



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF GREENVILLE
DARKE COUNTY
DECEMBER 31, 2020**

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DARKE COUNTY
DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

City of Greenville
Darke County
100 Public Square
Greenville, Ohio 45331

To the City Council:

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, 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 thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 20, 2021

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CITY OF GREENVILLE, OHIO

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

The management discussion and analysis of the City of Greenville'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. As stated in Note 2 to the basic financial statements, the financial information contained in this report is presented in conformity with accounting principles generally accepted in the United States of America (GAAP). GAAP-basis financial information will differ from cash basis information as maintained by the City during the year.

Financial Highlights

Key financial highlights for 2020 are as follows:

- The total net position of the City increased \$848,429. Net position of the governmental activities increased \$600,762 or 4.62% from 2019 balance, and net position of the business-type activities increased \$247,667 or 0.74% from 2019.
- General revenues accounted for \$9,627,839 of total governmental activities revenue or 70.47% of total governmental activities revenue. Program specific revenues accounted for \$4,035,040 or 29.53% of total governmental activities revenue.
- The City had \$13,047,117 in expenses related to governmental activities; program specific charges for services, grants and contributions offset \$4,035,040 of these expenses. The remaining expenses of the governmental activities were funded by general revenues of \$9,627,839, primarily property taxes, income taxes, permissive motor vehicle license taxes, and unrestricted grants and entitlements of \$9,078,957.
- The general fund had revenues and other financing sources of \$9,963,521 in 2020. This represents an increase of \$481,110 from 2019. The expenditures and other financing uses of the general fund, which totaled \$7,630,305 in 2020, a decreased of \$2,688,248 from 2019. The net increase in fund balance for the general fund was \$2,333,216 or 42.93%. This increase was primarily due to the generous funding by the CARES Act which primarily offset general fund security of persons and property expenditures and BWC dividends receipts.
- The capital improvement plan fund, a major fund, had revenues and other financing sources of \$2,228,035 in 2020. The expenditures of the capital improvement fund totaled \$2,623,357 in 2020. The net decrease in fund balance for the capital improvement plan fund was \$395,322 or 74.09%.
- Net position for the business-type activities, which are composed of the water, sewer, special park, swimming pool, storm water, and parking meter enterprise funds, increased in 2020 by \$247,667.
- In the general fund, actual budgetary-basis revenues and other financing sources of \$9,314,370 were \$267,920 higher than final budgeted revenues of \$9,046,450. Actual expenditures and other financing uses of \$7,416,370 were \$2,368,135 lower than the final budget expenditures and other financing uses of \$9,784,505. Budgeted revenues increased \$4,200 between the original and the final budgets, while budgeted expenditures and other financing uses increased \$126,645 from the original to the final budget.

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 the 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 GREENVILLE, OHIO

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City perform financially during 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses of the City using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the 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 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 goods or services provided. The City's water, sewer, special park, swimming pool, storm water, and parking operations are reported here.

The government-wide statement of net position and statement of activities can be found on pages 21-23 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 two categories: governmental funds and proprietary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 14.

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 resources, as well as on balances of the resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF GREENVILLE, OHIO

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to the net position of the governmental activities and the change in net position of the governmental activities, respectively, for comparative purposes.

The City maintains a variety of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and the capital improvement plan fund. Information for these major funds are presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements, including a budgetary statement for the general fund, are located on pages 24-28 of this report.

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, sewer, special park, swimming pool, storm water, and parking functions. The City's major enterprise funds are the water, sewer, and storm water funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages 30-37 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 39-86 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 and net OPEB liabilities/assets. The required supplementary information can be found on pages 88-103 of this report.

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CITY OF GREENVILLE, OHIO

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

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.

	Net Position					
	Governmental	Business-Type	Governmental	Business-Type	2020	2019
	Activities	Activities	Activities	Activities	Total	Total
	2020	2020	2019	2019		
<u>Assets</u>						
Current and other assets	\$ 13,015,782	\$ 14,159,733	\$ 12,157,662	\$ 13,772,637	\$ 27,175,515	\$ 25,930,299
Capital assets, net	19,349,646	23,530,169	18,267,076	23,046,553	42,879,815	41,313,629
Total assets	<u>32,365,428</u>	<u>37,689,902</u>	<u>30,424,738</u>	<u>36,819,190</u>	<u>70,055,330</u>	<u>67,243,928</u>
<u>Deferred outflows of resources</u>						
Pension	1,980,901	318,583	4,022,021	758,958	2,299,484	4,780,979
OPEB	1,354,304	203,868	1,152,781	108,071	1,558,172	1,260,852
Total deferred outflows of resources	<u>3,335,205</u>	<u>522,451</u>	<u>5,174,802</u>	<u>867,029</u>	<u>3,857,656</u>	<u>6,041,831</u>
<u>Liabilities</u>						
Current liabilities	812,595	928,790	1,743,468	583,551	1,741,385	2,327,019
Net pension liability	10,717,106	1,664,480	13,217,053	2,295,313	12,381,586	15,512,366
Net OPEB liability	2,916,610	1,134,612	2,640,695	1,079,966	4,051,222	3,720,661
Other long-term liabilities	3,528,213	259,640	2,252,794	211,761	3,787,853	2,464,555
Total liabilities	<u>17,974,524</u>	<u>3,987,522</u>	<u>19,854,010</u>	<u>4,170,591</u>	<u>21,962,046</u>	<u>24,024,601</u>
<u>Deferred inflows of resources</u>						
Property taxes	1,235,406	-	1,176,458	-	1,235,406	1,176,458
Pension	1,923,216	457,245	880,204	162,752	2,380,461	1,042,956
OPEB	966,609	206,369	688,752	39,326	1,172,978	728,078
Total deferred inflows of resources	<u>4,125,231</u>	<u>663,614</u>	<u>2,745,414</u>	<u>202,078</u>	<u>4,788,845</u>	<u>2,947,492</u>
<u>Net position</u>						
Net investment in capital assets	16,518,399	22,866,558	15,623,071	22,692,678	39,384,957	38,315,749
Restricted	402,067	-	589,282	-	402,067	589,282
Unrestricted (deficit)	(3,319,588)	10,694,659	(3,212,237)	10,620,872	7,375,071	7,408,635
Total net position	<u>\$ 13,600,878</u>	<u>\$ 33,561,217</u>	<u>\$ 13,000,116</u>	<u>\$ 33,313,550</u>	<u>\$ 47,162,095</u>	<u>\$ 46,313,666</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

CITY OF GREENVILLE, OHIO

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,162,095. At year-end, net position was \$13,600,878 and \$33,561,217 for the governmental activities and the business-type activities, respectively.

CITY OF GREENVILLE, OHIO

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

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 61.21% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, software, vehicles and infrastructure. The City's net investment in capital assets at December 31, 2020, was \$16,518,399 and \$22,866,558 in the governmental activities and the 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 net investment in capital assets has been reduced by the related debt to acquire the assets, 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, \$402,067, 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 \$3,319,588.

The table below and on the following page shows the changes in net position for 2020 and 2019.

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	2020	2019
	Activities	Activities	Activities	Activities	2020	2019
	2020	2020	2019	2019	Total	Total
<u>Revenues:</u>						
<u>Program revenues:</u>						
Charges for services	\$ 747,929	\$ 4,725,680	\$ 871,208	\$ 4,863,309	\$ 5,473,609	\$ 5,734,517
Operating grants and contributions	2,839,435	-	1,370,054	-	2,839,435	1,370,054
Capital grants and contributions	447,676	70,892	551,774	-	518,568	551,774
Total program revenues	4,035,040	4,796,572	2,793,036	4,863,309	8,831,612	7,656,345
<u>General revenues:</u>						
Property taxes	1,243,638	-	1,230,308	-	1,243,638	1,230,308
Income taxes	7,258,644	-	7,166,388	-	7,258,644	7,166,388
Permissive motor vehicle license tax	108,707	-	170,368	-	108,707	170,368
Unrestricted grants and entitlements	467,968	-	426,203	-	467,968	426,203
Investment earnings	130,882	258,705	145,674	293,015	389,587	438,689
Miscellaneous	418,000	126,951	235,748	16,616	544,951	252,364
Total general revenues	9,627,839	385,656	9,374,689	309,631	10,013,495	9,684,320
Total revenues	13,662,879	5,182,228	12,167,725	5,172,940	18,845,107	17,340,665

(Continued)

CITY OF GREENVILLE, OHIO

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

Change in Net Position (Continued)

	Governmental Activities 2020	Business-type Activities 2020	Governmental Activities 2019	Business-type Activities 2019	2020 Total	2019 Total
Expenses:						
General government	\$ 2,709,809	\$ -	\$ 2,440,727	\$ -	\$ 2,709,809	\$ 2,440,727
Security of persons and property	6,381,424	-	1,043,524	-	6,381,424	1,043,524
Public health and welfare	36,710	-	17,566	-	36,710	17,566
Transportation	3,419,290	-	3,497,052	-	3,419,290	3,497,052
Community environment	1,049	-	129	-	1,049	129
Leisure time activity	301,591	-	360,482	-	301,591	360,482
Utility services	165,052	-	144,178	-	165,052	144,178
Interest and fiscal charges	32,192	-	39,218	-	32,192	39,218
Water	-	2,454,790	-	2,582,347	2,454,790	2,582,347
Sewer	-	1,908,601	-	1,990,503	1,908,601	1,990,503
Storm water	-	537,802	-	569,183	537,802	569,183
Parking meter	-	3,166	-	20,789	3,166	20,789
Special park	-	2,434	-	6,928	2,434	6,928
Swimming pool	-	42,768	-	86,086	42,768	86,086
Total expenses	13,047,117	4,949,561	7,542,876	5,255,836	17,996,678	12,798,712
Change in net position before transfers	615,762	232,667	4,624,849	(82,896)	848,429	4,541,953
Transfers	(15,000)	15,000	(35,000)	35,000	-	-
Change in net position	600,762	247,667	4,589,849	(47,896)	848,429	4,541,953
Net position at beginning of year	13,000,116	33,313,550	8,410,267	33,361,446	46,313,666	41,771,713
Net position at end of year	\$ 13,600,878	\$ 33,561,217	\$ 13,000,116	\$ 33,313,550	\$ 47,162,095	\$ 46,313,666

Governmental Activities

The net position of the governmental activities increased \$600,762 in 2020.

Security of persons and property, which primarily supports the operations of the police and fire departments, accounted for \$6,381,424 of the total expenses of the City. These expenses were partially funded by \$77,871 in direct charges to recipients of City services and \$1,294,654 in operating grants. Security of persons and property expenses increased \$5,337,900 or 511.53% in 2020. This increase is the result of a significant decrease in the OP&F portion of the net OPEB liability in 2019. This decrease was due to OP&F's liability no longer based on health care claims but, were switched to a stipend-based health care model. Retirees are now provided with a stipend for the employee to purchase their own insurance resulting in the net OPEB liability decrease. Security of persons and property expenditures for 2020 are much more in line with the 2018 amounts of \$6,621,148.

Transportation expenses totaled \$3,419,290 and were partially funded by \$438,181 in direct charges to recipients of the City's services, \$1,495,561 in operating grants and \$372,676 in capital grants. General government expenses totaled \$2,709,809 and were partially funded by \$195,931 in direct charges to recipients of City services.

CITY OF GREENVILLE, OHIO

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

The State and federal governments contributed to the City a total of \$2,839,435 in operating grants and contributions and \$447,676 capital grants and contributions. Wayne HealthCare Hospital also donated \$75,000 in contributions to the City for a Southpark Splashpad in 2019 and 2020. In addition, the City received \$140,929 in capital contributions from an outside organization in 2020. These revenues are restricted to a particular program or purpose. Operating grants and contributions increased \$1,469,381 in 2020. This was due to the additional funding of received from the CARES Act in response to the COVID-19 pandemic.

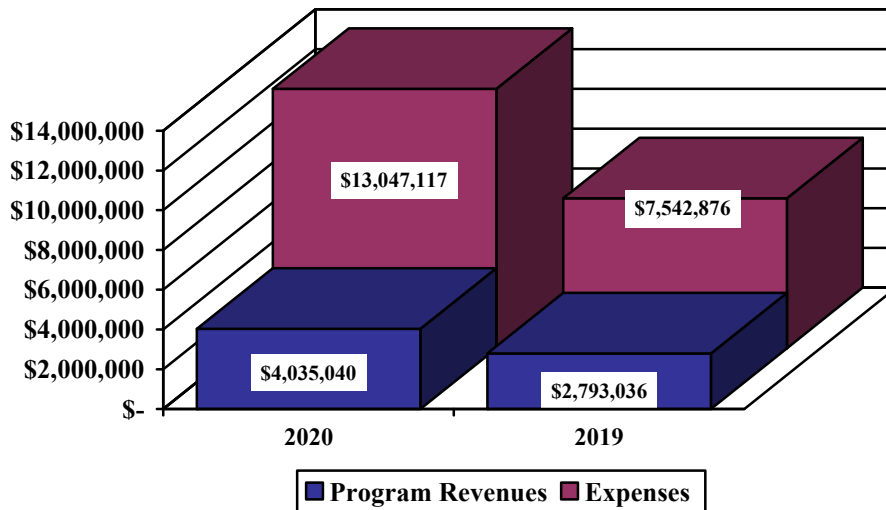
Of the total operating grants and contributions of the governmental activities, \$1,495,561 subsidized for transportation programs, \$1,294,654 subsidized for security of persons and property, \$29,748 subsidized for public health and welfare and \$19,472 subsidized for leisure time activity programs during 2020. Capital grants and contributions funded the acquisition or construction of governmental activities assets to serve the operations of transportation and leisure time activity programs in the amounts of \$372,676 and \$75,000, respectively.

