December 31, 2020:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2021	\$ 257,202	\$ 284,935
2022	257,202	284,934
2023	251,481	284,935
2024	244,095	284,934
2025	242,722	284,934
2026 - 2030	1,213,609	1,424,673
2031 - 2033	<u>730,237</u>	<u>852,731</u>
Total minimum lease payments	3,196,548	3,702,076
Less: amount representing interest	<u>(665,408)</u>	<u>(777,768)</u>
Present value of future minimum lease payments	<u>\$ 2,531,140</u>	<u>\$ 2,924,308</u>

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - LONG-TERM OBLIGATIONS**

**A. Governmental activities**

The City's governmental activities long-term obligations at December 31, 2020 were as follows.

<u>Governmental activities:</u>	Balance 12/31/19	Increases	Decreases	Balance 12/31/20	Amount Due Within One Year
<u>General obligation bonds:</u>					
Police and fire pension	\$ 335,000	\$ -	\$ (65,000)	\$ 270,000	\$ 65,000
Total general obligation bonds	<u>335,000</u>	<u>-</u>	<u>(65,000)</u>	<u>270,000</u>	<u>65,000</u>
<u>Bond anticipation notes:</u>					
Street improvement	<u>1,068,980</u>	<u>1,070,000</u>	<u>(1,068,980)</u>	<u>1,070,000</u>	<u>1,070,000</u>
Total bond anticipation notes	<u>1,068,980</u>	<u>1,070,000</u>	<u>(1,068,980)</u>	<u>1,070,000</u>	<u>1,070,000</u>
<u>Other long-term obligations:</u>					
Net pension liability	17,948,441	-	(3,874,295)	14,074,146	-
Net OPEB liability	3,890,357	163,838	-	4,054,195	-
Lease purchase agreement (direct borrowing)	2,661,434	29,825	(160,119)	2,531,140	167,068
Compensated absences	<u>725,786</u>	<u>334,684</u>	<u>(106,926)</u>	<u>953,544</u>	<u>373,326</u>
Total	26,629,998	1,598,347	(5,275,320)	22,953,025	1,675,394
Unamortized premium on bonds	<u>1,541</u>	<u>-</u>	<u>(314)</u>	<u>1,227</u>	<u>-</u>
Total long-term obligations	<u>\$ 26,631,539</u>	<u>\$ 1,598,347</u>	<u>\$(5,275,634)</u>	<u>\$ 22,954,252</u>	<u>\$ 1,675,394</u>

Police and Fire Pension General Obligation Bonds

On October 31, 2012, the City issued \$745,000 in general obligation bonds. The proceeds of these bonds were used to retire the police and fire past service liability. The bonds bear interest rates ranging from 1.7% to 2.7%. These bonds are a general obligation of the City, and principal and interest payments will be made from the police and fire debt service fund. These bonds mature on December 1, 2024. The general obligation bonds are supported by the full faith and credit of the City.

Street Improvement Notes

On June 25, 2020, the City issued \$1,070,000 in notes related to governmental activities. The proceeds of these notes were used to pay off the previous street improvement notes. The notes bear an interest rate of 2.25%. These bonds will mature on June 25, 2021. The City entered into a qualifying financing agreement subsequent to year end in the amount of \$1,070,000.

Lease Purchase Agreements

See Note 11 for information on the City's lease purchase agreements.

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid, which for the City is primarily the general fund and the street maintenance fund (a nonmajor governmental fund).

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Net Pension Liability and Net OPEB Liability

The City pays obligations related to employee compensation from the fund benefitting from their service. See Note 15 and Note 16 for further information.

**B. Business-type activities**

The City's business-type activities long-term obligations at December 31, 2020 were as follows.

