bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WICKLIFFE
LAKE COUNTY

SINGLE AUDIT / REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
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City Council
City of Wickliffe
28730 Ridge Road
Wickliffe, Ohio 44092

We have reviewed the *Independent Auditor's Report* of the City of Wickliffe, Lake County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 26, 2021

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<u>For the Year Ended December 31, 2019</u>

INDEPENDENT AUDITOR'S REPORT

City of Wickliffe
Lake County
28730 Ridge Road
Wickliffe, OH 44092

Members of City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wickliffe, Lake County, Ohio (the City), as of and for the years ended December 31, 2020 and 2019, 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Safety Services, and Coronavirus Relief Funds thereof for the year then ended in December 31, 2020 and the General and Safety Services Funds thereof for the year then ended in December 31, 2019 in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards, for the year ended December 31, 2020, 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 schedules are 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 June 21, 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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
June 21, 2021

The discussion and analysis of the City of Wickliffe's financial performance provides an overall review of the City's financial activities for the fiscal 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 notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- In total, net position decreased $1,113,850. Net position of governmental activities decreased $662,866 from 2019. Net position of business-type activities decreased $450,984 from 2019.
- General revenues accounted for $13.9 million in revenue or 63% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 37% of total revenues of $22 million.
- The City had $20.4 million in expenses related to governmental activities; only about $5.8 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $13.8 million were adequate to provide for these programs.
- Among major funds, the general fund had $13.3 million in revenues and $6.2 million in expenditures. The general fund's fund balance increased $1,032,069 to $8,478,536.
- Net position for enterprise funds decreased by $450,984.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The Statement of Net Position includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net-position (the difference between the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources) are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.

- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's sewer services are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2020 and 2019:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	$16,340,550	$14,021,553	$488,651	$905,617	$16,829,201	$14,927,170
Capital assets, Net	77,750,307	79,371,411	2,381,303	2,510,542	80,131,610	81,881,953
Total assets	94,090,857	93,392,964	2,869,954	3,416,159	96,960,811	96,809,123
Deferred outflows of resources	4,570,247	7,545,944	0	0	4,570,247	7,545,944
Net pension liability	16,584,099	20,889,728	0	0	16,584,099	20,889,728
Net OPEB liability	4,721,121	4,414,210	0	0	4,721,121	4,414,210
Other long-term liabilities	2,648,641	2,788,578	0	0	2,648,641	2,788,578
Other liabilities	889,775	567,171	291,226	386,447	1,181,001	953,618
Total liabilities	24,843,636	28,659,687	291,226	386,447	25,134,862	29,046,134
Deferred inflows of resources	6,663,802	4,462,689	0	0	6,663,802	4,462,689
Net position (deficit):						
Net investment in capital assets	76,841,053	78,373,286	2,381,303	2,510,542	79,222,356	80,883,828
Restricted	1,094,097	220,591	0	0	1,094,097	220,591
Unrestricted	(10,781,584)	(10,777,345)	197,425	519,170	(10,584,159)	(10,258,175)
Total net deficit	$67,153,666	$67,816,532	$2,578,728	$3,029,712	$69,732,394	$70,846,244

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

Changes in Net position – The following table shows the changes in net position for the fiscal year 2020 and 2019:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for Services and Sales	$2,302,222	$2,158,976	$2,291,110	$2,126,416	$4,593,332	$4,285,392
Operating Grants and Contributions	3,542,564	1,227,686	0	0	3,542,564	1,227,686
Capital Grants and Contributions	0	216,751	7,841	0	7,841	216,751
General revenues:						
Property Taxes	2,838,078	2,747,242	0	0	2,838,078	2,747,242
Municipal Income Taxes	8,452,910	9,746,312	0	0	8,452,910	9,746,312
Other Local Taxes	166,467	227,209	0	0	166,467	227,209
Grants and Entitlements	1,975,708	1,281,946	0	0	1,975,708	1,281,946
Investment Earnings	33,608	102,329	259	1,390	33,867	103,719
Miscellaneous	413,073	623,297	0	0	413,073	623,297
Total revenues	19,724,630	18,331,748	2,299,210	2,127,806	22,023,840	20,459,554
Program Expenses:						
Security of Persons and Property	9,084,164	544,916	0	0	9,084,164	544,916
Public Health and Welfare Services	776,900	50,400	0	0	776,900	50,400
Leisure Time Activities	714,430	1,058,619	0	0	714,430	1,058,619
Community Environment	466,482	214,667	0	0	466,482	214,667
Basic Utility Services	339,882	348,147	0	0	339,882	348,147
Transportation	3,877,570	4,090,876	0	0	3,877,570	4,090,876
General Government	5,101,021	5,222,313	0	0	5,101,021	5,222,313
Interest and Fiscal Charges	27,047	29,296	0	0	27,047	29,296
Sewer	0	0	2,750,194	2,806,373	2,750,194	2,806,373
Total expenses	20,387,496	11,559,234	2,750,194	2,806,373	23,137,690	14,365,607
Excess (deficiency) before Transfers	(662,866)	6,772,514	(450,984)	(678,567)	(1,113,850)	6,093,947
Transfers	0	(127,500)	0	127,500	0	0
Total Change in Net Position	(662,866)	6,645,014	(450,984)	(551,067)	(1,113,850)	6,093,947
Beginning Net Position, Restated	67,816,532	61,171,518	3,029,712	3,580,779	70,846,244	64,752,297
Ending Net Position	$67,153,666	$67,816,532	$2,578,728	$3,029,712	$69,732,394	$70,846,244