Miscellaneous general revenues increased \$182,252 in 2020 due to large increases in BWC dividends received by the City during 2020.

General revenues of the governmental activities totaled \$9,627,839 and amounted to 70.47% of total governmental activities revenues. These revenues primarily consist of property, income tax and permissive motor vehicle license tax revenues of \$8,610,989. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including the City’s local government fund allocation, totaling \$467,968.

The statement of activities demonstrates how charges for services and grants to the City offset the costs of program services. The following figures show, for the 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. 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 Expenses



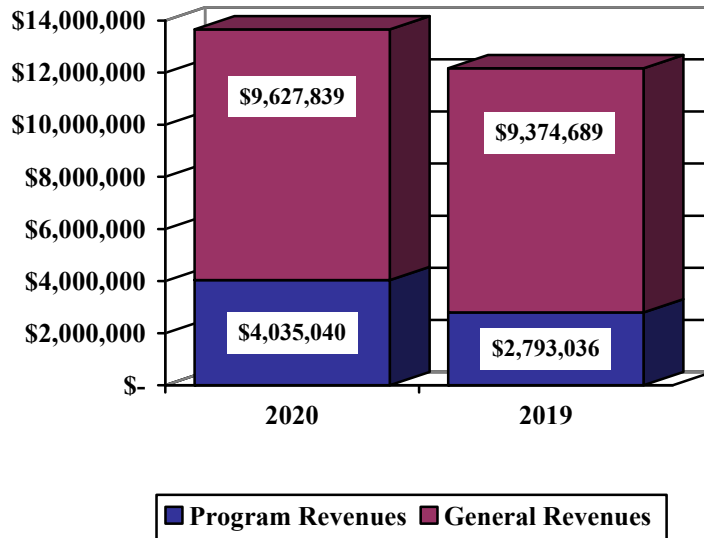
CITY OF GREENVILLE, OHIO

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

	Governmental Activities			
	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program expenses:				
General government	\$ 2,709,809	\$ 2,513,878	\$ 2,440,727	\$ 2,171,227
Security of persons and property	6,381,424	5,008,899	1,043,524	974,957
Public health and welfare	36,710	6,672	17,566	17,382
Transportation	3,419,290	1,112,872	3,497,052	1,165,136
Community environment	1,049	(18,556)	129	(19,316)
Leisure time activity	301,591	191,068	360,482	257,058
Utility services	165,052	165,052	144,178	144,178
Interest and fiscal charges	32,192	32,192	39,218	39,218
Total	\$ 13,047,117	\$ 9,012,077	\$ 7,542,876	\$ 4,749,840

The dependence upon general revenues for governmental activities is apparent, as 69.07% of expenses are supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues



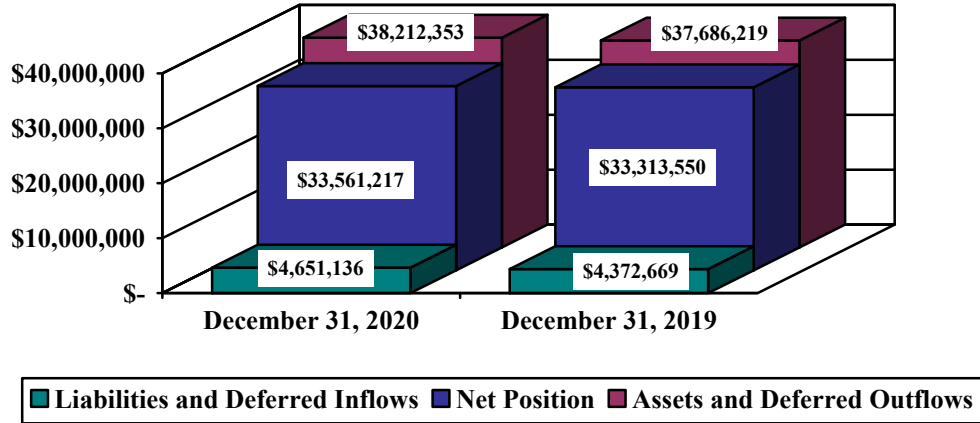
Business-Type Activities

Business-type activities include the water, sewer, storm water, special park, swimming pool and parking meter enterprise funds. These programs had program revenues of \$4,796,572 and general revenues of \$385,656, recognized expenses of \$4,949,561, and received transfers from the governmental activities of \$15,000 during 2020. The graph below illustrates the assets and deferred outflows, liabilities and deferred inflows, and net position of the City's business-type activities at December 31, 2020 and December 31, 2019.

CITY OF GREENVILLE, OHIO

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

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. Fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

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 <u>12/31/20</u>	Fund Balances <u>12/31/19</u>	Increase <u>(Decrease)</u>
Major fund:			
General	\$ 7,768,571	\$ 5,435,355	\$ 2,333,216
Capital improvement plan fund	138,271	533,593	(395,322)
Nonmajor governmental funds	<u>1,469,040</u>	<u>1,511,136</u>	<u>(42,096)</u>
Total	<u>\$ 9,375,882</u>	<u>\$ 7,480,084</u>	<u>\$ 1,895,798</u>

General Fund

The City's general fund balance increased \$2,333,216 during 2020. The table that follows assists in illustrating the revenues of the general fund.

CITY OF GREENVILLE, OHIO

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

<u>Revenues</u>	2020 Amount	2019 Amount	Percentage Change
Municipal income taxes	\$ 7,304,234	\$ 7,301,531	0.04 %
Property and other taxes	1,112,018	1,098,796	1.20 %
Charges for services	85,583	161,815	(47.11) %
Licenses and permits	142,464	126,791	12.36 %
Fines and forfeitures	75,990	63,423	19.81 %
Intergovernmental	449,750	406,015	10.77 %
Special assessments	10,550	3,800	177.63 %
Investment income	140,630	143,038	(1.68) %
Donations	99,299	93,795	5.87 %
Other	<u>515,503</u>	<u>83,407</u>	<u>518.06</u> %
Total	<u>\$ 9,936,021</u>	<u>\$ 9,482,411</u>	<u>4.78</u> %

During 2020, the City's general fund revenues increased \$453,610 or 4.78%. Charges for services decreased \$76,232 or 47.11% due to the City performing less services in 2020 due to the COVID-19 pandemic. Other revenue increased \$432,096 or 518.06% during 2020. This was primarily due to the City receiving BWC dividends awarded as a response to the pandemic. All other revenue line items remained consistent with the prior year.

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

<u>Expenditures</u>	2020 Amount	2019 Amount	Percentage Change
General government	\$ 2,252,206	\$ 1,956,584	15.11 %
Security of persons and property	3,478,083	4,715,773	(26.25) %
Public health and welfare	7,809	17,566	(55.54) %
Transportation	96,105	81,305	18.20 %
Community environment	1,049	129	713.18 %
Leisure time activity	218,754	252,039	(13.21) %
Utility services	158,185	135,709	16.56 %
Capital outlay	112,525	254,660	(55.81) %
Debt service	<u>68,634</u>	<u>88,018</u>	<u>(22.02)</u> %
Total	<u>\$ 6,393,350</u>	<u>\$ 7,501,783</u>	<u>(14.78)</u> %

Total government expenses decreased during 2020 by \$1,108,433 or 14.78% compared to 2019. This decrease was primarily due to the decrease of security of persons and property expenditures of \$1,237,690 or 26.25%. This was due to CARES Act funding received as a response to the COVID-19 pandemic. The City used the majority of the funding to offset police, firefighter and first responder payroll expenditures usually expended out of the general fund. All other expenditures remained consistent with prior year.

Budgeting Highlights - General Fund

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 completely be reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

CITY OF GREENVILLE, OHIO

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

Budgetary information is presented for the general fund. In the general fund, actual budgetary-basis revenues and other financing sources of \$9,314,370 were \$267,920 higher than final budgeted revenues of \$9,046,450. Actual expenditures and other financing uses of \$7,416,370 were \$2,368,135 lower than the final budget expenditures and other financing uses of \$9,784,505. Budgeted revenues increased \$4,200 between the original and the final budgets, while budgeted expenditures and other financing uses increased \$126,645 from the original to the final budget.

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 and transfers), whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements. Activity within the City's major enterprise funds is described below:

Water Fund

The water fund, a major proprietary fund, had operating revenues of \$2,243,181, operating expenses of \$2,474,047, and net operating loss of \$230,866 in 2020. During 2012, the City was awarded a legal settlement resulting from a geological study of raw water availability that provided inaccurate information on which the City relied. These proceeds will be paid to the City in annual installments through 2034. The water fund also had nonoperating revenues of \$101,833 and capital contributions of \$34,502 in 2020. The net position of the water fund decreased \$94,531 or 0.70% from a balance of \$13,411,669 to \$13,317,138.

Sewer Fund

The sewer fund, a major proprietary fund, had operating revenues of \$1,964,320 operating expenses of \$1,862,255, and net operating income of \$102,065 in 2020. The sewer fund also had nonoperating revenues of \$156,872, nonoperating expenses of \$58,375 and capital contributions of \$27,852 in 2020. The net change in operating expenses and revenues contributed to an increase in the net position of the sewer fund of \$228,414 or 1.50% from a balance of \$15,260,639 to \$15,489,053.

Storm Water Fund

The storm water fund, a major proprietary fund, had operating revenues of \$613,888, operating expenses of \$542,630, and net operating income of \$71,258 in 2020. The storm water fund also had capital contributions of \$8,538 in 2020. The net change in operating expenses and revenues contributed to an increase in the net position of the storm water fund of \$79,796 or 1.76% from a balance of \$4,539,675 to \$4,619,471.

Capital Assets and Debt Administration

Capital Assets

At the end of 2020, the City had \$42,879,815, net of accumulated depreciation, invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, software, vehicles, and infrastructure. Of this total, \$19,349,646 is reported in the governmental activities and \$23,530,169 is reported in business-type activities. The following table shows balances at December 31, 2020 compared to 2019.

CITY OF GREENVILLE, OHIO

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

Capital Assets at December 31, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,041,619	\$ 1,041,619	\$ 510,065	\$ 510,065	\$ 1,551,684	\$ 1,551,684
Construction in progress	199,347	268,785	1,252,440	74,200	1,451,787	342,985
Land improvements	71,855	91,658	16,420	10,224	88,275	101,882
Buildings and improvements	2,580,430	2,700,893	4,290,976	4,621,381	6,871,406	7,322,274
Furniture and equipment	1,257,033	1,323,976	2,176,442	2,208,097	3,433,475	3,532,073
Software	144,457	167,102	44,421	7,646	188,878	174,748
Vehicles	1,462,599	1,607,952	478,714	530,835	1,941,313	2,138,787
Infrastructure	<u>12,592,306</u>	<u>11,065,091</u>	<u>14,760,691</u>	<u>15,084,105</u>	<u>27,352,997</u>	<u>26,149,196</u>
Totals	<u>\$ 19,349,646</u>	<u>\$ 18,267,076</u>	<u>\$ 23,530,169</u>	<u>\$ 23,046,553</u>	<u>\$ 42,879,815</u>	<u>\$ 41,313,629</u>

The City's largest capital asset category is infrastructure which includes streets, bridges, storm sewer lines and water and sewer lines. These items are immovable and of value to the area; however, the annual cost of purchasing or constructing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 65.08% and 62.73% of the City's total governmental and business-type capital assets, respectively.

See Note 9 to the basic financial statements for more detail on the City's capital assets.

Debt Administration

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

	Governmental Activities	
	2020	2019
General obligation bonds	\$ 609,250	\$ 703,500
OPWC loan	1,848,558	384,437
Lease purchase agreement - fire station	57,700	84,600
Lease purchase agreements - fire truck 2013	<u>315,739</u>	<u>415,110</u>
Total long-term obligations	<u>\$ 2,831,247</u>	<u>\$ 1,587,647</u>

See Note 11 to the basic financial statements for more detail on the City's long-term debt obligations.

