OHIO AUDITOR OF STATE
KEITH FABER

THE CITY OF MACEDONIA
SUMMIT COUNTY
DECEMBER 31, 2020

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SUMMIT COUNTY
DECEMBER 31, 2020

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

City of Macedonia
Summit County
9691 Valley View Road
Macedonia, Ohio 44056

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Macedonia, Summit 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, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2020, and the respective changes in financial position 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 22 to the financial statements, during 2020, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 23 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 these matters.

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*, *Required budgetary comparison schedule* 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 September 30, 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

September 30, 2021

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The management's discussion and analysis of the City of Macedonia'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 notes to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2020 are:

- City income tax revenue totaled $12,643,242. This is a decrease of $444,655 or 3.4% from 2019. The City had a 2.50% municipal income tax rate throughout the year.
- Total assets increased by $2,971,709, a 3.9% increase from 2019.
- Total net position decreased by $870,783, a 2.3% decrease from 2019.
- Total capital assets, net of depreciation increased $186,262, a 0.30% increase from 2019.
- Total outstanding long-term liabilities decreased $2,989,126, a 7.1% decrease from 2019.
- The total governmental fund balances for the City increased from $11,619,621 to $12,441,927.
- The general fund ended the year with an accrual fund balance of $7,409,133.

Using This Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of Macedonia as a financial whole or as an entire operating entity. The statements provide an increasingly detailed look at our specific financial condition.

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

Reporting the City of Macedonia as a Whole

Statement of Net Position and Statement of Activities

This document contains information about the funds used by the City to provide services to our citizens. The s*tatement of net position* and the s*tatement of activities* answer the question, "How did the City do financially during 2020?" These statements include all assets and liabilities and deferred outflows of resources and deferred inflows of resources, except fiduciary funds, using the accrual basis of accounting similar to the accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in net position. The changes in net position are important because it tells the reader whether the financial position of the City as a whole has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

The s*tatement of net position* and the s*tatement of activities* are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets plus Deferred Outflows of Resources minus Liabilities and Deferred Inflows of Resources)
- Program Revenue and Expenses
- General Revenues
- Net Position Beginning of Year and Year's End

Reporting the City of Macedonia's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds to account for the services, facilities and infrastructure provided to its residents. These fund financial statements focus on the City's most significant funds. In the case of the City of Macedonia, the major funds are the general fund and the road program fund.

Governmental Funds

Most of the City's activities are reported in the governmental funds. Governmental funds are reported using an accounting method called modified accrual accounting. The modified accrual accounting method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the s*tatement of net position* and the s*tatement of activities*) and governmental funds is reconciled in the financial statements.

Fiduciary Funds

The City uses fiduciary funds to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

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 later in 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 Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis), net pension liability and net OPEB liability. The required supplementary information can be found later in this report.

The City of Macedonia as a Whole

The statement of net position provides the perspective of the City as a whole. Table 1 below provides a summary of the City's net position at December 31, 2020, and December 31, 2019.

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Table 1
Net Position

	Governmental Activities		
	2020	2019	Change
Assets			
Current assets	$20,441,000	$17,806,214	$2,634,786
Capital assets, net	59,216,693	59,030,431	186,262
Total assets	79,657,693	76,836,645	2,821,048
Deferred outflows of resources			
Deferred Charge on Refunding	61,910	0	61,910
OPEB	1,957,492	1,575,223	382,269
Pension	2,939,404	6,131,591	(3,192,187)
Total deferred outflows of resources	4,958,806	7,706,814	(2,748,008)
Liabilities			
Current liabilities	2,114,345	807,533	1,306,812
Long-term liabilities:			
Due within one year	1,869,910	1,649,165	220,745
Net pension liability	15,519,757	19,579,753	(4,059,996)
Net OPEB liability	4,978,290	4,565,479	412,811
Other amounts	16,970,614	16,533,300	437,314
Total liabilities	41,452,916	43,135,230	(1,682,314)
Deferred inflows of resources			
Property and Income Taxes	1,954,318	1,942,331	11,987
Grants and Other Taxes	81,400	0	81,400
OPEB	1,272,538	716,557	555,981
Pension	2,400,062	423,293	1,976,769
Total deferred inflows of resources	5,708,318	3,082,181	2,626,137
Net Position			
Net investment in capital assets	41,132,374	42,093,459	(961,085)
Restricted	4,725,970	5,042,255	(316,285)
Unrestricted (deficit)	(8,403,079)	(8,809,666)	406,587
Total net position	$37,455,265	$38,326,048	($870,783)

The largest portion of the City's net position is investments in capital assets (e.g. land, right of ways, construction in progress, buildings and improvements, machinery and equipment, vehicles, and infrastructure), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Total assets and deferred outflows of resources increased $223,701 from 2019 to 2020. The City's total liabilities and deferred inflows of resources increased $1,094,484 for the same period. The change in current assets can be attributed to the increase in equity in pooled cash and investments.

Table 2 below shows the changes in net position for fiscal years 2020 and 2019.

Table 2
Change in Net Position

	Governmental Activities 2020	Governmental Activities 2019	Change
Revenues			
Program revenues:			
Charges for services	$3,548,161	$4,377,233	($829,072)
Operating grants and contributions	2,332,179	1,255,436	1,076,743
Capital grants and contributions	283,105	169,145	113,960
Total program revenues	6,163,445	5,801,814	361,631
General revenues:			
Property taxes	1,912,727	2,149,722	(236,995)
Revenue in Lieu of Taxes	878,027	714,801	163,226
Income taxes	12,643,242	13,087,897	(444,655)
Unrestricted grants and entitlements	1,385,344	524,458	860,886
Investment earnings	45,656	191,740	(146,084)
Miscellaneous	264,823	472,203	(207,380)
Total general revenues	17,129,819	17,140,821	(11,002)
Total revenues	23,293,264	22,942,635	350,629
Expenses:			
General government	4,701,096	2,548,015	2,153,081
Public safety	9,244,213	7,624,377	1,619,836
Community development	1,365,393	839,857	525,536
Leisure time activity	1,850,612	1,509,758	340,854
Transportation and street repair	5,417,019	2,217,790	3,199,229
Basic utility services	831,730	857,004	(25,274)
Public health and welfare	222,162	217,024	5,138
Interest and other charges	531,822	821,150	(289,328)
Total expenses	24,164,047	16,634,975	7,529,072
Change in net position	(870,783)	6,307,660	(7,178,443)
Net position at beginning of year	38,326,048	32,018,388	6,307,660
Net position at end of year	$37,455,265	$38,326,048	($870,783)

Governmental Activities

The City's net position for governmental activities decreased $870,783 during 2020. Table 2 indicates total revenues increased by $350,629. At the same time program expenses increased by $7,529,072. The increase in revenue is primarily a result of increase in operating grants and contributions.

Several types of revenues fund our governmental activities. With the City, income tax is a major revenue source. The income tax rate was 2.50% throughout the year. Both residents of the City and non-residents who work inside the City are subject to the income tax. However if residents work in a locality that has a municipal income tax, the City provides 100.00% credit up to 2.50% for those who pay income tax to another city. City Council could by Ordinance, choose to vary that income tax credit and create additional revenues for the City. A resident can apply for a 0.25% refund of income tax paid to the city.

Total program revenues for 2020 increased by $361,631. Operating grants and contributions increased $1,076,743, capital grants and contributions increased $113,960 and charges for services and sales decreased $829,072.

Total general revenues for 2020 decreased by $11,002 compared to 2019. This decrease is mainly due to the decrease in income tax revenue for 2020. The miscellaneous revenues for 2020 were $264,823. Of the $23,293,264 in total revenues, income tax accounts for 54.3% of the total governmental revenues. Property taxes for 2020 were $1,912,727.

During 2020, the City experienced a 45.3% increase in its program expenses. The largest program function for the City normally relates to public safety expenses. Public safety expenses increased 21.2% in 2020 due to COVID-19. General government expenses which account for the basic operations of the City including council, mayor, finance, law, purchasing, civil service, engineering, and building maintenance among other departments and services, had expenses of $4,701,096 for 2020.

The City's Funds

The City of Macedonia uses fund accounting as mandated by governmental legal requirements. The importance of accounting and reporting using this method is to demonstrate compliance with these finance related requirements.

Governmental Funds

These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $32,440,821 and expenditures and other financing uses of $31,620,289. Income tax is the City's largest revenue source.

The largest fund for the City is the general fund. The year-end fund balance for the general fund was $7,409,133 on a modified accrual basis. This is an increase of $862,560 from 2019.

The Road Program Fund ended the year with a fund balance of $706,467. This is a decrease in fund balance of $1,453,566 from 2019.