<b><u>Business-type activities:</u></b>	Balance <u>12/31/19</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/20</u>	Amount Due Within <u>One Year</u>
<u>General obligation bonds</u>					
Water refunding series 2012	\$ 3,045,000	\$ -	\$ (630,000)	\$ 2,415,000	\$ 635,000
Total	<u>3,045,000</u>	<u>-</u>	<u>(630,000)</u>	<u>2,415,000</u>	<u>635,000</u>
<u>OPWC loans (direct borrowing):</u>					
Sewer - series 2001	20,665	-	(10,332)	10,333	10,333
Sewer - series 2004	48,906	-	(8,892)	40,014	8,892
Water - series 2017	135,892	-	(7,550)	128,342	7,550
Total	<u>205,463</u>	<u>-</u>	<u>(26,774)</u>	<u>178,689</u>	<u>26,775</u>
<u>OWDA loans (direct borrowing):</u>					
Dam removal project	2,494,247	-	(153,518)	2,340,729	159,095
Water pollution control center expansion	61,672,677	-	(1,324,542)	60,348,135	683,008
Water reservoir phase 1	3,952,164	-	(273,418)	3,678,746	282,492
Water reservoir phase 2	1,144,630	-	(79,856)	1,064,774	82,391
Off stream raw water - supply phase 2A	628,759	-	(46,153)	582,606	47,619
Water reservoir phase 1 - supplement	14,248,450	-	(1,007,519)	13,240,931	1,037,023
Total	<u>84,140,927</u>	<u>-</u>	<u>(2,885,006)</u>	<u>81,255,921</u>	<u>2,291,628</u>
<u>Other long-term obligations</u>					
Net pension liability	6,565,625	-	(2,015,050)	4,550,575	-
Net OPEB liability	2,920,678	65,929	-	2,986,607	-
Lease-purchase agreement (direct borrowing)	3,099,149	-	(174,841)	2,924,308	181,048
Compensated absences	400,591	83,697	(77,848)	406,440	38,217
Total	100,377,433	149,626	(5,809,519)	94,717,540	3,172,668
Unamortized premium on bonds	166,981	-	(33,962)	133,019	-
Total long-term obligations	<u>\$ 100,544,414</u>	<u>\$ 149,626</u>	<u>\$ (5,843,481)</u>	<u>\$ 94,850,559</u>	<u>\$ 3,172,668</u>



**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Series 2012 Water Refunding General Obligation Bond

On October 3, 2012, the City issued \$6,900,000 in general obligation current refunding bonds to refund outstanding general obligation bonds. The balance of the refunding bonds at December 31, 2019 is \$2,415,000. The refunding bonds bear an annual interest rate ranging from 2.00% - 5.00% and will mature in 2024. The general obligation bonds are a general obligation of the City, and the principal and interest payments are paid from the water fund. A portion of the proceeds of the bonds were used for the advance refunding of the 2003 general obligation bonds. These proceeds were used to purchase state and local government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The balance of the refunded bonds at December 31, 2020 is \$2,655,000; however, this amount is not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding. The general obligation bonds are supported by the full faith and credit of the City.

Ohio Public Works Commission (OPWC) Loans

The OPWC loans were granted from the Ohio Public Works Commission in 2001, 2004, and 2017, and do not carry an interest rate. The OPWC loans granted in 2001 and 2004 are an obligation of the sewer fund, and the principal payments are paid out of the sewer fund. The OPWC loan granted in 2017 is an obligation of the water fund, and the principal payments are paid out of the water fund. The OPWC loan proceeds were used for improvements to the sewer plant and facilities and waterlines.

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

Ohio Water Development Authority (OWDA) Loans

The City has entered into loans with the Ohio Water Development Authority for the construction of the Water Reservoir Phase 1, Water Reservoir Phase 2, Sewer Dam Removal Project, Water Pollution Control Center Expansion and Off Stream Raw Water Supply Phase 2A. The OWDA loans carry interest rates of 2.49% - 4.49% and mature between July 1, 2031 and July 1, 2046. Repayment of these loans will be funded through user charges.

The City has pledged future water and sewer revenues to repay OWDA loans. The loans are payable solely from water and sewer fund revenues and are payable through a future date which has yet to be finalized. Annual principal and interest payments on the loans are expected to require 77.01 percent of net revenues and 35.54 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$121,114,724. Principal and interest paid for the current year were \$5,980,800, total net revenues were \$7,766,450 and total revenues were \$16,824,076.

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.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

**C. Future Debt Service Requirements**

Principal and interest requirements to retire the general obligation bonds, the OPWC loans, and the police and fire pension liability as of December 31, 2020 are as follows:

Year Ending December 31,	Pension Liability - Police and Fire Pension		
	Principal	Interest	Total
2021	\$ 65,000	\$ 7,290	\$ 72,290
2022	65,000	5,535	70,535
2034	70,000	3,780	73,780
2024	70,000	1,890	71,890
Total	<u>\$ 270,000</u>	<u>\$ 18,495</u>	<u>\$ 288,495</u>

Year Ending December 31,	General Obligation Bonds - Water Series 2012			Year Ending December 31,	OPWC Loans Water Series 2017		
	Principal	Interest	Total		Principal	Interest	Total
2021	\$ 635,000	\$ 48,300	\$ 683,300	2021	\$ 7,550	\$ -	\$ 7,550
2022	645,000	35,600	680,600	2022	7,549	-	7,549
2023	660,000	22,700	682,700	2023	7,550	-	7,550
2024	475,000	9,500	484,500	2024	7,550	-	7,550
Total	<u>\$ 2,415,000</u>	<u>\$ 116,100</u>	<u>\$ 2,531,100</u>	2025	7,550	-	7,550
				2026 - 2030	37,748	-	37,748
				2031 - 2035	37,748	-	37,748
				2036 - 2038	15,097	-	15,097
				Total	<u>\$ 128,342</u>	<u>\$ -</u>	<u>\$ 128,342</u>