Economic Conditions and Outlook

The City, a statutory government, operates under the Council-Mayor form of government. The City of Greenville is uniquely located in the center of Darke County and is 30 miles northwest of the I-70/I-75 interchange. Four state highways and two US highways transect the community, thus making Greenville easily accessible. We continually work to lower our crime rates and moved up on the list of Ohio's Safest Cities that are over 10,000 people. Greenville ranks 25th out of 3,381 cities reporting, or out of 9,251 overall.

CITY OF GREENVILLE, OHIO

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

Wayne HealthCare, the county's only hospital, continues to expand and grow their facilities. As part of their goal to bring quality health care close to home, they added a cancer center onto their dialysis treatment and rehabilitation services facility. In 2019, Wayne HealthCare then began their largest expansion ever in order to provide residents with the ability to see their physicians and receive specialty care in the local area. Opening February 2021, this \$60 million expansion, includes state-of-the-art Special Birthing Units, an expanded Lifestyle Enhancement & Wellness Center, and a 32-bed acuity adjustable Nursing Unit.

As a further benefit to Darke County residents in being able to obtain quality health care without the burden of travel outside of the city, Reid Hospital of Richmond, IN also has a campus on Meeker Road in Greenville which compliments the Family Health Center next door. Family Health operates a large state-of-the-art campus providing medical, dental, behavior health, a pharmacy, eye care, after-hours urgent care, and also offers patient assistance, which all fit into their mission of "Building Healthy Lives Together."

The City's primary industrial park, Greenville Industrial Park, has shovel ready sites available for new construction as well as the expansion of existing companies. It is located on the east side of the community and offers access to rail via R. J. Corman Rail Road Group, and truck traffic via the state and federal routes. The park is currently home to The Anderson's Marathon Ethanol, Continental Carbonic, Spartech, Ramco Electric Motors, Greenville Technology, Inc., Beauty Systems Group, Monsanto and Classic Carriers/King Command.

Greenville is home to the KitchenAid division of Whirlpool Corporation, which produces the iconic KitchenAid stand mixer as well as other small appliances, including the hand mixer and blender. The most recent expansion by Whirlpool included a modern, highly robotic distribution center, which nearly doubled the size of its facility to 650,000 square feet. This reinforces the Greenville Plant as the global hub of Whirlpool's small appliance business. The City is also home to the FRAM Group, which produces a variety of filters for the world's auto industry with the widely known FRAM logo and BASF, the world's leading chemical company.

Workforce Development continues to be an important issue for the sustained growth of the manufacturing base and remains focused on job quality, employee retention and education. Great strides have been made with the continued advancement of the Darke County Workforce Development at the Greenville Career Technology Center, which is on the same campus as the revitalized Greenville Senior High School. The newest addition included a robotics lab for the Advanced Manufacturing Center. The focus of the AMC is to form long term partnerships with local businesses by creating projects that enlighten students on their pursuit of high quality, technical careers in our local area. The community has also continuously shown strong support of education with the new K-8 school building and campus (in 2017) as well as the Edison State College Agricultural Center.

Over the past several years, the City, as with many other local governments, has seen varied fluctuations on the revenue side. Now, in the midst of this COVID-19 pandemic, revenues for our area businesses and the City are both suffering greatly. Greenville is fortunate to have a diversified manufacturing base and agricultural base which has allowed more stabilization of revenue dollars as the year came to a close; and we have an income tax collection that is looking to trend in a positive direction with the reduction in the COVID-19 virus infection rates.

Greenville has a very vibrant and unique downtown area that has a high business occupancy rate; however, several of our small businesses were not able to make it through the Pandemic and many more still continue to struggle due to the virus. Fortunately, we are now beginning to see a positive trend in growth again with new store fronts looking to open in 2021. This will afford both the visitors and residents of Greenville more choices as a destination to shop and dine.

The City supports many organizations, including Main Street Greenville, Darke County Visitor's Bureau, and the Garst Museum. Ohio Magazine's editors named Greenville as one of the "Best Hometowns" in Ohio; and Garst Museum and the downtown have also been recognized by Ohio magazine by being named "The Best of Ohio" Historical Museum and "The Best of Ohio" Main Street. The Hometown Holiday Horse Parade was named "Best Parade" and brought over 9,000 spectators to the Downtown Historic District in 2018. Other popular destinations around the City include the Historic Bear's Mill and Tony Stewart's Eldora Speedway.

CITY OF GREENVILLE, OHIO

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

The community is also very fortunate to have access to 1,000 acres of beautiful parks and preserves with plans to add even more in 2021. Families and friends have the opportunity to relax, appreciate nature, and enjoy various recreational activities such as hiking, fishing, kayaking, or canoeing along banks of the historic Greenville Creek. The City is also in the final phase of a 10-year project that has involved building and connecting an 18-mile paved biking/walking trail dubbed as "The Darke to Miami County Connector." At completion, the city will then be connected to an extensive system of bike trails covering a large portion of the state of Ohio.

My overview of our community during this past year through the course of the 2020 Pandemic and as I look at what might be in our near future, I must comment on the economic impact of this COVID-19 virus. By order of the Governor, many businesses were forced to shut down resulting in their closure permanently. I believe additional businesses could still be at risk of surviving this pandemic, particularly new start-ups. It will, certainly, depend upon the length of time that restrictions continue to be forced upon them, and what the loss of revenue amounts to as a result. Of course, this has a major effect on the revenues of the City as well. As with last year, we are uncertain as to what the overall loss in revenue for the City will actually be.

We wish all of our residents and businesses the very best as we move forward in continuing to battle this life-threatening disease. We believe, as we enter into 2021, we will finally see the beginnings of recovery... giving us hopes of returning to the thriving community and expanding economy we once enjoyed, and undoubtedly, we will!

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 Ms. Roxanne Willman, Auditor, City of Greenville, 100 Public Square, Greenville, Ohio 45331.

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**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 9,242,836	\$ 10,862,443	\$ 20,105,279
Cash in segregated accounts	27,706	-	27,706
Receivables (net of allowance for uncollectibles):			
Municipal income taxes	1,180,989	-	1,180,989
Property and other taxes	1,279,484	-	1,279,484
Accounts	28,486	1,045,336	1,073,822
Accrued interest	16,446	24,029	40,475
Due from other governments	991,622	83,565	1,075,187
Special assessments	19,026	-	19,026
Legal settlement	-	1,801,332	1,801,332
Internal balance	(10,662)	10,662	-
Prepayments	160,176	53,905	214,081
Materials and supplies inventory	57,142	263,545	320,687
Net pension asset	22,531	14,916	37,447
Capital assets:			
Land and construction in progress	1,240,966	1,762,505	3,003,471
Depreciable capital assets, net	18,108,680	21,767,664	39,876,344
Total capital assets, net	19,349,646	23,530,169	42,879,815
Total assets	32,365,428	37,689,902	70,055,330
Deferred outflows of resources:			
Pension	1,980,901	318,583	2,299,484
OPEB	1,354,304	203,868	1,558,172
Total deferred outflows of resources	3,335,205	522,451	3,857,656
Liabilities:			
Accounts payable	320,031	172,911	492,942
Contracts payable	-	663,611	663,611
Accrued wages and benefits payable	249,502	65,401	314,903
Due to other governments	41,629	2,643	44,272
Pension obligation payable	115,763	24,224	139,987
Accrued interest payable	4,806	-	4,806
Claims payable	79,695	-	79,695
Unearned revenue	1,169	-	1,169
Long-term liabilities:			
Due within one year	738,698	99,943	838,641
Due in more than one year:			
Net pension liability	10,717,106	1,664,480	12,381,586
Net OPEB liability	2,916,610	1,134,612	4,051,222
Other amounts due in more than one year	2,789,515	159,697	2,949,212
Total liabilities	17,974,524	3,987,522	21,962,046
Deferred inflows of resources:			
Property taxes levied for the subsequent year	1,235,406	-	1,235,406
Pension	1,923,216	457,245	2,380,461
OPEB	966,609	206,369	1,172,978
Total deferred inflows of resources	4,125,231	663,614	4,788,845
Net position:			
Net investment in capital assets	16,518,399	22,866,558	39,384,957
Restricted for:			
Transportation projects	333,990	-	333,990
Other purposes	68,077	-	68,077
Unrestricted (deficit)	(3,319,588)	10,694,659	7,375,071
Total net position	\$ 13,600,878	\$ 33,561,217	\$ 47,162,095

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

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
Governmental activities:				
General government	\$ 2,709,809	\$ 195,931	\$ -	\$ -
Security of persons and property.	6,381,424	77,871	1,294,654	-
Public health and welfare	36,710	290	29,748	-
Transportation.	3,419,290	438,181	1,495,561	372,676
Community environment	1,049	19,605	-	-
Leisure time activity.	301,591	16,051	19,472	75,000
Utility services	165,052	-	-	-
Interest and fiscal charges.	32,192	-	-	-
Total governmental activities	<u>13,047,117</u>	<u>747,929</u>	<u>2,839,435</u>	<u>447,676</u>
Business-type activities:				
Water.	2,454,790	2,177,339	-	34,502
Sewer.	1,908,601	1,931,487	-	27,852
Storm water.	537,802	589,794	-	8,538
Other enterprise activities:				
Parking meter.	3,166	420	-	-
Special park	2,434	3,488	-	-
Swimming pool.	42,768	23,152	-	-
Total business-type activities	<u>4,949,561</u>	<u>4,725,680</u>	<u>-</u>	<u>70,892</u>
Total primary government.	<u>\$ 17,996,678</u>	<u>\$ 5,473,609</u>	<u>\$ 2,839,435</u>	<u>\$ 518,568</u>

General revenues:

Property taxes levied for:

- General purposes.
- Police and fire pension.

Municipal income taxes levied for:

- General purposes.

Grants and entitlements not restricted to specific programs

Permissive motor vehicle license tax

Investment earnings

Miscellaneous

Total general revenues

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**

Governmental Activities	Business-type Activities	Total
\$ (2,513,878)	\$ -	\$ (2,513,878)
(5,008,899)	-	(5,008,899)
(6,672)	-	(6,672)
(1,112,872)	-	(1,112,872)
18,556	-	18,556
(191,068)	-	(191,068)
(165,052)	-	(165,052)
(32,192)	-	(32,192)
<u>(9,012,077)</u>	<u>-</u>	<u>(9,012,077)</u>
-	(242,949)	(242,949)
-	50,738	50,738
-	60,530	60,530
-	(2,746)	(2,746)
-	1,054	1,054
-	<u>(19,616)</u>	<u>(19,616)</u>
-	<u>(152,989)</u>	<u>(152,989)</u>
<u>(9,012,077)</u>	<u>(152,989)</u>	<u>(9,165,066)</u>
1,103,950	-	1,103,950
139,688	-	139,688
7,258,644	-	7,258,644
467,968	-	467,968
108,707	-	108,707
130,882	258,705	389,587
418,000	126,951	544,951
<u>9,627,839</u>	<u>385,656</u>	<u>10,013,495</u>
<u>(15,000)</u>	<u>15,000</u>	<u>-</u>
<u>9,612,839</u>	<u>400,656</u>	<u>10,013,495</u>
600,762	247,667	848,429
<u>13,000,116</u>	<u>33,313,550</u>	<u>46,313,666</u>
<u>\$ 13,600,878</u>	<u>\$ 33,561,217</u>	<u>\$ 47,162,095</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General</u>	<u>Capital Improvement Plan Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 6,997,022	\$ 164,121	\$ 1,310,494	\$ 8,471,637
Cash in segregated accounts	27,706	-	-	27,706
Receivables (net of allowance for uncollectibles):				
Municipal income taxes	1,180,989	-	-	1,180,989
Property and other taxes	1,114,253	-	165,231	1,279,484
Accounts	28,486	-	-	28,486
Due from other governments	516,861	-	474,761	991,622
Special assessments	19,026	-	-	19,026
Accrued interest	13,008	-	2,355	15,363
Prepayments	145,996	-	14,180	160,176
Materials and supplies inventory	3,035	-	54,107	57,142
Total assets	<u>\$ 10,046,382</u>	<u>\$ 164,121</u>	<u>\$ 2,021,128</u>	<u>\$ 12,231,631</u>
Liabilities:				
Accounts payable	\$ 284,651	\$ 25,850	\$ 9,530	\$ 320,031
Accrued wages and benefits payable	208,877	-	40,625	249,502
Compensated absences payable	23,381	-	-	23,381
Due to other governments	38,288	-	3,341	41,629
Unearned revenue	1,169	-	-	1,169
Pension obligation payable	57,229	-	58,534	115,763
Total liabilities	<u>613,595</u>	<u>25,850</u>	<u>112,030</u>	<u>751,475</u>
Deferred inflows of resources:				
Property taxes levied for the subsequent year	1,085,150	-	150,256	1,235,406
Income tax revenue not available	367,069	-	-	367,069
Delinquent property tax revenue not available	24,766	-	3,688	28,454
Intergovernmental revenue not available	136,135	-	285,550	421,685
Special assessments revenue not available	19,026	-	-	19,026
Accrued interest not available	3,068	-	564	3,632
Miscellaneous revenue not available	29,002	-	-	29,002
Total deferred inflows of resources	<u>1,664,216</u>	<u>-</u>	<u>440,058</u>	<u>2,104,274</u>
Fund balances:				
Nonspendable	149,031	-	68,287	217,318
Restricted	-	-	1,400,735	1,400,735
Committed	408,807	-	-	408,807
Assigned	4,341,300	138,271	18	4,479,589
Unassigned	2,869,433	-	-	2,869,433
Total fund balances	<u>7,768,571</u>	<u>138,271</u>	<u>1,469,040</u>	<u>9,375,882</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,046,382</u>	<u>\$ 164,121</u>	<u>\$ 2,021,128</u>	<u>\$ 12,231,631</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