For all other governmental funds, the end of year fund balance increased to $1,411,538 in 2020.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. Recommendations and requests for budget changes are referred to the Finance Committee before going to the formal Council meeting for ordinance enactment on the change. The Finance Director provides the administration and City Council with monthly reports on revenues and expenditures. This provides all parties with information on revenue and expenditure levels, trends, budgeted versus actual amounts and recommendations on any changes in policy or execution that may be required.

The general fund supports most of the City's major activities such as the police, fire, building, and service departments as well as the legislative and most executive activities. For the general fund, the original budgeted revenues were $14,338,476 and the final budgeted revenues were $15,293,400. Actual revenues of $14,957,981 were $335,419 less than the final budget.

The original budget estimated expenditures and other financing uses were $15,033,152 and the final budgeted expenditures and other financing uses were $16,098,550. Actual expenditures and other financing uses were $14,207,327. Actual expenditures were $1,891,223 less than the final budget.

Capital Assets and Long-Term Obligations

Table 3
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities	
	2020	2019
Land	$8,415,883	$8,415,883
Construction in Progress	528,936	55,336
Buildings and Improvements	8,852,435	8,991,291
Machinery and Equipment	3,899,774	4,179,273
Infrastructure	37,519,665	37,388,648
Totals	$59,216,693	$59,030,431

Total capital assets, net of depreciation for governmental activities of the City for 2020 were $59,216,693 an $186,262 increase from the 2019 balance. The increase is primarily due to purchases of infrastructure in 2020. See Note 8 of the basic financial statements for additional information on capital assets.

Long-Term Obligations

On December 31, 2020, the City of Macedonia had $13,640,000 in general obligation bonds, $476,700 in special assessment bonds, $950,679 in lease purchase agreements, $1,791,248 in OPWC loans, and $234,396 in SIB loans outstanding.

Table 4
Outstanding Long-Term Obligations at End of Year

	Governmental	
	2020	2019
General Obligation Bonds	$13,640,000	$13,685,000
Special Assessment Bonds	476,700	582,900
Lease purchase agreements	950,679	931,678
OPWC Loan	1,791,248	932,394
SIB Loans	234,396	297,000
Totals	$17,093,023	$16,428,972

See Notes 12 and 14 of the basic financial statements for additional information on debt.

Current Financial Related Activities

The Administration and City Council have committed the City to financial excellence and work hard at maximizing efficiencies and keeping the City's debt obligations at a minimum.

In 2020, the General fund expenditures plus year end encumbrances totaled $14,207,327. This was $1,891,223 below the General fund budget of $16,098,550. In addition, the city ended 2020 with an unencumbered General fund cash balance of $3,708,323.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends or invests. If you have any questions about this report or need additional financial information contact John M. Veres, CPA, Finance Department, 9691 Valley View Road, Macedonia, Ohio 44056, telephone (330) 468-8359 or the City website at www.Macedonia.oh.us.

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City of Macedonia, Ohio
Statement of Net Position
December 31, 2020

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	$11,908,977
Receivables (Net):	
Taxes	6,339,806
Accounts	432,960
Interest	4,239
Intergovernmental	893,647
Special Assessments	539,439
Inventory	179,224
Prepaid Items	142,708
Nondepreciable Capital Assets	8,944,819
Depreciable Capital Assets, Net	50,271,874
Total Assets	79,657,693
Deferred Outflows of Resources:	
Deferred Charge on Refunding	61,910
Pension	2,939,404
OPEB	1,957,492
Total Deferred Outflows of Resources	4,958,806
Liabilities:	
Accounts Payable	677,632
Accrued Wages and Benefits	343,071
Accrued Interest Payable	47,917
Deposits held and due to others	470,725
Bond Anticipation Notes Payable	575,000
Long-Term Liabilities:	
Due Within One Year	1,869,910
Due In More Than One Year	
Net Pension Liability	15,519,757
Net OPEB Liability	4,978,290
Other Amounts	16,970,614
Total Liabilities	41,452,916
Deferred Inflows of Resources:	
Property and Income Taxes	1,954,318
Grants and Other Taxes	81,400
OPEB	1,272,538
Pension	2,400,062
Total Deferred Inflows of Resources	5,708,318
Net Position:	
Net Investment in Capital Assets	41,132,374
Restricted for:	
Debt Service	574,780
Capital Projects	1,437,329
Street Construction and Maintenance	1,085,506
Fire services	14,044
Police Services and Programs	1,473,192
Other Purposes	213,074
Unrestricted (Deficit)	(8,475,034)
Total Net Position	$37,455,265

See accompanying notes to the basic financial statements.

City of Macedonia, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	$4,701,096	$458,729	$52,084	$0	($4,190,283)
Public Safety	9,244,213	2,150,599	1,172,425	0	(5,921,189)
Community Development	1,365,393	239,134	0	0	(1,126,259)
Leisure Time Activities	1,850,612	427,764	38,433	0	(1,384,415)
Transportation and Street Repair	5,417,019	0	845,710	283,105	(4,288,204)
Basic Utility Service	831,730	172,997	12,949	0	(645,784)
Public Health and Welfare	222,162	98,938	210,578	0	87,354
Interest and Other Charges	531,822	0	0	0	(531,822)
Totals	$24,164,047	$3,548,161	$2,332,179	$283,105	(18,000,602)

General Revenues:	
Income Taxes	12,643,242
Property Taxes Levied for:	
General Purposes	1,787,585
Special Revenue Purposes	125,142
Grants and Entitlements, Not Restricted	1,385,344
Revenue in Lieu of Taxes	878,027
Investment Earnings	45,656
Other Revenues	264,823
Total General Revenues	17,129,819
Change in Net Position	(870,783)
Net Position - Beginning of Year	38,326,048
Net Position - End of Year	$37,455,265

See accompanying notes to the basic financial statements.

City of Macedonia, Ohio
Balance Sheet
Governmental Funds
December 31, 2020

	General	Road Program Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	$5,976,012	$1,119,471	$4,813,494	$11,908,977
Receivables (Net):				
Taxes	4,887,054	502,226	950,526	6,339,806
Accounts	430,303	0	2,657	432,960
Interest	4,239	0	0	4,239
Intergovernmental	248,535	0	645,112	893,647
Special Assessments	40,472	0	498,967	539,439
Interfund	644,300	0	0	644,300
Inventory	5,080	0	174,144	179,224
Prepaid Items	114,423	0	28,285	142,708
Total Assets	12,350,418	1,621,697	7,113,185	21,085,300
Liabilities:				
Accounts Payable	84,098	34,318	559,216	677,632
Accrued Wages and Benefits	260,241	0	82,830	343,071
Compensated Absences	9,054	0	0	9,054
Interfund Payable	0	0	644,300	644,300
Deposits held and due to others	470,725	0	0	470,725
Bond Anticipation Notes Payable	0	575,000	0	575,000
Total Liabilities	824,118	609,318	1,286,346	2,719,782
Deferred Inflows of Resources:				
Property and Income Taxes	3,685,022	305,912	639,908	4,630,842
Grants and Other Taxes	73,580	0	361,637	435,217
Special Assessments	40,472	0	498,967	539,439
Accounts	318,093	0	0	318,093
Total Deferred Inflows of Resources	4,117,167	305,912	1,500,512	5,923,591
Fund Balances:				
Nonspendable	132,925	0	202,429	335,354
Restricted	0	706,467	2,925,156	3,631,623
Committed	580,200	0	1,273,916	1,854,116
Assigned	1,240,769	0	0	1,240,769
Unassigned	5,455,239	0	(75,174)	5,380,065
Total Fund Balances	7,409,133	706,467	4,326,327	12,441,927
Total Liabilities, Deferred Inflows and Fund Balances	$12,350,418	$1,621,697	$7,113,185	$21,085,300

See accompanying notes to the basic financial statements.

City of Macedonia, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2020

Total Governmental Fund Balance		$12,441,927
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		59,216,693
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Income Taxes	2,634,903	
Delinquent Property Taxes	41,621	
Intergovernmental	353,817	
Other Receivables	857,532	
		3,887,873
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(47,917)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(1,260,241)
Deferred outflow of resources associated with long-term liabilities are not reported in the funds.		61,910
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	2,939,404	
Deferred outflows of resources related to OPEB	1,957,492	
Deferred inflows of resources related to pensions	(2,400,062)	
Deferred inflows of resources related to OPEB	(1,272,538)	
		1,224,296
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(15,519,757)	
Net OPEB Liability	(4,978,290)	
Other Amounts	(17,571,229)	
		(38,069,276)
Net Position of Governmental Activities		$37,455,265

See accompanying notes to the basic financial statements.