Year Ending December 31,	OPWC Loans - Sewer - Series 2001			Year Ending December 31,	OPWC Loans - Sewer - Series 2004		
	Principal	Interest	Total		Principal	Interest	Total
2021	\$ 10,333	\$ -	\$ 10,333	2021	\$ 8,892	\$ -	\$ 8,892
Total	<u>\$ 10,333</u>	<u>\$ -</u>	<u>\$ 10,333</u>	2022	8,892	-	8,892
				2023	8,892	-	8,892
				2024	8,892	-	8,892
				2025	4,446	-	4,446
				Total	<u>\$ 40,014</u>	<u>\$ -</u>	<u>\$ 40,014</u>

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Year Ending December 31,	OWDA Loans		
	Principal	Interest	Total
2021	\$ 2,291,628	\$ 1,819,323	\$ 4,110,951
2022	3,067,248	2,918,656	5,985,904
2023	3,177,765	2,811,665	5,989,430
2024	3,292,420	2,700,694	5,993,114
2025	3,411,373	2,585,589	5,996,962
2026 - 2030	19,003,616	11,045,210	30,048,826
2031 - 2035	13,495,653	7,921,602	21,417,255
2036 - 2040	13,662,006	5,453,824	19,115,830
2041 - 2045	16,436,250	2,499,449	18,935,699
2046	3,417,962	102,790	3,520,752
Total	<u>\$ 81,255,921</u>	<u>\$ 39,858,802</u>	<u>\$ 121,114,723</u>

**D. Legal Debt Margin**

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2020, the City's total debt margin was \$28,234,778 and the unvoted debt margin was \$14,688,522.

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be carried over at different rates depending on the department. Police captains, sergeants, patrol officers, dispatchers and record clerks may carry over five days for use during the first six months of the following year. Sick leave accrual is continuous. Overtime worked is always paid, or accrued, to employees on the paycheck for the period in which it was worked.

Upon retirement, police captains and sergeants are paid for 33.33 percent and firefighters are paid for 33.50 percent of their accumulated hours of sick leave, up to 1,800 hours for a maximum payout of 600 hours. All other employees are paid for 42 percent of their accumulated hours of sick leave, up to 1,200 hours for a maximum payout of 500 hours. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not yet used.

As of December 31, 2020, the governmental activities liability for compensated absences was \$953,544, the business-type activities liability for compensated absences was \$406,440, and the City's total liability for compensated absences was \$1,359,984.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - RISK MANAGEMENT**

**Property and Casualty Insurance**

The City is exposed to various risks of property and casualty losses, and injuries to employees.

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 insurance for its members. American Risk Pooling Consultants, Inc. (ARPCO), is 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 (the latest information available), PEP retained \$500,000 for casualty claims and \$250,000 for property claims. Settlements have not exceeded insurance coverage in each of the past three years and there has not been a significant reduction in coverage from the prior year.

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.

Financial Position

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

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

At December 31, 2019 and 2018, respectively, the liabilities above include approximately \$14.7 million and \$13.0 million of estimated incurred claims payable. At December 31, 2019 and 2018, the assets above include approximately \$13.7 million and \$11.5 million of unpaid claims to be billed. The Pool'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 latest information available), the City's share of these unpaid claims collectible in future years is approximately \$161,947.

**CITY OF FREMONT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - RISK MANAGEMENT - (Continued)**

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.

<u>Contributions to PEP</u>	
2019	\$257,059
2018	\$254,377

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 15 - DEFINED BENEFIT PENSION PLANS**

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

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

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 16 for the OPEB disclosures.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

**CITY OF FREMONT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

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

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$839,853 for 2020. Of this amount, \$68,960 is reported as pension and postemployment benefits payable.

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

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

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

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.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

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

	Police	Firefighters
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2020 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
<b>Total Employer</b>	<b>19.50 %</b>	<b>24.00 %</b>
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 \$785,436 for 2020. Of this amount, \$65,797 is reported as pension and postemployment benefits payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2020, the specific liability of the City was \$270,000 payable in semi-annual payments through the year 2035.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The net pension liability and net pension asset for the OPERS were measured as of December 31, 2019, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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	0.04396000%	0.01363600%	0.00581900%	0.15282200%	
Proportion of the net pension liability/asset current measurement date	<u>0.04278100%</u>	<u>0.00917700%</u>	<u>0.00171700%</u>	<u>0.15094950%</u>	
Change in proportionate share	<u>-0.00117900%</u>	<u>-0.00445900%</u>	<u>-0.00410200%</u>	<u>-0.00187250%</u>	
Proportionate share of the net pension liability	\$ 8,455,956	\$ -	\$ -	\$ 10,168,765	\$ 18,624,721
Proportionate share of the net pension asset	-	19,136	65	-	19,201
Pension expense	1,367,053	2,192	(38)	1,196,037	2,565,244

Of the City's proportionate share of the net pension liability of \$18,624,721, \$14,074,146 is reported in the governmental activities and \$4,550,575 is reported in the business-type activities.