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

Total governmental fund balances		\$ 9,375,882
<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.		19,349,646
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.		
Municipal income taxes receivable	\$ 367,069	
Property and other taxes receivable	28,454	
Accounts receivable	29,002	
Intergovernmental receivable	421,685	
Special assessments receivable	19,026	
Accrued interest receivable	3,632	
Total	868,868	868,868
The net pension asset is not available to pay for current period expenditures and the net pension liability does not require the use of current period net resources; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	22,531	
Deferred outflows of resources	1,980,901	
Deferred inflows of resources	(1,923,216)	
Net pension liability	(10,717,106)	
Total	(10,636,890)	(10,636,890)
The net OPEB liability does not require the use of current period net resources; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	1,354,304	
Deferred inflows of resources	(966,609)	
Net OPEB liability	(2,916,610)	
Total	(2,528,915)	(2,528,915)
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities on the statement of net position. The effect of the net position of the internal service fund, including an internal balance payable of \$10,662, is to decrease net position.		681,925
Accrued interest is not due and payable in the current period and therefore is not reported in the governmental funds		(4,806)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities of the governmental activities are as follows:		
Compensated absences	(673,585)	
Lease purchase agreements	(373,439)	
OPWC loan payable	(1,848,558)	
General obligation and refunding revenue bonds	(609,250)	
Total	(3,504,832)	(3,504,832)
Net position of governmental activities		<u>\$ 13,600,878</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

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

	<u>General</u>	<u>Capital Improvement Plan Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Municipal income taxes	\$ 7,304,234	\$ -	\$ -	\$ 7,304,234
Property and other taxes	1,112,018	-	249,643	1,361,661
Charges for services	85,583	-	144,695	230,278
Licenses and permits	142,464	-	-	142,464
Fines and forfeitures	75,990	-	1,881	77,871
Intergovernmental	449,750	231,747	2,762,333	3,443,830
Special assessments	10,550	-	1,025	11,575
Investment income	140,630	-	27,212	167,842
Donations	99,299	-	-	99,299
Other	515,503	-	382,235	897,738
Total revenues	<u>9,936,021</u>	<u>231,747</u>	<u>3,569,024</u>	<u>13,736,792</u>
Expenditures:				
Current:				
General government	2,252,206	-	720	2,252,926
Security of persons and property	3,478,083	-	1,879,031	5,357,114
Public health and welfare	7,809	-	28,901	36,710
Transportation	96,105	-	1,889,163	1,985,268
Community environment	1,049	-	-	1,049
Leisure time activity	218,754	-	-	218,754
Utility services	158,185	-	-	158,185
Capital outlay	112,525	2,511,948	401,407	3,025,880
Debt service:				
Principal retirement	64,420	99,371	75,000	238,791
Interest and fiscal charges	4,214	12,038	17,456	33,708
Total expenditures	<u>6,393,350</u>	<u>2,623,357</u>	<u>4,291,678</u>	<u>13,308,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,542,671</u>	<u>(2,391,610)</u>	<u>(722,654)</u>	<u>428,407</u>
Other financing sources (uses):				
Transfers in	27,500	513,897	708,058	1,249,455
Transfers (out)	(1,236,955)	-	(27,500)	(1,264,455)
OPWC loan issuance	-	1,482,391	-	1,482,391
Total other financing sources (uses)	<u>(1,209,455)</u>	<u>1,996,288</u>	<u>680,558</u>	<u>1,467,391</u>
Net change in fund balances	2,333,216	(395,322)	(42,096)	1,895,798
Fund balances at beginning of year	<u>5,435,355</u>	<u>533,593</u>	<u>1,511,136</u>	<u>7,480,084</u>
Fund balances at end of year	<u>\$ 7,768,571</u>	<u>\$ 138,271</u>	<u>\$ 1,469,040</u>	<u>\$ 9,375,882</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	1,895,798
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures; however, on the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital asset additions	\$ 2,741,371	
Current year depreciation	<u>(1,658,801)</u>	
Total		1,082,570
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Municipal income taxes	(45,590)	
Property and other taxes	(9,621)	
Intergovernmental revenues	(19,782)	
Special assessments	390	
Investment income	(24,026)	
Other	<u>(126,527)</u>	
Total		(225,156)
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due.		
		1,516
Repayment of bonds, lease purchase agreements and loans are expenditures in the governmental funds; however, the payments reduce long-term liabilities on the statement of net position.		
		238,791
Proceeds of loans are reported as other financing sources in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(1,482,391)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	884,794	
OPEB	<u>16,082</u>	
Total		900,876
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,462,861)	
OPEB	<u>(368,331)</u>	
Total		(1,831,192)
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 the governmental funds.		
		(8,438)
The internal service fund, used by management to charge the costs of self-insurance to individual funds, is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>28,388</u>
Change in net position of governmental activities	\$	<u>600,762</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Municipal income taxes	\$ 7,085,000	\$ 7,085,000	\$ 7,140,099	\$ 55,099
Property and other taxes.	1,084,500	1,084,500	1,113,152	28,652
Charges for services.	120,700	120,700	70,280	(50,420)
Licenses and permits	130,000	130,000	142,464	12,464
Fines and forfeitures	61,050	61,050	72,212	11,162
Intergovernmental.	370,300	370,300	452,410	82,110
Special assessments	3,400	3,400	10,550	7,150
Investment income.	125,000	125,000	66,918	(58,082)
Donations.	5,000	5,000	5,599	599
Other	57,300	61,500	213,186	151,686
Total revenues	<u>9,042,250</u>	<u>9,046,450</u>	<u>9,286,870</u>	<u>240,420</u>
Expenditures:				
Current:				
General government	3,042,581	2,770,744	2,215,649	555,095
Security of persons and property	5,384,694	5,063,063	3,407,349	1,655,714
Public health and welfare.	19,850	19,850	7,809	12,041
Transportation	89,366	108,586	95,539	13,047
Community environment	1,000	1,250	1,049	201
Utility services	168,744	173,880	160,168	13,712
Capital outlay	131,807	144,167	83,218	60,949
Debt service:				
Principal retirement.	105,940	105,940	64,420	41,520
Interest and fiscal charges	6,320	6,320	4,214	2,106
Total expenditures	<u>8,950,302</u>	<u>8,393,800</u>	<u>6,039,415</u>	<u>2,354,385</u>
Excess of revenues over expenditures.	<u>91,948</u>	<u>652,650</u>	<u>3,247,455</u>	<u>2,594,805</u>
Other financing sources (uses):				
Transfers in	-	-	27,500	27,500
Transfers out	(707,558)	(1,390,705)	(1,376,955)	13,750
Total other financing sources (uses)	<u>(707,558)</u>	<u>(1,390,705)</u>	<u>(1,349,455)</u>	<u>41,250</u>
Net change in fund balances	(615,610)	(738,055)	1,898,000	2,636,055
Unencumbered fund balances at beginning of year.	4,359,900	4,359,900	4,359,900	-
Prior year encumbrances appropriated	152,945	152,945	152,945	-
Unencumbered fund balance at end of year.	<u>\$ 3,897,235</u>	<u>\$ 3,774,790</u>	<u>\$ 6,410,845</u>	<u>\$ 2,636,055</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Storm Water
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 2,911,497	\$ 6,592,778	\$ 1,255,021
Receivables:			
Accounts	461,816	432,638	150,882
Accrued interest	7,453	16,576	-
Due from other governments	48,877	25,796	5,431
Legal settlement	116,061	-	-
Prepayments	33,122	15,817	4,055
Materials and supplies inventory	183,400	80,145	-
Total current assets	<u>3,762,226</u>	<u>7,163,750</u>	<u>1,415,389</u>
Noncurrent assets:			
Legal settlement	1,685,271	-	-
Net pension asset	8,595	4,508	1,473
Capital assets:			
Land and construction in progress	217,796	1,261,553	207,785
Depreciable capital assets, net	9,599,564	8,783,887	3,353,949
Total capital assets, net	<u>9,817,360</u>	<u>10,045,440</u>	<u>3,561,734</u>
Total noncurrent assets	<u>11,511,226</u>	<u>10,049,948</u>	<u>3,563,207</u>
Total assets	<u>15,273,452</u>	<u>17,213,698</u>	<u>4,978,596</u>
Deferred outflows of resources:			
Pension	203,279	82,145	26,843
OPEB	125,682	54,940	18,295
Total deferred outflows of resources	<u>328,961</u>	<u>137,085</u>	<u>45,138</u>
Liabilities:			
Current liabilities:			
Accounts payable	90,086	64,813	18,012
Contracts payable	-	663,611	-
Accrued wages and benefits payable	40,214	20,686	4,501
Due to other governments	1,912	722	9
Compensated absences	69,172	25,992	4,779
Pension obligation payable	14,110	7,149	2,965
Claims payable	-	-	-
Total current liabilities	<u>215,494</u>	<u>782,973</u>	<u>30,266</u>
Long-term liabilities:			
Compensated absences payable	112,018	43,201	4,478
Net pension liability	959,132	503,020	164,377
Net OPEB liability	653,804	342,889	112,049
Total long-term liabilities	<u>1,724,954</u>	<u>889,110</u>	<u>280,904</u>
Total liabilities	<u>1,940,448</u>	<u>1,672,083</u>	<u>311,170</u>
Deferred inflows of resources:			
Pension	240,982	130,698	62,182
OPEB	103,845	58,949	30,911
Total deferred inflows of resources	<u>344,827</u>	<u>189,647</u>	<u>93,093</u>
Net position:			
Net investment in capital assets	9,817,360	9,381,829	3,561,734
Unrestricted	3,499,778	6,107,224	1,057,737
Total net position	<u>\$ 13,317,138</u>	<u>\$ 15,489,053</u>	<u>\$ 4,619,471</u>

Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.

Net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Nonmajor Enterprise</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 103,147	\$ 10,862,443	\$ 771,199
-	1,045,336	-
-	24,029	1,083
3,461	83,565	-
-	116,061	-
911	53,905	-
-	263,545	-
<u>107,519</u>	<u>12,448,884</u>	<u>772,282</u>
-	1,685,271	-
340	14,916	-
75,371	1,762,505	-
30,264	21,767,664	-
<u>105,635</u>	<u>23,530,169</u>	<u>-</u>
<u>105,975</u>	<u>25,230,356</u>	<u>-</u>
<u>213,494</u>	<u>37,679,240</u>	<u>772,282</u>
6,316	318,583	-
4,951	203,868	-
<u>11,267</u>	<u>522,451</u>	<u>-</u>
-	172,911	-
-	663,611	-
-	65,401	-
-	2,643	-
-	99,943	-
-	24,224	-
-	-	79,695
<u>-</u>	<u>1,028,733</u>	<u>79,695</u>
-	159,697	-
37,951	1,664,480	-
25,870	1,134,612	-
<u>63,821</u>	<u>2,958,789</u>	<u>-</u>
<u>63,821</u>	<u>3,987,522</u>	<u>79,695</u>
23,383	457,245	-
12,664	206,369	-
<u>36,047</u>	<u>663,614</u>	<u>-</u>
105,635	22,866,558	-
19,258	10,683,997	692,587
<u>\$ 124,893</u>	<u>33,550,555</u>	<u>\$ 692,587</u>
	10,662	
	<u>\$ 33,561,217</u>	

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

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

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Storm Water
Operating revenues:			
Charges for services	\$ 2,170,139	\$ 1,918,437	\$ 589,794
Tap-in fees	7,200	13,050	-
Other	65,842	32,833	24,094
Total operating revenues	<u>2,243,181</u>	<u>1,964,320</u>	<u>613,888</u>
Operating expenses:			
Personal services	1,227,450	632,047	211,393
Contract services.	327,797	253,369	125,835
Materials and supplies.	288,772	128,895	32,845
Utilities	122,485	120,220	2,096
Depreciation.	507,543	727,724	170,461
Claims expense	-	-	-
Total operating expenses	<u>2,474,047</u>	<u>1,862,255</u>	<u>542,630</u>
Operating income (loss).	<u>(230,866)</u>	<u>102,065</u>	<u>71,258</u>
Nonoperating revenues (expenses):			
Loss on sale of capital assets.	-	(58,375)	-
Interest income.	101,833	156,872	-
Total nonoperating revenues (expenses)	<u>101,833</u>	<u>98,497</u>	<u>-</u>
Income (loss) before transfers and capital contributions	(129,033)	200,562	71,258
Transfer in	-	-	-
Capital contributions.	<u>34,502</u>	<u>27,852</u>	<u>8,538</u>
Change in net position	(94,531)	228,414	79,796
Net position at beginning of year	<u>13,411,669</u>	<u>15,260,639</u>	<u>4,539,675</u>
Net position at end of year	<u>\$ 13,317,138</u>	<u>\$ 15,489,053</u>	<u>\$ 4,619,471</u>

Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.