City of Macedonia, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2020

	General	Road Program Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	$1,787,303	$0	$125,130	$1,912,433
Income Taxes	8,173,976	1,317,193	2,545,476	12,036,645
Charges for Services	2,265,231	0	596,744	2,861,975
Investment Earnings	45,656	0	0	45,656
Intergovernmental	1,575,160	0	2,669,605	4,244,765
Special Assessments	623	0	248,513	249,136
Fines, Licenses & Permits	385,351	0	9,239	394,590
Revenue in Lieu of Taxes	0	0	878,027	878,027
Other Revenues	208,121	0	68,085	276,206
Total Revenues	14,441,421	1,317,193	7,140,819	22,899,433
Expenditures:				
Current:				
General Government	3,874,151	15,558	108,992	3,998,701
Public Safety	6,848,400	0	1,769,765	8,618,165
Community Development	386,688	0	847,618	1,234,306
Leisure Time Activities	0	0	1,354,543	1,354,543
Transportation and Street Repair	0	0	1,632,110	1,632,110
Basic Utility Service	84,160	0	281,803	365,963
Public Health and Welfare	222,162	0	0	222,162
Capital Outlay	0	3,082,887	1,601,193	4,684,080
Debt Service:				
Principal	0	0	1,335,777	1,335,777
Interest and Other Charges	0	0	569,481	569,481
Total Expenditures	11,415,561	3,098,445	9,501,282	24,015,288
Excess of Revenues Over (Under) Expenditures	3,025,860	(1,781,252)	(2,360,463)	(1,115,855)
Other Financing Sources (Uses):				
Issuance of Capital Leases	0	0	414,000	414,000
Proceeds from Sale of Capital Assets	0	0	4,660	4,660
Issuance of Long-Term Capital-Related Debt	0	875,828	575,000	1,450,828
Proceeds from Bond Refunding	0	0	4,620,000	4,620,000
Payments to Refunded Bond Escrow Agent	0	0	(4,553,101)	(4,553,101)
Transfers In	0	0	3,051,900	3,051,900
Transfers (Out)	(2,163,300)	(548,142)	(340,458)	(3,051,900)
Total Other Financing Sources (Uses)	(2,163,300)	327,686	3,772,001	1,936,387
Net Change in Fund Balance	862,560	(1,453,566)	1,411,538	820,532
Fund Balance - Beginning of Year	6,546,523	2,160,033	2,913,065	11,619,621
Change in Reserve for Inventory	50	0	1,724	1,774
Fund Balance - End of Year	$7,409,133	$706,467	$4,326,327	$12,441,927

See accompanying notes to the basic financial statements.

City of Macedonia, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2020

Net Change in Fund Balance - Total Governmental Funds		$820,532
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	3,094,848	
Depreciation Expense	(2,908,586)	
		186,262
Governmental funds report City pension/OPEB contributions as expenditures. However in the Statement of Activites, the cost of pension/OPEB benefits earned net of employee contributions is reported as pension/OPEB expense.		
City pension contributions	1,293,625	
Cost of benefits earned net of employee contributions - Pension	(2,402,585)	
City OPEB contributions	19,136	
Cost of benefits earned net of employee contributions - OPEB	(605,659)	
		(1,695,483)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income Taxes	606,597	
Delinquent Property Taxes	294	
Intergovernmental	(21,806)	
Other	(195,914)	
		389,171
In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.		
Deferred Amount on Refunding	68,101	
Refunding Bonds	(4,620,000)	
Bonds Refunded	4,485,000	
		(66,899)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,335,777
In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.		14,056
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(14,748)	
Amortization of Bond Premium	29,794	
Amortization of Deferred Charge on Refunding	(6,191)	
Change in Inventory	1,774	
		10,629
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.		(1,864,828)
Change in Net Position of Governmental Activities		($870,783)

See accompanying notes to the basic financial statements.

City of Macedonia, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Custodial Funds
Assets:	
Equity in Pooled Cash and Investments	$125,560
Receivables (Net):	
Taxes	102,113
Total Assets	227,673
Liabilities:	
Accounts Payable	3,000
Total Liabilities	3,000
Net Position:	
Restricted for Individuals, Organizations, and Other Governments	224,673
Total Net Position	$224,673

See accompanying notes to the basic financial statements.

City of Macedonia, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended December 31, 2020

	Custodial Funds
Additions:	
Intergovernmental Revenue	$366,709
Total Additions	366,709
Deductions:	
General Government	9,229
Fees and Permits	17,158
JEDD Distribution	317,957
Other	1,140
Total Deductions	345,484
Change in Net Position	21,225
Net Position - Beginning of Year, Restated	203,448
Net Position - End of Year	$224,673

See accompanying notes to the basic financial statements.

Note 1 - Description of the City and Reporting Entity

The City of Macedonia (the “City”) is a charter municipal corporation duly organized and existing under the constitution and laws of the State of Ohio. The City may exercise all powers of local self-government and police powers to the extent it is not in conflict with applicable general laws. A charter was first adopted by the electorate at a general election held in 1972. The City operates under its own charter and is governed by a Mayor-Council form of government with the Mayor appointing the Finance Director and department heads, with Council approval and Council appointing the Clerk of Council. Officials include five Council members and a Mayor elected to four-year terms.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Macedonia, this includes the departments and agencies that provide the following services: police, fire, street maintenance, planning and zoning, emergency medical technicians, parks and recreation system, public improvements department, general administrative services and mayor’s court.

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; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. The City has no component units.

The City is associated with two jointly governed organizations, the Northeast Ohio Public Energy Council and the Regional Council of Governments (Note 15) and one joint venture, the Northfield Center Township - Macedonia Joint Economic Development District (Note 16).

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

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

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

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. The City reports two categories of funds: governmental and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions 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 and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

> ***General Fund*** - The general fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Macedonia and/or the general laws of Ohio.

Road Program Fund – The road program fund accounts for the improvement of roads in the city.

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

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. The City has no trust funds. Custodial funds account for assets held by the City for the benefit of other governments, organizations, or individuals. The City's custodial funds account for building assessment fees collected for the Ohio Board of Building Standards; a Joint Economic Development District with Northfield Center Township; and EMS fees collected on behalf of Boston Heights.

Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 and the statements presented for fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenue 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. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, grants, fees and rentals.

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, deferred outflows of resources have been reported on the government-wide statements for the following items related to the City's net pension liability and net OPEB liability: (1) the net difference between projected and actual investment earnings on pension/OPEB plan assets, (2) the City's contributions to the pension/OPEB systems subsequent to the measurement date and (3) differences between employer's contributions and the employer's proportional share of contributions. For more pension and OPEB related information, see Notes 10 and 11.

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 and income taxes, grants, payments in lieu of taxes, special assessments, accounts receivable, OPEB and pension. Property taxes and payments in lieu of 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. Accounts receivable, grants and special assessments are reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows related to pension and OPEB are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 10 and 11.

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.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternate tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control is at the department level and object level of personal services, operating and capital outlay for the general, street construction, maintenance and repair, parks, and family recreation funds, at the line item level for the capital improvements fund, and at the fund level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control. More detailed allocations beyond the legal level of appropriations passed by Council may be made by the Finance Director.

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

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources by fund. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Cash and Cash Equivalents

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During the year, the City's investments were limited to Star Ohio, money market funds, and negotiable certificates of deposits. Investments are reported at cost, except for the money market fund and STAR Ohio. The City's money market fund investment is recorded at the amount reported by financial institutions on December 31, 2020.

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

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

Investment procedures are restricted by the provisions of the Ohio Revised Code (ORC). Interest revenue credited to the general fund during 2020 amounted to $45,656.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance which indicates that it does not constitute available spendable resources even though it is a component of fund balance.

Prepaid Items

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

Capital Assets

The City's only capital assets are general capital assets. General capital assets are those assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. The City maintains a capitalization threshold of $5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land	N/A
Right-of-Ways	N/A
Buildings and Improvements	15 - 100 years
Land Improvements	20 years
Machinery and Equipment	5 - 40 years
Furniture and Fixtures	10 - 25 years
Vehicles	6 - 25 years
Infrastructure	15 - 50 years

The City's infrastructure consists of roads, water mains, storm sewers, traffic signals, and bridges and includes infrastructure acquired since December 31, 1980.

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving benefits in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for employees after one year of service with the City.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences 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, capital leases and loans are recognized as a liability on the governmental fund financial statements when due.

Fund Balances

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

> *Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
>
> *Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
>
> *Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
>
> *Assigned* - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the Finance Director 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 either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position invested 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 constitutional provisions on enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the City's $4,725,970 in restricted net position, none was restricted by enabling legislation.

Interfund Activity

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

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

Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are receipted in the year the bonds are issued.