Of the City's proportionate share of the net pension asset of \$19,201, \$8,868 is reported in the governmental activities and \$10,333 is reported in the business-type activities.

Of the City's total pension expense of \$2,565,244, \$1,826,705 is reported in the governmental activities (including \$12,878 related to the internal service fund) and \$738,539 is reported in the business-type activities.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	OPERS - Traditional	OPERS - Combined	Member- Directed	OP&F	Total
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ -	\$ -	\$ 213	\$ 384,922	\$ 385,135
Changes of assumptions	451,647	1,973	10	249,617	703,247
Changes in employer's proportionate percentage/difference between employer contributions	33,748	-	-	88,548	122,296
Contributions subsequent to the measurement date	829,099	9,739	1,016	785,436	1,625,290
Total deferred outflows of resources	<u>\$ 1,314,494</u>	<u>\$ 11,712</u>	<u>\$ 1,239</u>	<u>\$ 1,508,523</u>	<u>\$ 2,835,968</u>
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ 106,913	\$ 4,495	\$ -	\$ 524,443	\$ 635,851
Net difference between projected and actual earnings on pension plan investments	1,686,773	2,481	19	491,232	2,180,505
Changes in employer's proportionate percentage/difference between employer contributions	154,641	-	-	360,540	515,181
Total deferred inflows of resources	<u>\$ 1,948,327</u>	<u>\$ 6,976</u>	<u>\$ 19</u>	<u>\$ 1,376,215</u>	<u>\$ 3,331,537</u>

\$1,625,290 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021. Of the total contributions made subsequent to the measurement date, \$1,165,843 relates to governmental activities (including \$7,479 related to the internal service fund) and \$459,447 relates to business-type activities.

**CITY OF FREMONT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2021	\$ (263,167)	\$ (1,216)	\$ 30	\$ (191,974)	\$ (456,327)
2022	(599,853)	(1,171)	28	(138,125)	(739,121)
2023	69,847	(481)	30	175,060	244,456
2024	(669,759)	(1,390)	23	(449,302)	(1,120,428)
2025	-	(263)	25	(48,787)	(49,025)
Thereafter	-	(482)	68	-	(414)
<b>Total</b>	<b>\$ (1,462,932)</b>	<b>\$ (5,003)</b>	<b>\$ 204</b>	<b>\$ (653,128)</b>	<b>\$ (2,120,859)</b>

***Actuarial Assumptions - OPERS***

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

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

Wage inflation	3.25%
Future salary increases, including inflation	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: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

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

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**NOTE 15 - DEFINED BENEFIT PENSION 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.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.20% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 13,946,606	\$ 8,455,955	\$ 3,520,021
Combined Plan	(11,563)	(19,136)	(24,594)
Member-Directed Plan	(34)	(65)	(86)

**Actuarial Assumptions - OP&F**

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

Valuation date	1/1/19 with actuarial liabilities rolled forward to 12/31/19
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
	inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019 are summarized below:

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

Note: assumptions are geometric.

\* levered 2x

\*\* numbers include inflation

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

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

**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	\$ 14,093,554	\$ 10,168,765	\$ 6,886,067



**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 16 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

See Note 15 for a description of the net OPEB liability.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$406 for 2020. Of this amount, \$33 is reported as pension and postemployment benefits payable.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$18,776 for 2020. Of this amount, \$1,573 is reported as pension and postemployment benefits payable.

**CITY OF FREMONT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.04156700%	0.15282200%	
Proportion of the net OPEB liability current measurement date	<u>0.04017900%</u>	<u>0.15094950%</u>	
Change in proportionate share	<u>-0.00138800%</u>	<u>-0.00187250%</u>	
Proportionate share of the net OPEB liability	\$ 5,549,764	\$ 1,491,038	\$ 7,040,802
OPEB expense	\$ 601,966	\$ 148,626	\$ 750,592

Of the City's proportionate share of the net OPEB liability of \$7,040,802, \$4,054,195 is reported in the governmental activities and \$2,986,607 is reported in the business-type activities.

Of the City's total OPEB expense of \$750,592, \$426,891 is reported in the governmental activities (including \$5,851 related to the internal service fund) and \$323,701 is reported in the business-type activities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 148	\$ -	\$ 148
Changes of assumptions	878,469	871,720	1,750,189
Changes in employer's proportionate percentage/difference between employer contributions	10,392	75,738	86,130
Contributions subsequent to the measurement date	406	18,776	19,182
Total deferred outflows of resources	<u>\$ 889,415</u>	<u>\$ 966,234</u>	<u>\$ 1,855,649</u>
	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 507,550	\$ 160,348	\$ 667,898
Net difference between projected and actual earnings on OPEB plan investments	282,593	68,613	351,206
Changes of assumptions	-	317,763	317,763
Changes in employer's proportionate percentage/difference between employer contributions	111,082	87,663	198,745
Total deferred inflows of resources	<u>\$ 901,225</u>	<u>\$ 634,387</u>	<u>\$ 1,535,612</u>