Change in net position of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Nonmajor Enterprise</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 27,060	\$ 4,705,430	\$ 1,687,788
-	20,250	-
4,182	126,951	-
<u>31,242</u>	<u>4,852,631</u>	<u>1,687,788</u>
28,707	2,099,597	-
1,157	708,158	-
11,300	461,812	-
2,329	247,130	-
4,875	1,410,603	-
-	-	1,633,600
<u>48,368</u>	<u>4,927,300</u>	<u>1,633,600</u>
(17,126)	(74,669)	54,188
-	(58,375)	-
-	258,705	10,314
<u>-</u>	<u>200,330</u>	<u>10,314</u>
(17,126)	125,661	64,502
15,000	15,000	-
-	70,892	-
(2,126)	211,553	64,502
<u>127,019</u>		<u>628,085</u>
<u>\$ 124,893</u>		<u>\$ 692,587</u>
	<u>36,114</u>	
	<u>\$ 247,667</u>	

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

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

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Storm Water
Cash flows from operating activities:			
Cash received from customers.	\$ 2,176,049	\$ 1,929,151	\$ 579,926
Cash received from tap-in fees.	7,200	13,050	-
Cash received from other operations.	33,145	16,593	20,816
Cash payments for personal services.	(1,016,671)	(550,256)	(200,672)
Cash payments for contractual services	(285,826)	(209,342)	(110,449)
Cash payments for materials and supplies	(339,554)	(204,214)	(35,954)
Cash payments for utilities.	(122,485)	(120,220)	(2,096)
Cash payments for claims	-	-	-
Net cash provided by (used in) operating activities	<u>451,858</u>	<u>874,762</u>	<u>251,571</u>
Cash flows from noncapital financing activities:			
Cash received from transfers in	-	-	-
Cash received from legal settlement	<u>146,312</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>146,312</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets.	<u>(476,353)</u>	<u>(1,064,019)</u>	<u>-</u>
Net cash used in capital and related financing activities.	<u>(476,353)</u>	<u>(1,064,019)</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	<u>81,964</u>	<u>182,220</u>	<u>-</u>
Net cash provided by investing activities.	<u>81,964</u>	<u>182,220</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	203,781	(7,037)	251,571
Cash and cash equivalents at beginning of year	<u>2,707,716</u>	<u>6,599,815</u>	<u>1,003,450</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,911,497</u></u>	<u><u>\$ 6,592,778</u></u>	<u><u>\$ 1,255,021</u></u>

<u>Nonmajor Enterprise</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 27,116	\$ 4,712,242	\$ 1,689,394
-	20,250	-
1,984	72,538	-
(34,802)	(1,802,401)	-
(1,157)	(606,774)	-
(11,640)	(591,362)	-
(2,329)	(247,130)	-
-	-	(1,607,112)
<u>(20,828)</u>	<u>1,557,363</u>	<u>82,282</u>
15,000	15,000	-
-	146,312	-
<u>15,000</u>	<u>161,312</u>	<u>-</u>
<u>(31,594)</u>	<u>(1,571,966)</u>	<u>-</u>
<u>(31,594)</u>	<u>(1,571,966)</u>	<u>-</u>
-	264,184	12,963
-	264,184	12,963
(37,422)	410,893	95,245
140,569	10,451,550	675,954
<u>\$ 103,147</u>	<u>\$ 10,862,443</u>	<u>\$ 771,199</u>

- - Continued

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

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

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Storm Water
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (230,866)	\$ 102,065	\$ 71,258
Adjustments:			
Depreciation.	507,543	727,724	170,461
Changes in assets and liabilities:			
(Increase) in materials and supplies inventory	(40,819)	(1,611)	-
Decrease (increase) in accounts receivable	5,897	10,714	(9,868)
(Increase) in intergovernmental receivable.	(32,684)	(16,240)	(2,979)
Decrease (increase) in prepayments	4,958	(2,196)	(1,711)
Decrease (increase) in net pension asset.	(2,358)	(860)	(189)
Decrease in deferred outflows - pension	204,942	153,156	62,256
(Increase) in deferred outflows - OPEB	(68,590)	(23,719)	(3,337)
Increase in accounts payable	38,276	27,515	15,353
Increase in accrued wages and benefits	7,326	4,253	858
Increase (decrease) in intergovernmental payable	(3,938)	(51,764)	9
Increase in compensated absences payable.	36,853	9,662	1,364
(Decrease) in net pension liability.	(275,417)	(219,077)	(89,684)
Increase (decrease) in net OPEB liability.	72,937	3,136	(7,489)
Increase in deferred inflows - pension.	148,895	96,177	27,393
Increase in deferred inflows - OPEB.	81,066	56,872	16,998
Increase (decrease) in pension obligation payable	(2,163)	(1,045)	878
Increase in claims payable	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 451,858</u>	<u>\$ 874,762</u>	<u>\$ 251,571</u>

Non-cash transactions:

- During 2019, the water fund purchased \$83,979 in capital assets on account.
- During 2020, the water fund received capital contributions from an outside entity in the amount of \$34,502.
- During 2020 and 2019, the sewer fund purchased \$663,611 and \$238,302, respectively, in capital assets on account.
- During 2020, the sewer fund received capital contributions from an outside entity in the amount of \$27,852.
- During 2020, the storm water fund received capital contributions from an outside entity in the amount of \$8,538.
- During 2019, the parking meter fund (a nonmajor enterprise fund) purchased \$31,594 in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Nonmajor Enterprise</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ (17,126)	\$ (74,669)	\$ 54,188
4,875	1,410,603	-
	(42,430)	-
56	6,799	1,606
(2,536)	(54,439)	-
459	1,510	-
87	(3,320)	-
20,021	440,375	-
(151)	(95,797)	-
-	81,144	-
-	12,437	-
(55)	(55,748)	-
-	47,879	-
(46,655)	(630,833)	-
(13,938)	54,646	-
22,028	294,493	-
12,107	167,043	-
-	(2,330)	-
-	-	26,488
<u>\$ (20,828)</u>	<u>\$ 1,557,363</u>	<u>\$ 82,282</u>

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CITY OF GREENVILLE, OHIO

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

NOTE 1 - DESCRIPTION OF THE CITY

The City of Greenville, Ohio (the "City"), was incorporated in 1832 and operates under a Council-Mayor form of government. The following services are provided by the City: public safety (police and fire), highways and streets, water, sewer, storm water, recreation, public improvements, planning and zoning and general administrative 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 reporting. The most significant of the City's accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the City 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. For the City, this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, water system, sewage treatment, storm water services and general administrative services. The City's departments include a public safety department, a public service department, a street maintenance department, a sanitation system, a parks and recreation department, a planning and zoning department, and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process.

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; (3) the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or (4) provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

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. The activities of the internal service fund are 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.

CITY OF GREENVILLE, OHIO

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

Fund Financial Statements - 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 financial statements.

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 proprietary funds include personnel and other expenses related to operations and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources 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 improvement plan fund - The capital improvement plan fund accounts for resources that are used for the acquisition and construction of capital assets.

CITY OF GREENVILLE, OHIO

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

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

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted, committed, or assigned to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on 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 residents and commercial users located within the City.

Storm water fund - This fund accounts for the provision of storm water service to the residents and commercial users located within the City.

The City has three nonmajor enterprise funds that are used to account for the swimming pool, parking meter and special park district operations.

Internal Service fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on the self-insurance health care program.

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 used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City has no fiduciary funds.

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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the statement of net position.

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

CITY OF GREENVILLE, OHIO

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

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position – proprietary funds presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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 funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 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 are recognized in the year for which these items 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 tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees, charges for service, interest and special assessments.

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 Notes 13 and 14 for deferred outflows of resources related the City's net pension liability and net OPEB liability, respectively.

CITY OF GREENVILLE, OHIO

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

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

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 Notes 13 and 14 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. This deferred inflow of resources are reported on the government-wide statement of net position and the proprietary fund statements.

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 Data

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 required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each fund. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget - The City must submit the adopted budget to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

CITY OF GREENVILLE, OHIO

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 determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The 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 projected revenue of each fund. On or before December 31, the City must revise its budget so that the 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 unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the original and final amended official certificates 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 legal level of budgetary control. 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 amounts on the budgetary statement reflect the original and final appropriation amounts, including all amendments and modifications legally enacted by Council.

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 appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

Cash balances of the City's funds are pooled and invested in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the balance sheet as "equity in pooled cash and cash equivalents" on the basic financial statements.

During 2020, investments were limited to non-negotiable certificates of deposit, negotiable certificates of deposit, commercial paper, federal agency securities (FNMA, FHLMC and FFCB) and U.S. government money markets. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market prices.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Investment income earned and credited to the general fund during 2020 amounted to \$140,630 which included \$6,949 assigned from other funds of the City.

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

The City has segregated bank accounts for fire damage monies held separate from City's central bank account. These interest bearing depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited into the City treasury.

An analysis of the City's investment account at year end is provided in Note 4.

CITY OF GREENVILLE, OHIO

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

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

H. Inventories of Materials and Supplies

On government-wide financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in both governmental and proprietary funds consists of expendable supplies held for consumption. On governmental 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 expendable resources even though it is a component of net current assets.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. During 2020, the City maintained a capitalization threshold of \$5,000. The City's governmental infrastructure consists of storm sewers and streets. The City's proprietary infrastructure consists of water, sanitary sewer and storm water lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities. Capitalized interest for 2020 was not material.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	15 - 20 years	15 - 20 years
Buildings and improvements	20 - 40 years	20 - 40 years
Furniture and equipment	5 - 30 years	5 - 20 years
Software	5 - 10 years	5 - 10 years
Vehicles	5 - 16 years	3 - 10 years
Infrastructure	10 - 40 years	10 - 40 years

J. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

CITY OF GREENVILLE, OHIO

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

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

In conformity with GASB Statement No. 16, “*Accounting for Compensated Absences*”, vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. 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 and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

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.

K. 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, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans, and lease-purchase agreements are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. 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 they 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.

CITY OF GREENVILLE, OHIO

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

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

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.

M. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no interfund loans receivable/payable at December 31, 2020. The internal balance reported on the financial statements relates to the consolidation of the internal service fund with the governmental activities.

N. 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 basic financial statements.

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

O. 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.

CITY OF GREENVILLE, OHIO

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. 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.

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.

P. Estimates

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

Q. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The City's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consists primarily of funds restricted for community environment, general government and law enforcement programs.

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

R. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

CITY OF GREENVILLE, OHIO

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

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. During 2020, the City had neither type of transaction.

T. Capital Contributions

Capital contributions in governmental activities arise from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. During 2020, the governmental activities reported capital contributions in the amount of \$140,929 from outside sources.

Capital contributions in the business-type activities arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. During 2020, the water fund, sewer fund and storm water fund received \$34,502, \$27,852 and \$8,538, respectively, in capital contributions from outside sources.

U. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 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*

CITY OF GREENVILLE, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2020 included the following individual fund deficit:

<u>Nonmajor enterprise fund</u>	<u>Deficit</u>
Swimming pool	\$ 7,761

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

CITY OF GREENVILLE, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 a period of 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 City Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash in Segregated Accounts

At year end, the City had \$27,706 deposited with financial institutions for monies related to fire damage which is reported in the general fund. The entire balance is covered by FDIC. The amount is not included in the City's depository balance below.

B. Deposits with Financial Institutions

At December 31, 2020, the carrying amount of all City deposits was \$8,375,239 and the bank balance of all City deposits was \$8,600,203. Of the bank balance, \$750,000 was covered by the FDIC and \$7,850,203 was exposed to custodial risk as discussed below because those deposits were uninsured and uncollateralized.

CITY OF GREENVILLE, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, the City's deposits had a 102 percent collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

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

Measurement/ Investment type	Measurement Amount	Investment Maturities		
		6 months or less	13 to 18 months	Greater than 24 months
<i>Fair Value:</i>				
Negotiable CDs	\$ 7,179,672	\$ 2,395,542	\$ 1,468,798	\$ 3,315,332
Commercial paper	1,118,438	1,118,438	-	-
FNMA	490,037	-	-	490,037
FHLMC	1,598,481	-	-	1,598,481
FFCB	884,518	-	-	884,518
U.S. Government money market	458,894	458,894	-	-
Total	\$ 11,730,040	\$ 3,972,874	\$ 1,468,798	\$ 6,288,368

The weighted average maturity of investments is 1.94 years.