Estimates

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position for 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

Deficit Fund Balances

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

Other Governmental Funds	Deficit
Special Assessment Bond Retirement	$44,256
Police Pension Transfer	1,900
Fire Operating Levy	18,473
The Avenue TIF Fund	10,545

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

Note 4 - Deposits and Investments

The City has chosen to follow State statutes and 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 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 bills, bonds, notes, 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 obligation or security 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2.00% 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;

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

6. The State Treasurer's investment pool (STAR Ohio); and,

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed 25.00% of the interim monies available for investment at any one time.

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

1. Bonds of the State of Ohio;

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

3. Obligations of the City.

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. Investments may only be made through specified dealers and institutions.

Cash on Hand

At year end, the City had $1,175 in undeposited cash on hand, which is included on the financial statements of the City as part of "equity in pooled cash and investments".

Deposits

Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2020, $5,456,007 of the City's bank balance of $5,956,903 was exposed to custodial risk as discussed below, while $500,896 was covered by the Federal Deposit Insurance Corporation "FDIC".

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105.00% of the carrying value of the deposits. Such collateral, as permitted by the ORC, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and 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.

Investments

All investments are in an internal investment pool. As of December 31, 2020, the City had the following investments:

Investment type	Fair Value	Fair Value Hierarchy	Wieghted Average of Maturity
Money Market Funds	$5,595,947	N/A	0.00
STAR Ohio	66,911	N/A	0.11
Negotiable Certificates of Deposit	500,235	Level 2	0.69
Total	$6,163,093		
Portfolio Weighted Average Maturity			0.06

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2020. STAR Ohio is reported at its share price (Net Asset value per share).

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in investments so that securities mature to meet cash requirements for ongoing operations. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The money market funds and Negotiable Certificates of Deposit are not rated. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk: The City's investment policy places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2020:

Investment type	Fair Value	% of Total
Money Market Funds	$5,595,947	91%
STAR Ohio	66,911	1%
Negotiable Certificates of Deposit	500,235	8%
Total	$6,163,093	100%

Note 5 – Receivables

Receivables at December 31, 2020, consisted primarily of municipal income taxes, property taxes, special assessments, interest, accounts (billings for user charged services and court fines), interfund and intergovernmental receivables arising from grants, entitlements and shared revenues.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except for delinquent property taxes and special assessments are expected to be collected within one year. Property taxes although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to $40,472 in the general fund and $498,967 in the other governmental funds.

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 35.00% 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 35.00% 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 Summit County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City of Macedonia. The Summit County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2020, and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred outflows of resources since the current taxes were not levied to finance 2020 operations and the collection of delinquent taxes has been offset by deferred inflows of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2020, was $7.90 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:

Real Property	
Residential/Agricultural	$318,045,850
Commercial/Industrial/Mineral	108,637,150
Public utility	29,812,560
Total Assessed Value	$456,495,560

Income Taxes

The City levied a 2.50% municipal income tax on substantially all income earned within the City. In addition, City residents are required to pay tax on income earned outside of the City. The City allows a credit of 100.00% for income tax paid to another municipality, not to exceed 2.50% of taxable income.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City Ordinance, City net income tax collections from levies exceeding 2.25% are allocated to the Fire, Police, and Service Departments, with the remaining City net income tax collections allocated 77.80% to general fund, 12.90% for road projects and improvements, 7.10% to parks and recreation center (50.00% of the 7.10% for park and 50.00% of the 7.10% to the recreation center), and 2.20% will be set aside for refunding back to the residents of the City that are affected by the voted increase of 0.25%.

The Regional Income Tax Agency (RITA) administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of 3.00%.

Note 6 - Compensated Absences

The criteria for determining vacation and sick leave liabilities are derived from negotiated agreements and State laws. Employees earn ten to twenty-five days of vacation per year, depending upon length of service. Normally, all vacation is to be taken in the year available unless written approval for carryover of vacation is obtained, in which case it is to be used in the first quarter of the following year. All accumulated unused vacation time is paid upon termination of employment.

Employees earn sick leave at a rate of 1 1/4 days per month. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of 40.00% of accumulated, unused sick leave up to a maximum payment of 384 hours, except fire employees whose maximum payment is up to 540 hours and police employees whose maximum payment is up to 500 hours. An employee with less than 10 years of service with the City, who is terminated other than retirement, is entitled to be paid 25.00% of their accrued unused sick leave up to a maximum payment of 240 hours.

Note 7 - Interfund Transactions

Interfund transfers and receivables and payables for the year ended December 31, 2020, consisted of the following, as reported on the fund financial statements:

	Transfers		Interfund	
	In	Out	Receivable	Payable
General Fund	$0	$2,163,300	$644,300	$0
Road Program Fund	0	548,142	0	0
Other Governmental Funds	3,051,900	340,458	0	644,300
Total All Funds	$3,051,900	$3,051,900	$644,300	$644,300

Transfers are used to (1) move revenues from the fund that statute or budget required 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, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) to move residual equity amounts. Transfers between governmental funds are eliminated on the government-wide financial statements.

The transfers out of the Road Program Fund to the Other Debt Fund and General Bond Retirement Fund were for debt payments being made out of those two funds. A transfer was made out of the Permissive Tax Fund to the General Bond Retirement fund for debt service payments. A transfer was made out of the Safety Services fund into the General Bond Retirement fund for debt service payments. Transfers were made out of TIF Funds to the General Bond Retirement Fund for debt service payments.

Note 8 - Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital Assets Not Being Depreciated				
Land	$8,415,883	$0	$0	$8,415,883
Construction in Progress	55,336	473,600	0	528,936
Total Capital Assets Not Being Depreciated	8,471,219	473,600	0	8,944,819
Capital Assets Being Depreciated				
Buildings and Improvements	14,446,218	213,823	0	14,660,041
Machinery and Equipment	10,278,535	251,355	0	10,529,890
Infrastructure	65,243,578	2,156,070	0	67,399,648
Total Capital Assets Being Depreciated	89,968,331	2,621,248	0	92,589,579
Less Accumulated Depreciation				
Buildings and Improvements	5,454,927	352,679	0	5,807,606
Machinery and Equipment	6,099,262	530,854	0	6,630,116
Infrastructure	27,854,930	2,025,053	0	29,879,983
Total Accumulated Depreciation	39,409,119	2,908,586	0	42,317,705
Total Capital Assets Being Depreciated, Net	50,559,212	(287,338)	0	50,271,874
Governmental Activities Capital Assets, Net	$59,030,431	$186,262	$0	$59,216,693

Depreciation expense was charged to governmental functions as follow:

General government	$150,090
Security of persons and property	298,948
Leisure time activities	206,839
Community environment	853
Basic Utility Services	465,767
Transportation	1,786,089
Total	$2,908,586

Note 9 - Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. As of December 31, 2020, the City contracted with the Ohio Municipal League Self Insurance Pool, which is administered by Nixon Laurianti Insurance Agency, Inc., as follows:

Type of Coverage	Coverage	Deductible
Ohio Municipal Joint Self Insurance Pool		
Blanket Property, and Contents, Replacement	$16,645,037	$2,500
Property Dwelling	cash value	1,000
General Liability	6,000,000	No deductible
Automobile Liability	6,000,000	500
Municipal Attorney & Law Directors Liability	1,000,000	25,000
Employer Liability	1,000,000	No deductible
Emergency Medical Services Liability	6,000,000	25,000
Miscellaneous Equipment (Scheduled)	cash value	1,000
Miscellaneous Equipment (Unscheduled)	cash value	1,000
Tower and Antenna	cash value	1,000
Public Officials Liability	6,000,000	25,000
Law Enforcement	6,000,000	25,000
Employee Benefits Liability (per act)	1,000,000	No deductible
Inland Marine Liability	cash value	1,000
Uninsured/Underinsured Motorist	50,000	No deductible
Hired/Borrowed Physical Damage	50,000	500

The City carries commercial insurance coverage for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there were no significant reductions in coverage from the prior year.

Workers' Compensation

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 10 – Defined Benefit Pension Plans

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

Net Pension Liability/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 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 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 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 may 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 healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While employees may elect the member-directed plan or the combined plan, substantially all employees are in the traditional plan; therefore, the following disclosure focuses on 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 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 plan 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 Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

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

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	Public Safety	Law Enforcement
2020 Statutory Maximum Contribution Rates			
Employer	14.00%	18.10%	18.10%
Employee *(a)*	10.00%	*(b)*	*(c)*
2020 Actual Contribution Rates			
Employer:			
Pension *(d)*	14.00%	18.10%	18.10%
Post-employment Health Care Benefits *(d)*	0.00%	0.00%	0.00%
Total Employer	14.00%	18.10%	18.10%
Employee	10.00%	12.00%	13.00%

(a) Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

(b) This rate is determined by OPERS' Board and has no maximum rate established by ORC.