\$19,182 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021. Of the total contributions made subsequent to the measurement date, \$18,960 relates to governmental activities (including \$4 related to the internal service fund) and \$222 relates to business-type activities.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 16 - 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:

Year Ending December 31:	OPERS	OP&F	Total
2021	\$ 86,662	\$ 54,860	\$ 141,522
2022	21,653	54,860	76,513
2023	222	68,932	69,154
2024	(120,753)	46,747	(74,006)
2025	-	57,519	57,519
Thereafter	-	30,153	30,153
Total	<u>\$ (12,216)</u>	<u>\$ 313,071</u>	<u>\$ 300,855</u>

***Actuarial Assumptions - OPERS***

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.50% initial, 3.50% ultimate in 2030
Prior Measurement date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 16 - 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 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.70% for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

**Discount Rate** - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 7,262,756	\$ 5,549,764	\$ 4,178,214

**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.

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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 5,385,995	\$ 5,549,764	\$ 5,711,445

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

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

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

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	3.56%
Prior measurement date	4.66%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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

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

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

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

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

Note: assumptions are geometric.

\* levered 2x

\*\* numbers include inflation

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

**Discount Rate** - For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. For 2018, the total OPEB liability was calculated using the discount rate of 4.66%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.56% for 2019 and 4.66% for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,848,791	\$ 1,491,038	\$ 1,193,771

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

**NOTE 17 - 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 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).

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

<b>Net Change in Fund Balance</b>	
	<u>General fund</u>
Budget basis	\$ 645,506
Net adjustment for revenue accruals	191,440
Net adjustment for expenditure accruals	440,168
Net adjustment for other sources/uses	(22,693)
Funds budgeted elsewhere	421,230
Adjustment for encumbrances	<u>422,426</u>
GAAP basis	<u>\$ 2,098,077</u>

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 unclaimed monies fund, the recreation trust fund and the municipal income tax fund.

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2020.

**B. Litigation**

The City is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material adverse effect, if any, on the financial condition of the City.

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 19 - 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 (not already included in payables) in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 411,991
Capital improvement	3,018,740
Other governmental	<u>56,295</u>
Total	<u>\$ 3,487,026</u>

**NOTE 20 - TAX ABATEMENTS**

As of December 31, 2020, the City provides tax abatements through two programs: Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (OSDA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the OSDA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The City has entered into agreements to abate property taxes through these programs. During 2020, the City's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>City Taxes Abated</u>
CRA	\$ 9,658
Ezone	<u>12,616</u>
Total	<u>\$ 22,274</u>

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 21 - SPECIAL ITEM**

During 2020, the City reported a special item for grants and expenses related to the removal of the Ballville dam (the "Dam"), which is a continuation of the project activities reported in 2018. The City received a \$2 million U.S. Fish and Wildlife grant to assist with the removal costs. The remaining costs are financed through participation in the Water Resource Restoration Sponsor Program (WRRSP). The Ohio Environmental Protection Agency (Ohio EPA), in conjunction with the Ohio Water Development Authority (OWDA), administers the Water Pollution Control Loan Fund (WPCLF) and the Water Supply Revolving Loan Account (WSRLA). The WRRSP advances interest monies from the WPCLF sponsor projects to fund preservation and restoration of the state's water resources. In conjunction with the WRRSP, the City has reported a \$3,925,665 due from other governments receivable in both the Water fund and business-type activities related to reimbursable costs incurred by the City during 2020 and prior years and scheduled for reimbursement in 2020.

The City has reported the following revenues and expenses in the water fund and business-type activities related to the Dam removal project:

	<u>Amount</u>
WRRSP grant revenue	\$ 36,502
Dam removal expenses	<u>(36,502)</u>
Total Dam removal project, net	<u><u>\$ -</u></u>

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**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 22 - FUND BALANCE**