The City's investments in U.S. government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FNMA, FHLMC and FFCB), commercial paper 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).

Credit Risk: The City's investments in federal agency securities (FNMA, FHLMC and FFCB) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Commercial paper investments were rated A-1 and A-1+ by Standard & Poor's and P-1 by Moody's Investor Services. The negotiable CDs and the U.S. government money market were not rated. The negotiable CDs are covered by FDIC. The City has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

CITY OF GREENVILLE, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Interest Rate Risk - The City's investment policy states that the maximum maturity for any investment is limited to securities maturing not more than five (5) years from the date of purchase, unless matched to a specific cash flow requirement.

Concentration of Credit Risk - The City's investment policy states that the portfolio shall be diversified so as to avoid concentrations of credit risk from any rated issuer.

The following table includes the percentage of each investment type held by the City at December 31, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% to Total</u>
<i>Fair Value:</i>		
Negotiable CDs	\$ 7,179,672	61.21
Commercial paper	1,118,438	9.53
FNMA	490,037	4.18
FHLMC	1,598,481	13.63
FFCB	884,518	7.54
U.S. Government money market	<u>458,894</u>	<u>3.91</u>
Total	<u>\$ 11,730,040</u>	<u>100.00</u>

D. Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

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

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	\$ 8,375,239
Cash in segregated accounts	27,706
Investments	<u>11,730,040</u>
Total	<u>\$ 20,132,985</u>

<u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 9,270,542
Business-type activities	<u>10,862,443</u>
Total	<u>\$ 20,132,985</u>

CITY OF GREENVILLE, OHIO

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

NOTE 5 - INTERFUND TRANSACTIONS

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

Transfers from general fund to:

Capital improvement plan	\$ 513,897
Nonmajor governmental funds	708,058
Nonmajor enterprise fund	15,000

Transfers from nonmajor governmental fund to:

General fund	<u>27,500</u>
Total	<u>\$ 1,264,455</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15, 5705.16 and 5709.43(D).

Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between governmental activities and business-type activities are reported as transfers on the statement of activities.

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.

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 Greenville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the governmental funds, property and other taxes receivable has been offset by a deferred inflow of resources for the current portion, since the current taxes were not levied to finance 2020 operations, and the delinquent portion, 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 unavailable.

CITY OF GREENVILLE, OHIO

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

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2020 was \$8.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2020 property tax receipts were based are as follows:

	2020
<u>Real property</u>	
Residential/agricultural	\$ 167,563,860
Commercial/industrial/mineral	102,560,480
<u>Public utility property</u>	
Real	93,960
Personal	7,332,150
Total assessed value	\$ 277,550,450

NOTE 7 - LOCAL INCOME TAXES

The City levies a municipal income tax of one and one half percent on substantially all income earned within the City. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax. All income tax revenue is initially placed in the general fund and may be distributed to other funds as determined by City Council. Income tax revenue for 2020 was \$7,304,234 as reported in the fund financial statements.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2020, consisted of taxes, accounts (billings for user charged services), accrued interest, special assessments and intergovernmental receivables arising from grants, entitlements, and shared revenue, and the receivable portion of a legal settlement awarded in 2012. Receivables have been recorded to the extent that they are measurable at December 31, 2020.

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

Governmental activities:

Municipal income taxes	\$ 1,180,989
Property and other taxes	1,279,484
Accounts	28,486
Accrued interest	16,446
Due from other governments	991,622
Special assessments	19,026

Business-type activities:

Accounts	1,045,336
Accrued interest	24,029
Due from other governments	83,565
Legal settlement	1,801,332

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within the subsequent year, except the legal settlement, which will be collected through 2034.

CITY OF GREENVILLE, OHIO

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

NOTE 9 - CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2020, was as follows:

	Balance			Balance
<u>Governmental activities:</u>	12/31/19	Additions	Disposals	12/31/20
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,041,619	\$ -	\$ -	\$ 1,041,619
Construction in progress	<u>268,785</u>	<u>2,090,829</u>	<u>(2,160,267)</u>	<u>199,347</u>
Total capital assets not being depreciated	<u>1,310,404</u>	<u>2,090,829</u>	<u>(2,160,267)</u>	<u>1,240,966</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	669,381	-	-	669,381
Buildings and improvements	5,099,126	8,296	-	5,107,422
Furniture and equipment	3,491,580	147,769	(108,789)	3,530,560
Software	226,869	-	(42,350)	184,519
Vehicles	4,038,073	83,365	(61,082)	4,060,356
Infrastructure	<u>24,917,012</u>	<u>2,571,379</u>	<u>-</u>	<u>27,488,391</u>
Total capital assets being depreciated	<u>38,442,041</u>	<u>2,810,809</u>	<u>(212,221)</u>	<u>41,040,629</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(577,723)	(19,803)	-	(597,526)
Buildings and improvements	(2,398,233)	(128,759)	-	(2,526,992)
Furniture and equipment	(2,167,604)	(214,712)	108,789	(2,273,527)
Software	(59,767)	(22,645)	42,350	(40,062)
Vehicles	(2,430,121)	(228,718)	61,082	(2,597,757)
Infrastructure	<u>(13,851,921)</u>	<u>(1,044,164)</u>	<u>-</u>	<u>(14,896,085)</u>
Total accumulated depreciation	<u>(21,485,369)</u>	<u>(1,658,801)</u>	<u>212,221</u>	<u>(22,931,949)</u>
Total capital assets being depreciated, net	<u>16,956,672</u>	<u>1,152,008</u>	<u>-</u>	<u>18,108,680</u>
Governmental activities capital assets, net	<u>\$ 18,267,076</u>	<u>\$ 3,242,837</u>	<u>\$ (2,160,267)</u>	<u>\$ 19,349,646</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
General government	\$ 135,639
Security of persons and property	248,116
Transportation	1,229,454
Leisure time activity	<u>45,592</u>
Total depreciation expense - governmental activities	<u>\$ 1,658,801</u>

CITY OF GREENVILLE, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

Business-type activities capital asset activity for the year ended December 31, 2020, was as follows:

<u>Business-type activities:</u>	Balance			Balance
	12/31/19	Additions	Disposals	12/31/20
<i>Capital assets, not being depreciated:</i>				
Land	\$ 510,065	\$ -	\$ -	\$ 510,065
Construction in progress	<u>74,200</u>	<u>1,497,118</u>	<u>(318,878)</u>	<u>1,252,440</u>
Total capital assets not being depreciated	<u>584,265</u>	<u>1,497,118</u>	<u>(318,878)</u>	<u>1,762,505</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	132,316	7,000	-	139,316
Buildings and improvements	10,408,245	-	(193,480)	10,214,765
Furniture and equipment	9,143,063	173,264	(379,865)	8,936,462
Software	38,660	40,500	-	79,160
Vehicles	981,362	33,451	(13,498)	1,001,315
Infrastructure	<u>24,575,221</u>	<u>520,139</u>	<u>-</u>	<u>25,095,360</u>
Total capital assets being depreciated	<u>45,278,867</u>	<u>774,354</u>	<u>(586,843)</u>	<u>45,466,378</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(122,092)	(804)	-	(122,896)
Buildings and improvements	(5,786,864)	(280,102)	143,177	(5,923,789)
Furniture and equipment	(6,934,966)	(196,847)	371,793	(6,760,020)
Software	(31,014)	(3,725)	-	(34,739)
Vehicles	(450,527)	(85,572)	13,498	(522,601)
Infrastructure	<u>(9,491,116)</u>	<u>(843,553)</u>	<u>-</u>	<u>(10,334,669)</u>
Total accumulated depreciation	<u>(22,816,579)</u>	<u>(1,410,603)</u>	<u>528,468</u>	<u>(23,698,714)</u>
Total capital assets being depreciated, net	<u>22,462,288</u>	<u>(636,249)</u>	<u>(58,375)</u>	<u>21,767,664</u>
Business-type activities capital assets, net	<u>\$ 23,046,553</u>	<u>\$ 860,869</u>	<u>\$ (377,253)</u>	<u>\$ 23,530,169</u>

Depreciation expense was charged to the enterprise funds as follows:

<u>Business-type activities:</u>	
Water	\$ 507,543
Sewer	727,724
Storm water	170,461
Nonmajor enterprise fund:	
Swimming pool	1,709
Parking meter	<u>3,166</u>
Total depreciation expense - business-type activities	<u>\$ 1,410,603</u>

CITY OF GREENVILLE, OHIO

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

NOTE 10 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE

A. Lease Purchase Agreement - Fire Station Improvements

On December 2, 2002, the City entered into a lease purchase agreement with a financial institution to assist in financing the fire station building improvements. The City is leasing the “building improvements” from the financial institution. Principal and interest payments are made from the general fund.

The initial term of the lease agreement ended on December 1, 2003; however, it is renewable for successive one-year terms upon appropriation of funds to pay the rental payments. The final renewal term ends on December 1, 2022 when the remaining balance under the lease is due. At the end of the lease term, the City has the option to purchase the building improvements for \$1.

Capital assets consisting of building improvements have been capitalized in the amount of \$477,094 in the governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. As of December 31, 2016, the Fire Station Improvements were fully depreciated.

The lease purchase agreement is a direct borrowing that has terms negotiated directly between the City and the creditor. The creditor, without notice to anyone, may declare the entire debt due after continuous default in the payment of any installment of principal or interest or in the performance or observance of any covenant or condition contained in the agreement. Upon such declaration the entire debt shall be immediately due and payable.

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</u> <u>December 31,</u>	<u>Fire Station</u>
2021	\$ 30,797
2022	<u>30,828</u>
Total minimum lease payments	61,625
Less: amount representing interest	<u>(3,925)</u>
Present value of future minimum lease payments	<u>\$ 57,700</u>

B. Lease Purchase Agreement - Fire Truck 2013

On June 26, 2013, the City entered into a lease purchase agreement with Oshkosh Capital to assist in financing a new fire truck.

General capital assets acquired by agreement have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. For the City, a corresponding liability was recorded in the government-wide financial statements. Principal and interest payments are made from the capital improvement plan fund.

Capital assets consisting of a fire truck have been capitalized in the amount of \$955,209 in the governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2020 was \$286,563, leaving a book value of \$668,646.

CITY OF GREENVILLE, OHIO

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

NOTE 10 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE - (Continued)

The lease purchase agreement is a direct borrowing that has terms negotiated directly between the City and the creditor. The creditor, without notice to anyone, may declare the entire debt due after ten (10) calendar days continuous default in the payment of any installment of principal or interest or in the performance or observance of any covenant or condition contained in the agreement. Upon such declaration the entire debt shall be immediately due and payable, or return all equipment under the lease.

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</u> <u>December 31,</u>	<u>Fire Truck</u>
2021	\$ 111,409
2022	111,409
2023	111,409
Total minimum lease payments	334,227
Less: amount representing interest	<u>(18,488)</u>
Present value of future minimum lease payments	<u>\$ 315,739</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During 2020, the following changes occurred in governmental activities long-term obligations.

<u>Governmental activities:</u>	<u>Interest Rate</u>	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/20</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>General obligation and revenue bonds:</u>						
Series 2011 building improvement refunding and revenue bonds	3.25%	\$ 38,500	\$ -	\$ (19,250)	\$ 19,250	\$ 19,250
Building improvement and equipment acquisition bonds	2.625%	665,000	-	(75,000)	590,000	80,000
Total general obligation bonds		<u>703,500</u>	<u>-</u>	<u>(94,250)</u>	<u>609,250</u>	<u>99,250</u>
<u>Other long-term obligations:</u>						
Compensated absences		665,147	522,037	(490,218)	696,966	423,045
Net pension liability		13,217,053	-	(2,499,947)	10,717,106	-
Net OPEB liability		2,640,695	275,915	-	2,916,610	-
OPWC loans payable (direct borrowing)	0%	384,437	1,482,391	(18,270)	1,848,558	85,951
Lease purchase agreement - fire station (direct borrowing)		84,600	-	(26,900)	57,700	28,200
Lease purchase agreement - fire truck 2013 (direct borrowing)		415,110	-	(99,371)	315,739	102,252
Total other long-term obligations		<u>17,407,042</u>	<u>2,280,343</u>	<u>(3,134,706)</u>	<u>16,552,679</u>	<u>639,448</u>
Total governmental activities long-term obligations		<u>\$ 18,110,542</u>	<u>\$ 2,280,343</u>	<u>\$ (3,228,956)</u>	<u>\$ 17,161,929</u>	<u>\$ 738,698</u>

CITY OF GREENVILLE, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Net Pension Liability and Net OPEB Liability

See Notes 13 and 14 for additional disclosure on net pension liability and net OPEB liability, respectively. The City pays obligations related to employee compensation from the fund benefitting from their services.