(c) This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2% greater than the Public Safety rate.

(d) These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4% for health care with the remainder going to pension.

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

For 2020, the City's contractually required contribution was $478,623, of this amount $79,042 is reported in accrued wages and benefits.

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 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 after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50 percent for each of the first 20 years of service credit, 2.00 percent for each of the next five years of service credit and 1.50 percent for each year of service credit in excess of 25 years. The maximum pension of 72.00 percent 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 three percent 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 percent of their base pension or disability benefit.

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

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

	Police	Firefighters
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	0.50%	0.50%
Total Employer	19.50%	24.00%
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $815,002 for 2020, of this amount $72,956 is reported as accrued wages and benefits.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (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 (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 of the City's defined benefit pension plans:

	OPERS Traditional Plan	OPF	Total
Proportionate Share of the:			
Net Pension Liability	$5,192,839	$10,326,918	$15,519,757
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02627200%	0.15329720%	
Prior Measurement Date	0.02554100%	0.15417300%	
Change in Proportionate Share	0.00073100%	-0.00087580%	
Pension Expense	$871,423	$1,531,162	$2,402,585

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 Plan	OPF	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$0	$390,907	$390,907
Changes in assumptions	277,358	253,499	530,857
Changes in employer proportionate share of net pension liability	96,309	627,706	724,015
Contributions subsequent to the measurement date	478,623	815,002	1,293,625
Total Deferred Outflows of Resources	$852,290	$2,087,114	$2,939,404
Deferred Inflows of Resources			
Differences between expected and actual experience	$65,656	$532,601	$598,257
Net difference between projected and actual earnings on pension plan investments	1,035,855	498,873	1,534,728
Changes in employer proportionate share of net pension liability	16,575	250,502	267,077
Total Deferred Inflows of Resources	$1,118,086	$1,281,976	$2,400,062

$1,293,625 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability 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:

Year Ending December 31:	OPERS Traditional Plan	OPF	Total
2021	($75,864)	$69,015	($6,849)
2022	(300,146)	129,306	(170,840)
2023	42,893	281,159	324,052
2024	(411,302)	(439,597)	(850,899)
2025	0	(49,747)	(49,747)
Total	($744,419)	($9,864)	($754,283)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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.

	OPERS Traditional Plan
Wage Inflation	3.25%
Future Salary Increases	3.25% to 10.75% (includes wage inflation)
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00%, Simple
Post-January 7, 2013 Retirees	1.40%, Simple through 2020, then 2.15%, Simple
Investment Rate of Return	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 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent 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	100.00%	5.61%

Discount Rate

The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension liability	$8,564,672	$5,192,839	$2,161,600

Changes in Assumptions or Benefit Terms Since the Last Measurement Date, and Changes from the Measurement Date to the Report Date

There were no recent significant changes of pension benefit terms, health care plans, investment policies, the size or composition of the population covered by the benefit terms and health care plans impacting the actuarial valuation studies for pension and health care for the measurement date of December 31, 2019.

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 the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2019, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Salary Increases	3.75% to 10.50%
Payroll Growth	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%

Healthy Mortality

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 Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

Disabled Mortality

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

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

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

The 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. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	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*

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

Discount Rate

Total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8.00 percent, 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 percent, or one percentage point higher, 9.00 percent, than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability	$14,312,750	$10,326,918	$6,993,165

Changes in Assumptions or Benefit Terms Since the Last Measurement Date, and Changes from the Measurement Date to the Report Date
There have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation studies as of the pension plan for the measurement date.

Note 11 – Postemployment Benefits

See Note 10 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Health Care Plan Description
OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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 separation, 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 with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting 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.

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 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. 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. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $0 for 2020.

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

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

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org 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 percent and 24.00 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent 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 0.5 percent 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 $19,136 for 2020.

Net OPEB Liability

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:

	OPERS Traditional Plan	OPF	Total
Proportionate Share of the:			
Net OPEB Liability	$3,464,061	$1,514,229	$4,978,290
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.02507900%	0.15329720%	
Prior Measurement Date	0.02424900%	0.15417300%	
Change in Proportionate Share	0.00083000%	-0.00087580%	
OPEB Expense	$401,726	$203,933	$605,659

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

	OPERS Traditional Plan	OPF	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$93	$0	$93
Changes in assumptions	548,324	885,277	1,433,601
Changes in employer proportionate share of net OPEB liability	62,815	441,847	504,662
Contributions subsequent to the measurement date	0	19,136	19,136
Total Deferred Outflows of Resources	$611,232	$1,346,260	$1,957,492
Deferred Inflows of Resources			
Differences between expected and actual experience	$316,804	$162,841	$479,645
Changes in assumptions	0	322,705	322,705
Net difference between projected and actual earnings on OPEB plan investments	176,389	69,679	246,068
Changes in employer proportionate share of net OPEB liability	13,513	210,607	224,120
Total Deferred Inflows of Resources	$506,706	$765,832	$1,272,538

$19,136 reported as deferred outflows of resources related to OPEB resulting from 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:

Year Ending December 31:	OPERS Traditional Plan	OPF	Total
2021	$112,912	$108,200	$221,112
2022	66,847	108,200	175,047
2023	140	122,494	122,634
2024	(75,373)	133,614	58,241
2025	0	56,414	56,414
Thereafter	0	32,370	32,370
Total	$104,526	$561,292	$665,818

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	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	6.00%
Municipal Bond Rate:	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate:	
Current measurement date	10.50% initial, 3.50% ultimate in 2030
Prior Measurement date	10.00% initial, 3.25% ultimate in 2029
Actuarial Cost Method	Individual Entry Age, Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36%	1.53%
Domestic Equities	21%	5.75%
Real Estate Investment Trusts	6%	5.69%
International Equities	23%	7.66%
Other investments	14%	4.90%
Total	100%	4.55%

Discount Rate

A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent 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 percent and a municipal bond rate of 2.75 percent. 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 City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Proportionate share of the net OPEB liability	$4,533,280	$3,464,061	$2,607,965

Sensitivity of the 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 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. 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 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Proportionate share of the net OPEB liability	$3,361,840	$3,464,061	$3,564,980

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.

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:	
Currrent 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%

Healthy Mortality
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 Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	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*

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

Discount Rate
For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 percent. 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 percent. 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 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent 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 2033, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the 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 percent, 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 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Proportionate share of the net OPEB liability	$1,877,546	$1,514,229	$1,212,337

Sensitivity of the 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.

Changes between Measurement Date and Report Date

There was a decrease in the discount rate from 4.66 percent at prior measurement date to 3.56 percent at the current measurement date. There are no changes to benefit terms.

Note 12 - Capital Leases

The City's lease obligations meet the criteria of a capital lease as defined by GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements". Capital lease payments have been reclassified and are reflected as debt service expenditures on the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Lease Purchase Agreement

During the current year and in previous years, the City entered into lease-purchase agreements with a local bank to finance the purchase of various heavy machinery, vehicles and dump trucks. The source of revenue to fund the principal and interest payments is derived from general operating revenues of the City. The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement as of December 31, 2020.

	Lease Purchase Agreement	
Years	Principal	Interest
2021	$317,536	$17,796
2022	183,671	11,424
2023	109,084	7,661
2024	110,746	5,999
2025	112,437	4,308
2026-2029	117,205	6,549
Total	$950,679	$53,737

Capital assets acquired by lease have been capitalized as follows:

Vehicles	$ 2,787,822

Note 13 – Notes Payable

A summary of the note transactions for the current year end are as follows:

		Beginning Balance	Issued	Retired	Ending Balance
2020 SA Right in Right out BANs	0.50%	$0	$575,000	$0	$575,000
Total Notes Payable		$0	$575,000	$0	$575,000

The City issued a combined $575,000 in short-term bond anticipation notes.

All of the notes are bond anticipation notes, are backed by the full faith and credit of the City, and mature within one year. The note liability is reflected in the fund, which received the proceeds.