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

Fund balance	General	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ -	\$ -	\$ 116,289	\$ 116,289
Prepayments	65,220	-	8,844	74,064
Total nonspendable	<u>65,220</u>	<u>-</u>	<u>125,133</u>	<u>190,353</u>
Restricted:				
Debt service	-	-	289,483	289,483
Transporation projects	-	-	911,734	911,734
Court projects	-	-	493,444	493,444
Revolving loans	-	-	356,055	356,055
R.L. Walsh trust	-	-	779,132	779,132
Other purposes	-	-	469,877	469,877
Total restricted	<u>-</u>	<u>-</u>	<u>3,299,725</u>	<u>3,299,725</u>
Committed:				
Capital projects	-	4,764,185	408,968	5,173,153
Recreation	-	-	233,713	233,713
Municipal income tax	3,577,402	-	-	3,577,402
Total committed	<u>3,577,402</u>	<u>4,764,185</u>	<u>642,681</u>	<u>8,984,268</u>
Assigned:				
General government	104,751	-	-	104,751
Securities of persons and property	29,610	-	-	29,610
Community environment	23,198	-	-	23,198
Leisure time activities	202,191	-	-	202,191
Economic environment	15,002	-	-	15,002
Recreation trust	14,373	-	-	14,373
Subsequent year appropriations	554,735	-	-	554,735
Debt service	-	-	193,055	193,055
Total assigned	<u>943,860</u>	<u>-</u>	<u>193,055</u>	<u>1,136,915</u>
Unassigned (deficit)	<u>3,363,644</u>	<u>-</u>	<u>-</u>	<u>3,363,644</u>
Total fund balances	<u>\$ 7,950,126</u>	<u>\$ 4,764,185</u>	<u>\$ 4,260,594</u>	<u>\$ 16,974,905</u>

**CITY OF FREMONT  
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 23 - SHORT-TERM NOTES PAYABLE**

The City has the following short-term note payable activity during 2020:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>
<b><u>Enterprise Funds</u></b>						
Bond Anticipation Note						
Street Improvement Note - Series 2019	2.25%	6/26/20	\$ 1,191,020	\$ -	\$(1,191,020)	\$ -

On June 26, 2019, the City issued \$1,191,020 in the Sewer fund. The proceeds of the issuance were used to fund enterprise infrastructure improvements. The notes bear an interest rate of 2.25% and matured on June 26, 2020.

**NOTE 24 - COVID-19**

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

During 2020, the City received CARES Act funding. Of the amounts received, \$140,000 was awarded in the form of small business assistance grants to other organizations. This amount is reflected as economic development expenditures in the Coronavirus Relief fund (a nonmajor governmental fund) on the accompanying financial statements.

During 2020, the City received \$1,450,672 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief fund (a nonmajor governmental fund).



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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.042781%	0.043960%	0.043295%	0.042366%
City's proportionate share of the net pension liability	\$ 8,455,955	\$ 12,039,753	\$ 6,792,146	\$ 9,620,598
City's covered payroll	\$ 6,005,021	\$ 5,922,321	\$ 5,707,331	\$ 5,385,900
City's proportionate share of the net pension liability as a percentage of its covered payroll	140.81%	203.29%	119.01%	178.63%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.009177%	0.013636%	0.015831%	0.013653%
City's proportionate share of the net pension asset	\$ 19,136	\$ 15,248	\$ 21,551	\$ 7,599
City's covered payroll	\$ 40,850	\$ 58,321	\$ 64,838	\$ 90,375
City's proportionate share of the net pension asset as a percentage of its covered payroll	46.84%	26.14%	33.24%	8.41%
Plan fiduciary net position as a percentage of the total pension asset	145.28%	126.64%	137.28%	116.55%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.001717%	0.005819%	0.011238%	0.011047%
City's proportionate share of the net pension asset	\$ 65	\$ 133	\$ 392	\$ 46
City's covered payroll	\$ 10,210	\$ 33,270	\$ 60,760	\$ 103,158
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.40%	0.65%	0.04%
Plan fiduciary net position as a percentage of the total pension asset	118.84%	113.42%	124.46%	103.40%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.042701%	0.042375%	0.042375%
\$	7,396,351	\$ 5,110,899	\$ 4,995,460
\$	5,227,550	\$ 5,606,342	\$ 5,080,531
	141.49%	91.16%	98.33%
	81.08%	86.45%	86.36%
	0.024830%	0.023261%	0.023261%
\$	12,083	\$ 8,956	\$ 2,441
\$	81,633	\$ 85,025	\$ 92,938
	14.80%	10.53%	2.63%
	116.90%	114.83%	104.56%
	0.030099%	n/a	n/a
\$	115	n/a	n/a
\$	94,308	n/a	n/a
	0.12%	n/a	n/a
	103.91%	n/a	n/a

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.15094950%	0.15282200%	0.15078500%	0.15314500%
City's proportionate share of the net pension liability	\$ 10,168,765	\$ 12,474,313	\$ 9,254,387	\$ 9,700,058
City's covered payroll	\$ 3,611,861	\$ 3,506,114	\$ 3,308,080	\$ 3,309,112
City's proportionate share of the net pension liability as a percentage of its covered payroll	281.54%	355.79%	279.75%	293.13%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	63.07%	70.91%	68.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.16453700%	0.16301960%	0.16301960%
\$ 10,584,777	\$ 8,445,095	\$ 7,939,566
\$ 3,244,724	\$ 3,529,882	\$ 3,208,481
326.22%	239.25%	247.46%
66.77%	72.20%	73.00%