Compensated Absences

Compensated absences are reported in the statement of net position and will be paid from the fund from which the employees' salaries are paid which will primarily be the general fund, street construction maintenance and repair fund (a nonmajor governmental fund) and public transportation fund (a nonmajor governmental fund).

OPWC Loan Payable

In current and prior years, the City entered into agreements with the Ohio Public Works Commission for street construction loans in the amount of \$2,342,433. The City made principal payments of \$18,270 on the loans in 2020. The loans are interest free and principal payments are made from the general fund. The loans are scheduled to mature in 2022, 2047 and 2050, respectively.

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.

Lease Purchase Agreements

See Note 10 for detail on the lease purchase agreements.

Series 2011 Building Improvement Refunding and Revenue Bonds

During 2011, the City issued \$192,500 in bonds, with an interest rate of 3.25%, to pay off the land acquisition bonds and for various building improvements. The first payment was due October 11, 2012 and the bonds are scheduled to mature on October 11, 2021. The payments are made from the general fund. The bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment.

Series 2017 Building Improvement and Equipment Acquisition Bonds

On November 21, 2017, the City issued \$812,361 in building improvement and equipment acquisition bonds. The bonds bear an interest rate of 2.625% and pay interest semiannually on June 1 and December 1 of each year and mature on December 1, 2027. The bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment. The payments are made from the bond retirement fund (a nonmajor governmental fund).

CITY OF GREENVILLE, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2020 are as follows:

Year Ending December 31,	Series 2011 Building Improvement Refunding and Revenue Bonds			Series 2017 Building Improvement and Equipment Acquisition Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 19,250	\$ 626	\$ 19,876	\$ 80,000	\$ 15,487	\$ 95,487
2022	-	-	-	80,000	13,387	93,387
2023	-	-	-	80,000	11,287	91,287
2024	-	-	-	85,000	9,187	94,187
2025	-	-	-	85,000	6,957	91,957
2026 - 2027	-	-	-	180,000	7,089	187,089
Total	<u>\$ 19,250</u>	<u>\$ 626</u>	<u>\$ 19,876</u>	<u>\$ 590,000</u>	<u>\$ 63,394</u>	<u>\$ 653,394</u>

Year Ending December 31,	Russ Road, Main and Ohio Street and Wagner Avenue Widening OPWC Loans		
	Principal	Interest	Total
2021	\$ 85,951	\$ -	\$ 85,951
2022	62,339	-	62,339
2023	62,340	-	62,340
2024	62,339	-	62,339
2025	62,340	-	62,340
2026 - 2030	311,698	-	311,698
2031 - 2035	311,699	-	311,699
2036 - 2040	311,699	-	311,699
2041 - 2045	311,698	-	311,698
2046 - 2050	266,455	-	266,455
Total	<u>\$ 1,848,558</u>	<u>\$ -</u>	<u>\$ 1,848,558</u>

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 assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. 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 \$29,142,815 and the unvoted debt margin was \$15,265,275.

CITY OF GREENVILLE, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. Business-Type Activities Long-Term Obligations

The following changes occurred in the City’s business-type long-term obligations during 2020.

<u>Business-type activities:</u>	Balance 12/31/19	Additions	Reductions	Balance 12/31/20	Amounts Due in One Year
<u>Other long-term obligations:</u>					
Compensated absences	\$ 211,761	\$ (36,572)	\$ 84,451	\$ 259,640	\$ 99,943
Net pension liability	2,295,313	-	(630,833)	1,664,480	-
Net OPEB liability	1,079,966	54,646	-	1,134,612	-
Total business-type activities long-term obligations	<u>\$ 3,587,040</u>	<u>\$ 18,074</u>	<u>\$ (546,382)</u>	<u>\$ 3,058,732</u>	<u>\$ 99,943</u>

Compensated absences, pension and postemployment benefits are reported in the statement of net position and will be paid from the fund from which the employees’ salaries are paid, which will primarily be the water, sewer and storm water enterprise funds.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The City is exposed to various risks of loss related to torts, theft, or damage/destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2020, the City contracted with private carriers for property and fleet insurance, general liability insurance, and various other coverages. Coverage provided during the year is as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$51,138,505
Boiler and Machinery Coverage	\$51,138,505
Inland Marine Coverage (\$1,000 deductible)	\$ 1,010,575
Automobile Liability (\$250 comprehensive; \$1,000 collision deductible)	\$ 1,000,000
Uninsured Motorists	\$ 1,000,000
General Liability	Limit \$ 1,000,000
	Aggregate \$ 3,000,000
Public Officials	Limit \$ 1,000,000
	Aggregate \$ 3,000,000
Umbrella Coverage	\$ 6,000,000

There have been no significant reductions in insurance coverages during 2020. Settled claims have not exceeded commercial excess coverages in any of the past three years.

B. Self-Insurance

The City operates a self-insurance plan for health care benefits. The activity of the plan is recorded in the City’s Health Care internal service fund. Monies are expensed on a monthly basis by the funds participating and receipted into the internal service fund. The claims liability of \$79,695 reported on the financial statements at December 31, 2020 is based on the requirements of GASB Statement No. 10, “*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*”, as amended by GASB Statement No. 30, “*Risk Financing Omnibus*”, which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred, but not reported claims, be reported.

CITY OF GREENVILLE, OHIO

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

NOTE 12 - RISK MANAGEMENT - (Continued)

Changes in claims activity for the past two years is as follows:

	Balance January 1	Current Year Claims	Claims Payments	Balance December 31
2019	\$ 45,710	\$ 1,624,983	\$ 1,617,486	\$ 53,207
2020	53,207	1,633,600	1,607,112	79,695

NOTE 13 - 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.

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 obligation payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

CITY OF GREENVILLE, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a 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):

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

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

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

CITY OF GREENVILLE, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 Actual Contribution Rates	
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.

CITY OF GREENVILLE, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$453,996 for 2020. Of this amount, \$54,183 is reported as pension obligation 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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 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 30th 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.

CITY OF GREENVILLE, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2020 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
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 \$611,637 for 2020. Of this amount, \$83,516 is reported as pension obligation payable.

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:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.020243%	0.024828%	0.010787%	0.122120%	
Proportion of the net pension liability/asset current measurement date	<u>0.021141%</u>	<u>0.017769%</u>	<u>0.010429%</u>	<u>0.121768%</u>	
Change in proportionate share	<u>0.000898%</u>	<u>-0.007059%</u>	<u>-0.000358%</u>	<u>-0.000352%</u>	
Proportionate share of the net pension liability	\$ 4,178,663	\$ -	\$ -	\$ 8,202,923	\$ 12,381,586
Proportionate share of the net pension asset	-	(37,053)	(394)	-	(37,447)
Pension expense	767,380	4,245	(232)	973,022	1,744,415

CITY OF GREENVILLE, OHIO

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

NOTE 13 - 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	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ -	\$ -	\$ 1,321	\$ 310,507	\$ 311,828
Changes of assumptions	223,188	3,822	63	201,361	428,434
Changes in employer's proportionate percentage/difference between employer contributions	162,949	-	-	330,640	493,589
Contributions subsequent to the measurement date	440,842	6,965	6,189	611,637	1,065,633
Total deferred outflows of resources	<u>\$ 826,979</u>	<u>\$ 10,787</u>	<u>\$ 7,573</u>	<u>\$ 1,454,145</u>	<u>\$ 2,299,484</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 52,832	\$ 8,699	\$ -	\$ 423,059	\$ 484,590
Net difference between projected and actual earnings on pension plan investments	833,547	4,806	127	396,267	1,234,747
Changes in employer's proportionate percentage/difference between employer contributions	169,206	-	-	491,918	661,124
Total deferred inflows of resources	<u>\$ 1,055,585</u>	<u>\$ 13,505</u>	<u>\$ 127</u>	<u>\$ 1,311,244</u>	<u>\$ 2,380,461</u>

\$1,065,633 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021.

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

CITY OF GREENVILLE, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2021	\$ (148,097)	\$ (2,361)	\$ 156	\$ (161,929)	\$ (312,231)
2022	(224,895)	(2,272)	156	(88,544)	(315,555)
2023	34,517	(931)	187	171,072	204,845
2024	(330,973)	(2,690)	146	(351,687)	(685,204)
2025	-	(497)	164	(37,648)	(37,981)
Thereafter	-	(932)	448	-	(484)
Total	\$ (669,448)	\$ (9,683)	\$ 1,257	\$ (468,736)	\$ (1,146,610)

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.

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.

CITY OF GREENVILLE, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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
Total	<u>100.00 %</u>	<u>5.61 %</u>

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

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

CITY OF GREENVILLE, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 6,891,966	\$ 4,178,663	\$ 1,739,481
Combined Plan	(22,389)	(37,053)	(47,621)
Member-Directed Plan	(209)	(394)	(521)

Actuarial Assumptions - OP&F

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

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

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

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

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

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

CITY OF GREENVILLE, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

<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.

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
Total	120.00 %	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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

CITY OF GREENVILLE, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	\$ 11,368,966	\$ 8,202,923	\$ 5,554,842

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 13 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’ Comprehensive Annual Financial Report referenced below for additional information.

CITY OF GREENVILLE, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

The City's contractually required contribution was \$2,474 for 2020. Of this amount, \$295 is reported as pension obligation 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.

CITY OF GREENVILLE, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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 \$14,593 for 2020. Of this amount, \$1,993 is reported as pension obligation payable.

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:

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.020008%	0.122120%	
Proportion of the net OPEB liability current measurement date	<u>0.020622%</u>	<u>0.121768%</u>	
Change in proportionate share	<u>0.000614%</u>	<u>-0.000352%</u>	
Proportionate share of the net OPEB liability	\$ 2,848,434	\$ 1,202,788	\$ 4,051,222
OPEB expense	\$ 361,566	\$ 133,642	\$ 495,208

CITY OF GREENVILLE, OHIO

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

NOTE 14 - 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&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 77	\$ -	\$ 77
Changes of assumptions	450,876	703,197	1,154,073
Changes in employer's proportionate percentage/difference between employer contributions	76,329	310,626	386,955
Contributions subsequent to the measurement date	2,474	14,593	17,067
Total deferred outflows of resources	<u>\$ 529,756</u>	<u>\$ 1,028,416</u>	<u>\$ 1,558,172</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 260,502	\$ 129,349	\$ 389,851
Net difference between projected and actual earnings on OPEB plan investments	145,041	55,348	200,389
Changes of assumptions	-	256,333	256,333
Changes in employer's proportionate percentage/difference between employer contributions	60,404	266,001	326,405
Total deferred inflows of resources	<u>\$ 465,947</u>	<u>\$ 707,031</u>	<u>\$ 1,172,978</u>

\$17,067 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

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

CITY OF GREENVILLE, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Year Ending December 31:	OPERS	OP&F	Total
2021	\$ 71,658	\$ 58,006	\$ 129,664
2022	51,537	58,006	109,543
2023	115	69,357	69,472
2024	(61,975)	51,463	(10,512)
2025	-	47,841	47,841
Thereafter	-	22,119	22,119
Total	\$ 61,335	\$ 306,792	\$ 368,127

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	10.00% initial, 3.50% ultimate in 2030
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

CITY OF GREENVILLE, OHIO

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

NOTE 14 - 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 contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.70% for 2019.

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

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

CITY OF GREENVILLE, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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:

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 3,727,633	\$ 2,848,434	\$ 2,144,482

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.

CITY OF GREENVILLE, OHIO

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

NOTE 14 - 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	\$ 2,764,379	\$ 2,848,434	\$ 2,931,417

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.

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

CITY OF GREENVILLE, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

CITY OF GREENVILLE, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

<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
Total	<u>120.00 %</u>	

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.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 1,491,380	\$ 1,202,788	\$ 962,989

CITY OF GREENVILLE, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - 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 15 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is 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); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,898,000
Net adjustment for revenue accruals	525,504
Net adjustment for expenditure accruals	(228,089)
Funds budgeted elsewhere	8,982
Adjustment for encumbrances	128,819
GAAP basis	\$ 2,333,216

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 park fund.

CITY OF GREENVILLE, OHIO

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

NOTE 16 - 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 involved in no material litigation as either a plaintiff or defendant.

NOTE 17 - OPERATING LEASE

On October 31, 2019, the City entered into a leasing agreement with Schlechty Family Farms in which the City is leasing approximately 9.742 acres of land for agricultural purposes. The City shall be paid a total of \$3,507 to be received in three annual installments for rental of the leased property. The lease term is from January 1, 2020 through December 31, 2022.