Note 14 - Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the City's bonds and loans follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of of Maturity
Governmental Activities:			
General Obligation Bonds			
Radio G.O. Bonds 2020	1.50%	$575,000	December 1, 2025
2020 Refunding of 2019 Bonds	1.50%	1,185,000	December 1, 2028
2020 Refunding of 2010 Bonds	1.23%	3,435,000	December 1, 2030
Fire Truck Acquisition Bonds, 2019	3.60%	1,450,000	December 1, 2028
Various Purpose, 2018	2.50-4.00%	9,000,000	December 1, 2025
Various Purpose, 2010	2.00-4.00%	5,130,000	December 1, 2030
Special Assessments			
Highland Road Improvement Variance, 2003	2.00-4.00%	1,260,000	December 1, 2023
North Freeway Drive, 2006	5.38%	543,300	December 1, 2026
Ohio Public Works Commission Loan (OPWC)			
North Freeway Drive Project, 2005	0.00%	678,957	December 1, 2027
Valley View Road Project, 2019	0.00%	677,787	January 4, 2040
Ledge Road Reconstruction Project 2020	0.00%	707,935	July 31, 2050
State Infrastructure Bank Loan			
I-271 Ramp Project, 2014	3.00%	502,000	July 31, 2034

Changes in long-term obligations of the City during 2020 are as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due in One Year
General Obligation Bonds					
Radio G. O. Bonds 2020	$0	$575,000	$0	$575,000	$110,000
2020 Refunding of 2019 Bonds	0	1,185,000	0	1,185,000	160,000
2020 Refunding of 2010 Bonds	0	3,435,000	0	3,435,000	320,000
Various Purpose Bonds, 2010	3,590,000	0	(3,590,000)	0	0
Various Purpose Bonds, 2018	8,790,000	0	(345,000)	8,445,000	355,000
Premium on 2018 Issuance	429,538	0	(22,607)	406,931	0
Fire Truck Acquisition Bonds, 2019	1,305,000	0	(1,305,000)	0	0
Total General Obligation Bonds	14,114,538	5,195,000	(5,262,607)	14,046,931	945,000
Special Assessment Bonds with Governmental Commitment					
Highland Road Improvement Various Purpose, 2003	325,000	0	(75,000)	250,000	80,000
North Freeway Drive, 2006	257,900	0	(31,200)	226,700	32,900
Total Special Assessment Bonds	582,900	0	(106,200)	476,700	112,900
Ohio Department of Transportation (ODOT)					
State Infrastructure Bank Loans (I-271 Ramp)	297,000	0	(62,604)	234,396	64,496
Ohio Public Works Commission Loans (OPWC)					
North Freeway Drive Project, 2005	254,607	0	(16,974)	237,633	33,948
CH07W, 2020	677,787	68,616	0	746,403	37,320
Ledge Road Reconstruction Project, CH06U	0	707,935	0	707,935	23,598
Highland Road Resurfacing Project, DHX09	0	99,277	0	99,277	0
Total OPWC Loan	932,394	875,828	(16,974)	1,791,248	94,866
Net Pension Liability	19,579,753	0	(4,059,996)	15,519,757	0
Net OPEB Liability	4,565,479	412,811	0	4,978,290	0
Compensated Absences Payable	1,245,493	301,556	(277,754)	1,269,295	335,112
Lease Purchase Agreements	931,678	414,000	(394,999)	950,679	317,536
Premiums	78,462	0	(7,187)	71,275	0
Total Governmental Long-Term Liabilities	$42,327,697	$7,199,195	($10,188,321)	$39,338,571	$1,869,910

General obligation bonds are the direct obligation of the City for which its full faith and credit are pledged for repayment and will be paid from the collection of income taxes.

On January 15, 2014, ODOT issued the City a loan to acquire the rights-of-way for the I-271 ramp project. The loan was in the amount of $502,000 and had an interest rate of 3.00%. The loan has a maturity date of July 31, 2024. Principal and interest payments are due semi-annually. The loan had a 0.00% interest rate until July 30, 2015.

Special assessment bonds will be paid from special assessment proceeds levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City.

The OPWC loan for North Freeway Drive Project will be paid from special assessments. The OPWC loan for Valley View Road Project will be paid from the Road Program Fund.

Compensated absences will be paid from the general fund and the street construction, maintenance and repair, parks and recreation and family recreation center special revenue funds.

Optional Redemption - The bonds maturing on or after December 1, 2013, shall be subject to redemption, by and at the option of the City, on or after December 1, 2012, in whole or in part on any date, in the integral multiples of $5,000, at the redemption price of 100.00% of principal amount to be redeemed, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption - The bonds maturing on December 1, 2023 shall be term bonds subject to mandatory sinking redemption requirements. The mandatory redemption is to occur on December 1, 2022 (with the balance of $85,000 to be paid at stated maturity on December 1, 2023):

Year	Principal Amount
2021	$80,000
2022	85,000

2020 Radio G.O. Bonds

On December 15, 2020 the City issued $575,000 in general obligation bonds with an interest rate of 1.500%. the proceeds were used to pay for the cost of acquiring, installing, equipping and otherwise improving the City's communication system.

2019 Fire Truck Acquisition Bonds

On January 17, 2019, the City issued $1,450,000 in general obligation bonds with an interest rate of 3.60%. The proceeds were used to pay for the acquisition of new fire trucks.

2018 Various Purpose Bonds

On July 16, 2018, the City issued $9,000,000 in general obligation bonds with interest rates varying from 2.50% to 4.00%. The proceeds were used to pay the costs of constructing, reconstructing, improving, grading, draining and paving various roads and streets in the City.

2010 Various Purpose Bonds

On September 22, 2010, the City issued $5,130,000 in general obligation bonds with interest rates varying from 2.00% to 4.00%. The bond issue included serial and term bonds.

Optional Redemption - The bonds maturing after December 1, 2020, are subject to prior redemption, by and at the sole option of the City, in whole or in part as selected by the City (in integral multiples of $5,000), on any date on or after December 1, 2020, at a redemption price equal to 100.00% of the principal amount redeemed, plus interest accrued to the redemption date.

Mandatory Redemption - The bonds maturing on December 1, 2030, (the term bonds), are subject to mandatory sinking fund redemption requirements, at a redemption price equal to 100.00% of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 of the years shown, and according to, the following schedule:

Year	Principal Amount
2025	$325,000
2026	340,000
2027	350,000
2028	365,000
2029	375,000
2030	380,000

Debt Refunding

On September 9, 2020, the City issued $3,435,000 in Refunding Bonds with an interest rate of 1.230% which was used to refund $3,325,000 of the outstanding 2010 Various Purpose Bonds with an interest rate between 2.000% and 4.000%. The net proceeds of $3,435,000 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the bond issues. As a result, $3,325,000 of the 2010 Various Purpose Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The City refunded 2010 Various Purpose Bonds to reduce its total debt service payments by $481,301 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $458,815.

On December 15, 2020, the City issued $1,185,000 in Refunding Bonds with an interest rate of 1.50% which was used to refund $1,160,000 of the outstanding 2019 Fire Truck Bonds with an interest rate of 3.60%. The net proceeds of $1,185,000 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the bond issues. As a result, $1,160,000 of the 2019 Fire Truck Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The City refunded the 2019 Fire Truck Bonds to reduce its total debt service payments by $72,481 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $73,301.

Principal and interest requirements to retire the long-term obligations as of December 31, 2020, are as follows:

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	General Obligation Bonds		Special Assessment Bonds		OPWC Loans	SIB Loans	
Years	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2021	$945,000	$397,573	$112,900	$21,761	$94,866	$64,496	$6,748
2022	965,000	366,790	119,700	16,766	98,289	66,446	4,740
2023	975,000	349,493	121,700	11,473	98,289	68,454	2,671
2024	1,010,000	326,398	38,700	6,071	98,289	35,000	541
2025	1,010,000	308,242	40,700	3,962	98,289	0	0
2026-2030	4,405,000	1,217,081	43,000	1,743	389,598	0	0
2031-2035	2,720,000	657,400	0	0	321,705	0	0
2036-2040	1,610,000	124,800	0	0	321,708	0	0
2041-2045	0	0	0	0	135,105	0	0
2046-2050	0	0	0	0	135,110	0	0
Total	$13,640,000	$3,747,777	$476,700	$61,776	$1,791,248	$234,396	$14,700

Note 15 - Jointly Governed Organization

Northeast Ohio Public Energy Council (NOPEC)

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a Regional Council of Governments (RCOG) formed under Chapter 167 of the ORC. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 200 communities who have been authorized by ballot to purchase electricity and natural gas on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the ten-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program.

The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Macedonia did not contribute to NOPEC during 2020. Financial information can be obtained by contacting Ron McVoy, Board Chairman, 31320 Solon Rd. Suite 20, Solon, Ohio or at the website www.nopecinfo.org.

Regional Council of Governments (RCOG)

In 1971, 38 municipalities joined together to organize a RCOG to administer tax collection and enforcement concerns facing the cities and villages. The first official act of the RCOG was to form the RITA. Today RITA serves as the income tax collection agency for 250 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection services during 2005.

Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA.