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 829,099	\$ 840,703	\$ 829,125	\$ 741,953
Contributions in relation to the contractually required contribution	<u>(829,099)</u>	<u>(840,703)</u>	<u>(829,125)</u>	<u>(741,953)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,922,136	\$ 6,005,021	\$ 5,922,321	\$ 5,707,331
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 9,739	\$ 5,719	\$ 8,165	\$ 8,429
Contributions in relation to the contractually required contribution	<u>(9,739)</u>	<u>(5,719)</u>	<u>(8,165)</u>	<u>(8,429)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 69,564	\$ 40,850	\$ 58,321	\$ 64,838
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 1,016	\$ 1,021	\$ 3,327	\$ 6,076
Contributions in relation to the contractually required contribution	<u>(1,016)</u>	<u>(1,021)</u>	<u>(3,327)</u>	<u>(6,076)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 10,160	\$ 10,210	\$ 33,270	\$ 60,760
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

Note: Information prior to 2015 was unavailable for the Member Directed Plan. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 646,308	\$ 627,306	\$ 672,761	\$ 660,469	\$ 504,556	\$ 497,061
<u>(646,308)</u>	<u>(627,306)</u>	<u>(672,761)</u>	<u>(660,469)</u>	<u>(504,556)</u>	<u>(497,061)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,385,900	\$ 5,227,550	\$ 5,606,342	\$ 5,080,531	\$ 5,045,560	\$ 4,970,610
12.00%	12.00%	12.00%	13.00%	10.00%	10.00%
\$ 10,845	\$ 9,796	\$ 10,203	\$ 12,082	\$ 6,924	\$ 5,826
<u>(10,845)</u>	<u>(9,796)</u>	<u>(10,203)</u>	<u>(12,082)</u>	<u>(6,924)</u>	<u>(5,826)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 90,375	\$ 81,633	\$ 85,025	\$ 92,938	\$ 87,094	\$ 73,283
12.00%	12.00%	12.00%	13.00%	7.95%	7.95%
\$ 12,379	\$ 11,317				
<u>(12,379)</u>	<u>(11,317)</u>				
<u>\$ -</u>	<u>\$ -</u>				
\$ 103,158	\$ 94,308				
12.00%	12.00%				



**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 409,641	\$ 389,916	\$ 382,131	\$ 348,117
Contributions in relation to the contractually required contribution	<u>(409,641)</u>	<u>(389,916)</u>	<u>(382,131)</u>	<u>(348,117)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,156,005	\$ 2,052,189	\$ 2,011,216	\$ 1,832,195
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 375,795	\$ 366,523	\$ 351,301	\$ 346,833
Contributions in relation to the contractually required contribution	<u>(375,795)</u>	<u>(366,523)</u>	<u>(351,301)</u>	<u>(346,833)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,599,128	\$ 1,559,672	\$ 1,494,898	\$ 1,475,885
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 347,013	\$ 348,937	\$ 374,445	\$ 287,288	\$ 248,290	\$ 245,226
<u>(347,013)</u>	<u>(348,937)</u>	<u>(374,445)</u>	<u>(287,288)</u>	<u>(248,290)</u>	<u>(245,226)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,826,384	\$ 1,836,511	\$ 1,970,763	\$ 1,808,739	\$ 1,947,373	\$ 1,923,341
19.00%	19.00%	19.00%	15.88%	12.75%	12.75%
\$ 348,441	\$ 330,930	\$ 366,393	\$ 285,314	\$ 246,301	\$ 239,539
<u>(348,441)</u>	<u>(330,930)</u>	<u>(366,393)</u>	<u>(285,314)</u>	<u>(246,301)</u>	<u>(239,539)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,482,728	\$ 1,408,213	\$ 1,559,119	\$ 1,399,742	\$ 1,427,832	\$ 1,388,632
23.50%	23.50%	23.50%	20.38%	17.25%	17.25%

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.040179%	0.041567%	0.041290%	0.040286%
City's proportionate share of the net OPEB liability	\$ 5,549,764	\$ 5,419,356	\$ 4,483,790	\$ 4,069,016
City's covered payroll	\$ 6,056,081	\$ 6,013,912	\$ 5,832,929	\$ 5,579,433
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	91.64%	90.11%	76.87%	72.93%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.15094950%	0.15282200%	0.15078500%	0.15314500%
City's proportionate share of the net OPEB liability	\$ 1,491,038	\$ 1,391,679	\$ 8,543,289	\$ 7,269,449
City's covered payroll	\$ 3,611,861	\$ 3,506,114	\$ 3,308,080	\$ 3,309,112
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	41.28%	39.69%	258.26%	219.68%
Plan fiduciary net position as a percentage of the total OPEB liability	47.08%	46.57%	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Contractually required contribution	\$ 406	\$ 408	\$ 1,331	\$ 60,152
Contributions in relation to the contractually required contribution	(406)	(408)	(1,331)	(60,152)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 6,001,860	\$ 6,056,081	\$ 6,013,912	\$ 5,832,929
Contributions as a percentage of covered payroll	0.01%	0.01%	0.02%	1.03%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 115,389	\$ 106,184	\$ 105,230	\$ 51,735	\$ 207,077	\$ 203,258
<u>(115,389)</u>	<u>(106,184)</u>	<u>(105,230)</u>	<u>(51,735)</u>	<u>(207,077)</u>	<u>(203,258)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,579,433	\$ 5,403,491	\$ 5,691,367	\$ 5,173,469	\$ 5,132,654	\$ 5,043,893
2.07%	1.97%	1.85%	1.00%	4.03%	4.03%