NOTE 18 - 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 in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 253,482
Capital improvement plan fund	1,175
Nonmajor governmental funds	<u>86,289</u>
Total	<u>\$ 340,946</u>

CITY OF GREENVILLE, OHIO

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

NOTE 19 - 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 fund and all other governmental funds are presented below:

Fund balance	General	Capital Improvement Plan	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 3,035	\$ -	\$ 54,107	\$ 57,142
Prepayments	<u>145,996</u>	<u>-</u>	<u>14,180</u>	<u>160,176</u>
Total nonspendable	<u>149,031</u>	<u>-</u>	<u>68,287</u>	<u>217,318</u>
Restricted:				
Street constuction, maintenance and repair	-	-	986,176	986,176
Transportation programs	-	-	225,952	225,952
Police and fire pension	-	-	120,554	120,554
Other purposes	<u>-</u>	<u>-</u>	<u>68,053</u>	<u>68,053</u>
Total restricted	<u>-</u>	<u>-</u>	<u>1,400,735</u>	<u>1,400,735</u>
Committed:				
Leisure time activity	384,837	-	-	384,837
General government	10,653	-	-	10,653
Security of persons and property	<u>13,317</u>	<u>-</u>	<u>-</u>	<u>13,317</u>
Total committed	<u>408,807</u>	<u>-</u>	<u>-</u>	<u>408,807</u>
Assigned:				
Debt service	-	-	18	18
Capital improvements	-	138,271	-	138,271
General government	27,868	-	-	27,868
Security of persons and property	14,674	-	-	14,674
Subsequent year appropriations	4,292,388	-	-	4,292,388
Capital outlay	5,612	-	-	5,612
Other purposes	<u>758</u>	<u>-</u>	<u>-</u>	<u>758</u>
Total assigned	<u>4,341,300</u>	<u>138,271</u>	<u>18</u>	<u>4,479,589</u>
Unassigned	<u>2,869,433</u>	<u>-</u>	<u>-</u>	<u>2,869,433</u>
Total fund balances	<u>\$ 7,768,571</u>	<u>\$ 138,271</u>	<u>\$ 1,469,040</u>	<u>\$ 9,375,882</u>

CITY OF GREENVILLE, OHIO

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

NOTE 20 - 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 may 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREENVILLE, 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	0.021141%	0.020243%	0.022649%	0.019703%
City's proportionate share of the net pension liability	\$ 4,178,663	\$ 5,544,147	\$ 3,553,190	\$ 4,474,217
City's covered payroll	\$ 2,991,736	\$ 2,743,507	\$ 2,790,169	\$ 2,559,600
City's proportionate share of the net pension liability as a percentage of its covered payroll	139.67%	202.08%	127.35%	174.80%
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	0.017769%	0.024828%	0.025492%	0.019963%
City's proportionate share of the net pension asset	\$ 37,053	\$ 27,763	\$ 34,703	\$ 11,111
City's covered payroll	\$ 79,100	\$ 106,186	\$ 104,408	\$ 77,708
City's proportionate share of the net pension asset as a percentage of its covered payroll	46.84%	26.15%	33.24%	14.30%
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	0.010429%	0.010787%	0.000000%	0.015830%
City's proportionate share of the net pension asset	\$ 394	\$ 246	\$ -	\$ 66
City's covered payroll	\$ 61,990	\$ 61,660	\$ 62,350	\$ 65,058
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.40%	0.00%	0.10%
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

	2016	2015	2014
	0.020064%	0.019367%	0.019367%
\$	3,475,339	\$ 2,335,876	\$ 2,283,117
\$	2,386,608	\$ 2,303,058	\$ 2,416,423
	145.62%	101.42%	94.48%
	81.08%	86.45%	86.36%
	0.018590%	0.015279%	0.015279%
\$	9,046	\$ 5,883	\$ 1,604
\$	53,492	\$ 55,850	\$ 50,931
	16.91%	10.53%	3.15%
	116.90%	114.83%	104.56%
	0.015880%	n/a	n/a
\$	61	n/a	n/a
\$	88,442	n/a	n/a
	0.07%	n/a	n/a
	103.91%	n/a	n/a

CITY OF GREENVILLE, 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	0.121768%	0.122120%	0.129230%	0.118427%
City's proportionate share of the net pension liability	\$ 8,202,923	\$ 9,968,219	\$ 7,931,425	\$ 7,501,008
City's covered payroll	\$ 2,950,002	\$ 2,726,662	\$ 2,957,311	\$ 2,596,800
City's proportionate share of the net pension liability as a percentage of its covered payroll	278.06%	365.58%	268.20%	288.86%
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>
0.127756%	0.130759%	0.130759%
\$ 8,218,653	\$ 6,773,877	\$ 6,368,388
\$ 2,507,653	\$ 2,613,794	\$ 2,501,331
327.74%	259.16%	254.60%
66.77%	72.20%	73.00%

CITY OF GREENVILLE, 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	\$ 440,842	\$ 418,843	\$ 384,091	\$ 362,722
Contributions in relation to the contractually required contribution	<u>(440,842)</u>	<u>(418,843)</u>	<u>(384,091)</u>	<u>(362,722)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,148,871	\$ 2,991,736	\$ 2,743,507	\$ 2,790,169
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 6,965	\$ 11,074	\$ 14,866	\$ 13,573
Contributions in relation to the contractually required contribution	<u>(6,965)</u>	<u>(11,074)</u>	<u>(14,866)</u>	<u>(13,573)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 49,750	\$ 79,100	\$ 106,186	\$ 104,408
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 6,189	\$ 6,199	\$ 6,166	\$ 6,235
Contributions in relation to the contractually required contribution	<u>(6,189)</u>	<u>(6,199)</u>	<u>(6,166)</u>	<u>(6,235)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 61,890	\$ 61,990	\$ 61,660	\$ 62,350
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

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>
\$ 307,152	\$ 286,393	\$ 276,367	\$ 314,135	\$ 243,821	\$ 273,413
<u>(307,152)</u>	<u>(286,393)</u>	<u>(276,367)</u>	<u>(314,135)</u>	<u>(243,821)</u>	<u>(273,413)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,559,600	\$ 2,386,608	\$ 2,303,058	\$ 2,416,423	\$ 2,438,210	\$ 2,734,130
12.00%	12.00%	12.00%	13.00%	10.00%	10.00%
\$ 9,325	\$ 6,419	\$ 6,702	\$ 6,621	\$ 8,003	\$ 12,200
<u>(9,325)</u>	<u>(6,419)</u>	<u>(6,702)</u>	<u>(6,621)</u>	<u>(8,003)</u>	<u>(12,200)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 77,708	\$ 53,492	\$ 55,850	\$ 50,931	\$ 100,667	\$ 153,459
12.00%	12.00%	12.00%	13.00%	7.95%	7.95%
\$ 7,807	\$ 10,613				
<u>(7,807)</u>	<u>(10,613)</u>				
<u>\$ -</u>	<u>\$ -</u>				
\$ 65,058	\$ 88,442				
12.00%	12.00%				

CITY OF GREENVILLE, 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	\$ 313,504	\$ 328,677	\$ 301,254	\$ 339,859
Contributions in relation to the contractually required contribution	<u>(313,504)</u>	<u>(328,677)</u>	<u>(301,254)</u>	<u>(339,859)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,650,021	\$ 1,729,879	\$ 1,585,547	\$ 1,788,732
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 298,133	\$ 286,729	\$ 268,162	\$ 274,616
Contributions in relation to the contractually required contribution	<u>(298,133)</u>	<u>(286,729)</u>	<u>(268,162)</u>	<u>(274,616)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,268,651	\$ 1,220,123	\$ 1,141,115	\$ 1,168,579
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>
\$ 284,611	\$ 265,677	\$ 265,204	\$ 205,790	\$ 159,705	\$ 175,059
<u>(284,611)</u>	<u>(265,677)</u>	<u>(265,204)</u>	<u>(205,790)</u>	<u>(159,705)</u>	<u>(175,059)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,497,953	\$ 1,398,300	\$ 1,395,811	\$ 1,295,635	\$ 1,252,588	\$ 1,373,012
19.00%	19.00%	19.00%	15.88%	12.75%	12.75%
\$ 258,229	\$ 260,698	\$ 286,226	\$ 245,761	\$ 203,553	\$ 213,323
<u>(258,229)</u>	<u>(260,698)</u>	<u>(286,226)</u>	<u>(245,761)</u>	<u>(203,553)</u>	<u>(213,323)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,098,847	\$ 1,109,353	\$ 1,217,983	\$ 1,205,696	\$ 1,180,017	\$ 1,236,655
23.50%	23.50%	23.50%	20.38%	17.25%	17.25%

CITY OF GREENVILLE, 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	0.020622%	0.020008%	0.020880%	0.019518%
City's proportionate share of the net OPEB liability	\$ 2,848,434	\$ 2,608,571	\$ 2,267,414	\$ 1,971,423
City's covered payroll	\$ 3,132,826	\$ 2,911,353	\$ 2,956,927	\$ 2,702,366
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	90.92%	89.60%	76.68%	72.95%
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 GREENVILLE, 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	0.121768%	0.122120%	0.129230%	0.118427%
City's proportionate share of the net OPEB liability	\$ 1,202,788	\$ 1,112,090	\$ 7,321,991	\$ 5,621,463
City's covered payroll	\$ 2,950,002	\$ 2,726,662	\$ 2,957,311	\$ 2,596,800
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	40.77%	40.79%	247.59%	216.48%
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 GREENVILLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,474	\$ 2,480	\$ 2,466	\$ 31,440
Contributions in relation to the contractually required contribution	<u>(2,474)</u>	<u>(2,480)</u>	<u>(2,466)</u>	<u>(31,440)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,260,511	\$ 3,132,826	\$ 2,911,353	\$ 2,956,927
Contributions as a percentage of covered payroll	0.08%	0.08%	0.08%	1.06%

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>
\$ 56,444	\$ 48,802	\$ 48,572	\$ 24,663	\$ 103,619	\$ 109,365
<u>(56,444)</u>	<u>(48,802)</u>	<u>(48,572)</u>	<u>(24,663)</u>	<u>(103,619)</u>	<u>(109,365)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,702,366	\$ 2,528,542	\$ 2,358,908	\$ 2,467,354	\$ 2,538,877	\$ 2,887,589
2.09%	1.93%	2.06%	1.00%	4.08%	3.79%

CITY OF GREENVILLE, 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	\$ 8,250	\$ 8,649	\$ 7,928	\$ 8,944
Contributions in relation to the contractually required contribution	<u>(8,250)</u>	<u>(8,649)</u>	<u>(7,928)</u>	<u>(8,944)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,650,021	\$ 1,729,879	\$ 1,585,547	\$ 1,788,732
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ 6,343	\$ 6,101	\$ 5,706	\$ 5,843
Contributions in relation to the contractually required contribution	<u>(6,343)</u>	<u>(6,101)</u>	<u>(5,706)</u>	<u>(5,843)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,268,651	\$ 1,220,123	\$ 1,141,115	\$ 1,168,579
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>
\$ 7,490	\$ 7,180	\$ 6,908	\$ 46,807	\$ 84,550	\$ 92,679
<u>(7,490)</u>	<u>(7,180)</u>	<u>(6,908)</u>	<u>(46,807)</u>	<u>(84,550)</u>	<u>(92,679)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,497,953	\$ 1,398,300	\$ 1,395,811	\$ 1,295,635	\$ 1,252,588	\$ 1,373,012
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%
\$ 5,494	\$ 5,547	\$ 6,057	\$ 43,603	\$ 79,651	\$ 83,474
<u>(5,494)</u>	<u>(5,547)</u>	<u>(6,057)</u>	<u>(43,603)</u>	<u>(79,651)</u>	<u>(83,474)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,098,847	\$ 1,109,353	\$ 1,217,983	\$ 1,205,696	\$ 1,180,017	\$ 1,236,655
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%

CITY OF GREENVILLE, OHIO

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

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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

(Continued)

CITY OF GREENVILLE, OHIO

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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

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CITY OF GREENVILLE
DARKE COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	(1) Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	102-RPTF-20-0100	96,569
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program		102-CARE-20-0100	182,128
Total Formula Grants for Rural Areas and Tribal Transit Program			<u>278,697</u>
Federal Transit Cluster			
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	102-BABF-20-0100	949
Total Federal Transit Cluster			<u>949</u>
National Infrastructure Investments	20.933	0120-TTGR-160100	14,560
Total U.S. Department of Transportation			<u>294,206</u>
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 Coronavirus Relief Fund	21.019	HB481-CRF-Local	1,323,353
Total U.S. Department of the Treasury			<u>1,323,353</u>
Total Expenditures of Federal Awards			<u>\$1,617,559</u>

(1) There were no amounts passed through to subrecipients.

The accompanying notes are an integral part of this schedule.

**CITY OF GREENVILLE
DARKE COUNTY**

**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 Greenville (the City) 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 Uniform Guidance 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.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Greenville
Darke County
100 Public Square
Greenville, Ohio 45331

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, Darke County, (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 October 20, 2021 wherein we noted that the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

October 20, 2021



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

City of Greenville
Darke County
100 Public Square
Greenville, Ohio 45331

To the City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Greenville's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Greenville's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Greenville complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 20, 2021

**CITY OF GREENVILLE
DARKE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	COVID-19 - Coronavirus Relief Fund (CFDA # 21.019)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF GREENVILLE

DARKE 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 11/18/2021

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