Note 16 - Joint Venture

The City participates in the Northfield Center Township - Macedonia Joint Economic Development District (JEDD) which is created in accordance with sections 715.70 and 715.71 of the Ohio Revised Code. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the Township and the City. The City and the Township shall work together to provide or cause to be provided, water, sewer, storm sewer, street lighting, roads, sidewalks and other local government services to the area. These services are funded by a predetermined percentage of income tax revenue. The Board of Directors consists of six members, three from each the City and the Township. The Township members of the Board are the Township Trustees. The City members are the Mayor and two elected members of Council who are appointed to the Board by the Mayor and approved by Council. The Board adopted an annual budget for the JEDD and estimated the revenues and expenses of the operation of the JEDD. They also established the distribution of the income tax revenues. The Board is authorized to take such necessary and appropriate actions, or establish such programs to facilitate economic development in the JEDD area.

Continued existence of the JEDD is dependent on the City's continued participation; however, the City does not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2020, 50.00% of the JEDD's total distributions after expenses went to the City. Complete financial statements can be obtained from the JEDD, City of Macedonia, Finance Department, 9691 Valley View Road, Macedonia, Ohio, 44056.

Note 17 - Tax Increment Financing District (TIF)

The City, pursuant to the ORC and City Ordinances, has established TIF districts. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as "payments in lieu of taxes (PILOTS)", as though the TIF had not been established. These "PILOTS" are then dedicated to the payments for various public improvements within or adjacent to the TIF districts. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

PILOTS are reported in the fund financial statements. The TIF has a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOTS cease and property taxes then apply to the increased property values.

Note 18 – Contingencies

Grants

The City received financial assistance from 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 adverse effect on the overall financial position of the City at December 31, 2020.

Litigation

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

Note 19 - Other Commitments

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

Fund	Year-End Encumbrances
General Fund	$508,301
Road Program Fund	639,183
Other Nonmajor Governmental	1,695,813
Total	$2,843,297

Note 20 - Fund Balance

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

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Fund balance	General	Road Program	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	$5,080	$0	$174,144	$179,224
Unclaimed monies	13,422	0	0	13,422
Prepaids	114,423	0	28,285	142,708
Total nonspendable	132,925	0	202,429	335,354
Restricted:				
Street, Contruction Maintenance & Repair	0	0	475,098	475,098
State Highway Improvement	0	0	30,056	30,056
Bond Retirement	0	0	52,250	52,250
Permissive Tax	0	0	120,742	120,742
Nardonia Hills Home Days	0	0	52,765	52,765
Motor Vehicle License	0	0	49,048	49,048
City Income Tax	0	0	6,093	6,093
Drug Law Enforcement	0	0	39,020	39,020
Law Enforcement Education	0	0	28,865	28,865
Other Debt	0	0	117,080	117,080
Mayors Court Computer	0	0	24,086	24,086
Federal Fire Grants	0	0	14,044	14,044
Law Enforcement Trust	0	0	17,914	17,914
Quiet Zone Maintenance Fund	0	0	19,074	19,074
ARRA Grants Fund	0	0	5,416	5,416
Federal Equitable Sharing	0	0	97,487	97,487
K-9 Police Donaton	0	0	1,266	1,266
Wireless E911	0	0	14,903	14,903
Safety Services	0	0	1,363,471	1,363,471
Capital Improvement	0	0	381,741	381,741
CDBG Grant	0	0	8,153	8,153
Macedonia Shoppes TIF	0	0	353	353
Maquire Property TIF	0	0	161	161
Culver's TIF	0	0	78	78
KFC TIF	0	0	53	53
Road Program	0	706,467	0	706,467
Longwood Park Improvements	0	0	5,912	5,912
Manor House Renovations	0	0	27	27
Total restricted	0	706,467	2,925,156	3,631,623
Committed:				
Community environment	0	0	403,414	403,414
Leisure time activities	0	0	782,678	782,678
Retirement reserve	570,300	0	0	570,300
Underground storage tank	9,900	0	0	9,900
Capital projects	0	0	38,068	38,068
Utility services	0	0	49,756	49,756
Total committed	580,200	0	1,273,916	1,854,116
Assigned:				
Future Encumbrances	821,683	0	0	821,683
Budgetary Resources	419,086	0	0	419,086
Total assigned	1,240,769	0	0	1,240,769
Unassigned (deficit)	5,455,239	0	(75,174)	5,380,065
Total fund balances	$7,409,133	$706,467	$4,326,327	$12,441,927

Note 21 – Tax Abatements

As December 31, 2020, the City had $54,847 in taxes abated per CRA agreement.

Note 22 – Implementation of New Accounting Principles and Restatement of Net Position

For fiscal year 2020, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, GASB No. 84, *Fiduciary Activities,* GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* and GASB No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*.

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

GASB Statement No. 84 clarifies the criteria for identifying fiduciary activities, with the focus on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Activities meeting certain criteria should be reported in a fiduciary fund in the financial statements. The implementation of GASB Statement No. 84 affected the accounting and reporting of fiduciary activities.

GASB Statement No. 88 sets out to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

GASB Statement No. 90 sets out to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of GASB Statement No. 90 did not have an effect on the financial statements.

A net position restatement is required in order to implement GASB Statement No. 84. The custodial funds at January 1, 2020 have been restated as follows:

	Custodial Funds
Net Position as Previously Reported	$0
Adjustments:	
Presentation Changes - GASB Statement No. 84	203,448
Restated Net Position January 1, 2020	$203,448

Other than restating net position for custodial funds the City made no restatement for prior periods as the information needed to generate these restatements was not available.

Note 23 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures could impact subsequent periods of the City. The City's investment portfolio 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, the impact of the investments of the pension and other employee benefit plan in which the City participates and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the City received a $339,612 grant passed through Summit County. These amounts are recorded in the Summit County COVID-19 Fund.

Required Supplementary Information

City of Macedonia, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share
of the Net Pension Liability
OPERS - Traditional Plan
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.02627200%	0.02554100%	0.02584800%	0.02617800%	0.02360200%	0.02391200%	0.02391200%
City's Proportionate Share of the Net Pension Liability	$5,192,839	$6,995,162	$4,055,050	$5,944,579	$4,088,065	$2,806,984	$2,743,583
City's Covered Payroll	$3,610,557	$3,449,771	$3,415,838	$3,383,100	$3,457,500	$2,933,192	$2,787,623
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	143.82%	202.77%	118.71%	175.71%	118.24%	95.70%	98.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available.
Information prior to 2014 is not available.

Note- Amounts presented as of the City's measurement date which is the prior fiscal year-end.

See accompanying notes to the required supplementary information

City of Macedonia, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
OP&F Pension Fund
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.15329720%	0.15417300%	0.15970700%	0.14462900%	0.13528800%	0.02391120%	0.02391200%
City's Proportionate Share of the Net Pension Liability	$10,326,918	$12,584,591	$9,801,940	$9,160,656	$8,703,172	$6,980,575	$6,562,714
City's Covered Payroll	$3,804,875	$3,881,037	$3,870,684	$3,463,626	$2,632,917	$2,812,122	$1,925,749
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	271.41%	324.26%	253.24%	264.48%	330.55%	248.23%	340.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note- Amounts presented as of the City's measurement date which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

City of Macedonia, Ohio
Required Supplementary Information
Schedule of City Contributions
for Net Pension Liability
OPERS - Traditional Plan
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$478,623	$505,478	$482,968	$444,059	$405,972	$414,900	$351,983
Contributions in Relation to the Contractually Required Contribution	(478,623)	(505,478)	(482,968)	(444,059)	(405,972)	(414,900)	(351,983)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0
City Covered Payroll	$3,418,736	$3,610,557	$3,449,771	$3,415,838	$3,383,100	$3,457,500	$2,933,192
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

(1) - The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

City of Macedonia, Ohio
Required Supplementary Information
Schedule of City Contributions
for Net Pension Liability
OP&F Pension Fund
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$815,002	$803,970	$737,397	$735,430	$658,089	$528,953	$572,548
Contributions in Relation to the Contractually Required Contribution	(815,002)	(803,970)	(737,397)	(735,430)	(658,089)	(528,953)	(572,548)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0
City Covered Payroll	$3,827,000	$3,804,875	$3,881,037	$3,870,684	$3,463,626	$2,632,917	$2,812,122
Contributions as a Percentage of Covered Payroll	21.29%	21.13%	19.00%	19.00%	19.00%	20.09%	20.36%

(1) - The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

City of Macedonia, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share
of the Net OPEB Liability
OPERS - Traditional Plan
Last Four Fiscal Years (1)

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.02507900%	0.02424900%	0.02459000%	0.02489388%
City's Proportionate Share of the Net OPEB Liability	$3,464,061	$3,161,497	$2,670,293	$2,514,366
City's Covered Payroll	$3,610,557	$3,449,771	$3,415,838	$3,383,100
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	95.94%	91.64%	78.17%	74.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note - Amounts presented as of the City's measurement date which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