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 10,780	\$ 10,261	\$ 10,056	\$ 9,161
Contributions in relation to the contractually required contribution	<u>(10,780)</u>	<u>(10,261)</u>	<u>(10,056)</u>	<u>(9,161)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,156,005	\$ 2,052,189	\$ 2,011,216	\$ 1,832,195
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 7,996	\$ 7,798	\$ 7,474	\$ 7,379
Contributions in relation to the contractually required contribution	<u>(7,996)</u>	<u>(7,798)</u>	<u>(7,474)</u>	<u>(7,379)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,599,128	\$ 1,559,672	\$ 1,494,898	\$ 1,475,885
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 9,132	\$ 9,431	\$ 9,101	\$ 65,692	\$ 131,447	\$ 129,825
<u>(9,132)</u>	<u>(9,431)</u>	<u>(9,101)</u>	<u>(65,692)</u>	<u>(131,447)</u>	<u>(129,825)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,826,384	\$ 1,836,511	\$ 1,970,763	\$ 1,808,739	\$ 1,947,373	\$ 1,923,341
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%
\$ 7,414	\$ 7,041	\$ 7,155	\$ 50,724	\$ 96,379	\$ 93,733
<u>(7,414)</u>	<u>(7,041)</u>	<u>(7,155)</u>	<u>(50,724)</u>	<u>(96,379)</u>	<u>(93,733)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,482,728	\$ 1,408,213	\$ 1,559,119	\$ 1,399,742	\$ 1,427,832	\$ 1,388,632
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%



**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

PENSION

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

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

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2020.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple. There were no changes in assumptions for 2019-2020.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

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

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2017-2018. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model. There were no changes in benefit terms for 2020.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the City Council  
City of Fremont  
Sandusky County, Ohio  
323 South Front Street  
Fremont, Ohio 43420

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fremont, Sandusky County, Ohio (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 10, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Lima, Ohio  
June 10, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council  
City of Fremont  
Sandusky County, Ohio  
323 South Front Street  
Fremont, Ohio 43420

**Report on Compliance for Each Major Federal Program**

We have audited the City of Fremont's, Sandusky County, Ohio (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Lima, Ohio  
June 10, 2021

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants States Program			
Community Development Program	A-F-19-2BP-1	14.228	13,835
Critical Infrastructure Program	A-X-17-2BP-1	14.228	290,000
Total Community Development Block Grants			<u>303,835</u>
Total U.S. Department of Housing and Urban Development			<u>303,835</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Passed through the Ohio Office of Criminal Justice Services</i>			
COVID-19 Coronavirus Emergency Supplemental Funding Program			
Fremont Municipal Court Adult Probation Department	2020-CE-CTF-2051	16.034	9,814
Fremont Police Department	2020-CE-LEF-2064	16.034	6,770
Total COVID-19 Coronavirus Emergency Supplemental Funding Program			<u>16,584</u>
Total U.S. Department of Justice			<u>16,584</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster			
SAN Rawson Ave Reconstruction Phase 1	PID#108239	20.205	1,163,518
SAN TR 144 0.05 SuperStructure Replacement	PID#106398	20.205	210,145
<i>Passed through the Ohio Rail Development Commission</i>			
Highway Planning and Construction Cluster			
SAN State/Front RR Interconnect	PID#99980	20.205	354,242
Total Highway Planning and Construction Cluster			<u>1,727,905</u>
Total U.S. Department of Transportation			<u>1,727,905</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed through Ohio Office of Budget and Management</i>			
COVID-19 Coronavirus Relief Fund	HB481-CRF-Local	21.019	1,450,672
Total U.S. Department of Treasury			<u>1,450,672</u>
<b>Total Federal Awards Expenditures</b>			<u><u><b>\$3,498,996</b></u></u>

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Fremont (the “City’s”) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**CITY OF FREMONT  
SANDUSKY COUNTY, OHIO**  
*Schedule of Findings & Questioned Costs  
2 CFR Section 200.515  
December 31, 2020*

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): Coronavirus Relief Fund Highway Planning & Construction Cluster	CFDA 21.019 CFDA 20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None Noted.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None Noted.



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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF FREMONT  
SANDUSKY 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 7/27/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)