City of Macedonia, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
OP&F Pension Fund
Last Four Fiscal Years (1)

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.15329720%	0.15417300%	0.15970700%	0.14462900%
City's Proportionate Share of the Net OPEB Liability	$1,514,229	$1,403,982	$9,048,775	$6,865,213
City's Covered Payroll	$3,804,875	$3,881,037	$3,870,684	$3,463,626
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.80%	36.18%	233.78%	198.21%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.89%	46.57%	14.13%	15.96%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note - Amounts presented as of the City's measurement date which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

City of Macedonia, Ohio
Required Supplementary Information
Schedule of City Contributions to OPEB
OPERS - Traditional Plan
Last Five Fiscal Years (1)

	2020	2019	2018	2017	2016
Contractually Required Contribution to OPEB	$0	$0	$0	$0	$0
Contributions to OPEB in Relation to the Contractually Required Contribution	0	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
City Covered Payroll	$3,418,736	$3,610,557	$3,449,771	$3,415,838	$3,383,100
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

City of Macedonia, Ohio
Required Supplementary Information
Schedule of City Contributions to OPEB
OP&F Pension Fund
Last Five Fiscal Years (1)

	2020	2019	2018	2017	2016
Contractually Required Contribution to OPEB	$19,136	$18,866	$17,344	$17,483	$13,048
Contributions to OPEB in Relation to the Contractually Required Contribution	(19,136)	(18,866)	(17,344)	(17,483)	(13,048)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
City Covered Payroll	$3,827,000	$3,804,875	$3,881,037	$3,870,684	$3,463,626
Contributions to OPEB as a Percentage of Covered Payroll	0.50%	0.50%	0.45%	0.45%	0.38%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

City of Macedonia
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property Taxes	$1,729,370	$1,844,544	$1,804,089	($40,455)
Income Taxes	8,280,850	8,832,344	8,638,631	(193,713)
Charges for Services	2,164,372	2,308,516	2,257,885	(50,631)
Investment Earnings	52,309	55,793	54,569	(1,224)
Intergovernmental	1,542,509	1,645,238	1,609,154	(36,084)
Special Assessments	597	637	623	(14)
Fines, Licenses & Permits	369,391	393,992	385,351	(8,641)
Other Revenues	199,078	212,336	207,679	(4,657)
Total Revenues	14,338,476	15,293,400	14,957,981	(335,419)
Expenditures:				
Current:				
General Government	3,775,090	4,042,631	3,567,711	474,920
Public Safety	7,499,119	8,030,581	7,087,166	943,415
Community Environment	418,665	448,335	395,666	52,669
Basic Utility Service	97,371	104,272	92,022	12,250
Public Health and Welfare	235,076	251,735	222,162	29,573
Total Expenditures	12,025,321	12,877,554	11,364,727	1,512,827
Excess of Revenues Over (Under) Expenditures	2,313,155	2,415,846	3,593,254	1,177,408
Other Financing Sources (Uses):				
Advances (Out)	(665,879)	(713,070)	(629,300)	83,770
Transfers In	100,492	107,185	104,834	(2,351)
Transfers (Out)	(2,341,952)	(2,507,926)	(2,213,300)	294,626
Total Other Financing Sources (Uses)	(2,907,339)	(3,113,811)	(2,737,766)	376,045
Net Change in Fund Balance	(594,184)	(697,965)	855,488	1,553,453
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,852,835	2,852,835	2,852,835	0
Fund Balance End of Year	$2,258,651	$2,154,870	$3,708,323	$1,553,453

See accompanying notes to the required supplementary information.

Note 1 - Budgetary Process

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

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

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

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

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to restricted, assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

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

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

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

Net Change in Fund Balance

	General
GAAP basis	$862,560
Net adjustment for revenue accruals	516,560
Net adjustment for expenditure accruals	322,749
Transfers In	104,834
Transfers (Out)	(50,000)
Advances (Out)	(629,300)
Adjustment for encumbrances	(271,915)
Budget basis	$855,488

Certain funds that are legally budgeted in other funds are considered part of the general fund on a GAAP basis.

Note 2 – Net Pension Liability

Ohio Public Employees Retirement System Changes in Assumptions and Benefit Terms

Changes in assumptions:

2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Changes in benefit terms:

2020-2014: There were no changes in benefit terms for the period.

Ohio Police and Fire Pension Fund Changes in Assumptions and Benefit Terms

Changes in assumptions:

2020-2019: There have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date.

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

2017-2014: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Changes in benefit terms:

2020-2014: There were no changes in benefit terms for the period.

Note 3 - Net OPEB Liability

Ohio Public Employees Retirement System Changes in Assumptions and Benefit Terms
Changes in assumptions:

2020: 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. The single discount rate changed from 3.96% to 3.16%, municipal bond rate changed from 3.71% to 2.75% and health care cost trend rate changed from 10.00% to 10.50%.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare-eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time. The single discount rate changed from 3.85% to 3.96%, municipal bond rate changed from 3.31% to 3.71% and health care cost trend rate changed from 7.50% to 10.00%.

2018: The single discount rate changed from 4.23% to 3.85%.

Changes in benefit terms:

2020-2018: There were no changes in benefit terms for the period.

Ohio Police and Fire Pension Fund Changes in Assumptions and Benefit Terms
Changes in assumptions:

2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 4.66% to 3.56%.

2019: Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%. The single discount rate increased from 3.24% to 4.66% and the municipal bond rate from 3.16% to 4.13%.

2018: The single discount rate changed from 3.79% to 3.24%

Changes in benefit terms:

2020: There were no changes in benefit terms for the period.

2019: See above regarding change to stipend-based model.

2018: There were no changes in benefit terms for the period.

CITY OF MACEDONIA
SUMMIT COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. Department of Treasury			
Passed Through Ohio Office of Budget & Mgmt			
COVID-19 Coronavirus Relief Fund	21.019	Not Available	796,994
Total Passed Through Ohio Office of Budget & Mgmt			**796,994**
Passed Through Summit County, Ohio			
COVID-19 Coronavirus Relief Fund			
Summit County Payroll Support	21.019	Not Available	339,612
Total Passed Through Summit County, Ohio			**339,612**
Total U.S. Department of Treasury			**1,136,606**
Total Expenditures of Federal Awards			**1,136,606**

The accompanying notes are an integral part of this schedule.

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

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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 Macedonia
Summit County
9691 Valley View Road
Macedonia, Ohio 44056

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, each major fund, and the aggregate remaining fund information of the City of Macedonia, Summit 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 September 30, 2021, wherein we noted the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and we referred to the financial impact of COVID-19 and the continuing emergency measures which 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 opinion 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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*.

City's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City'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

September 30, 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

The City of Macedonia
Summit County
9691 Valley View Road
Macedonia, Ohio 44056

To the City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Macedonia'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 Macedonia'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 program.

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 Macedonia 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 each 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

Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2021

CITY OF MACEDONIA
SUMMIT COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Coronavirus Relief Fund
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

Financial Reporting

FINDING NUMBER 2020-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The City had the following errors requiring adjustment to the financial statements:

- Miscalculation of Income Tax Receivable allocation resulted in an overstatement of Income Taxes Receivable on the Balance Sheet in the General Fund of $388,457 and the Road Program Fund of $60,128, and, an understatement of Income Taxes Receivable on the Balance Sheet in the Remaining Fund Information of $448,586. This also caused a miscalculation of the related deferred inflows, which were overstated in the General Fund by $236,614 and the Road Program Fund by $36,625, and understated in the Remaining Fund Information by $273,240.

- Homestead and Rollback amounts were improperly included in the Property Taxes Receivable calculation, causing Property Taxes Receivable on the Balance Sheet to be overstated by $150,661.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. The failure to prepare complete and accurate financial statements could lead to the financial statement user making misinformed decisions about the City's financial position. The Financial Statements have been corrected for the above errors.

To help ensure the City’s financial statements are complete and accurate, the City should adopt policies and procedures which includes a final review of the financial statements to identify and correct errors and omissions.

Official’s Response: See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

4. OTHER – FINDINGS FOR RECOVERY

None.

CITY OF MACEDONIA

Office of The Mayor

Nicholas Molnar, Mayor

John M. Veres, CPA
jveres@macedonia.oh.us
Director of Finance

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2020

Finding Number:	2020-001
Planned Corrective Action:	The City will make sure to work with the GAAP consultant to make certain they have current information and GAAP financial statements are prepared accurately and reviewed by management.
Anticipated Completion Date:	December 31, 2021
Responsible Contact Person:	John Veres

The Crossroads of Northeast Ohio
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OHIO AUDITOR OF STATE
KEITH FABER

CITY OF MACEDONIA

SUMMIT 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 11/16/2021

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