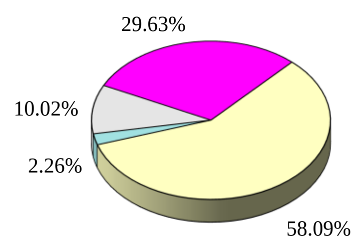
Governmental Activities

Net position of the City's governmental activities decreased by $662,866. Much of this decrease can be attributed to the decrease in the Police and Fire Net OPEB liability from 2018 to 2019 and the subsequent slight increase in 2020, when the change in the Police and Fire Net OPEB was minor from 2019. This in turn made security of persons and property expenditures appear much as they have in years prior to last.

The City also receives an income tax, which is based on 2% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 14% and 43% respectively of revenues for governmental activities for the City in fiscal year 2020. The City's reliance upon tax revenues is demonstrated by the following graph indicating 58.09% of total revenues from general tax revenues:

Revenue Sources	2020	Percent of Total
General Shared Revenues	$1,975,708	10.02%
Program Revenues	5,844,786	29.63%
General Tax Revenues	11,457,455	58.09%
General Other	446,681	2.26%
Total Revenue	$19,724,630	100.00%



Business-Type Activities

Net position of the business-type activities decreased by $450,984. The only business-type activity the City operates is the Sewer Fund. Once again, most of this decrease can be attributed to the depreciation on capital assets for the year. Expenses related to running the Euclid Sewer plant increased slightly while revenues remained relatively stable from 2019 to 2020.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $11,909,628, which is an increase from last year's balance of $9,921,361. The schedule below indicates the fund balance and the total change in fund balance by major fund and other governmental funds as of December 31, 2020 and 2019:

	Fund Balance December 31, 2020	Fund Balance December 31, 2019	Increase (Decrease)
General	$8,478,536	$7,446,467	$1,032,069
Safety Services	440,346	(17,122)	457,468
Coronavirus Relief	(39,461)	0	(39,461)
Debt Service	65,688	102,529	(36,841)
Captial Projects	784,714	891,385	(106,671)
Other Governmental	2,179,805	1,498,102	681,703
Total	$11,909,628	$9,921,361	$1,988,267

General Fund – The City's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2020 Revenues	2019 Revenues	Increase (Decrease)
Taxes	$9,789,470	$11,147,661	($1,358,191)
Intergovernmental Revenue	1,880,436	1,321,803	558,633
Charges for Services	412,567	408,352	4,215
Licenses and Permits	253,693	280,257	(26,564)
Fines and Forfietures	123,804	145,705	(21,901)
Investment Earnings	21,875	64,881	(43,006)
All Other Revenue	856,807	566,683	290,124
Total	$13,338,652	$13,935,342	($596,690)

General Fund revenues in 2020 decreased by 4.3% compared to revenues in fiscal year 2019. The most significant decrease was in income tax revenue. The decrease in income tax revenue is related to a down turn in the workforce during the Covid-19 pandemic. This wasn't just unique for the City of Wickliffe during 2020, this was common theme in many entities throughout the country in 2020.

	2020 Expenditures	2019 Expenditures	Increase (Decrease)
Security of Persons and Property	$21,837	$2,348	$19,489
Public Health and Welfare Services	9,382	9,478	(96)
Leisure Time Activities	138,687	244,641	(105,954)
Community Environment	201,070	207,921	(6,851)
Basic Utility Services	15,612	26,138	(10,526)
Transportation	1,438,395	1,373,977	64,418
General Government	4,355,734	4,261,613	94,121
Total	$6,180,717	$6,126,116	$54,601

General Fund expenditures in 2020 increased slightly compared to the prior year. This increase can be attributed to regular everyday business within the City.

GENERAL FUND BUDGET INFORMATION

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2020, the City amended its General Fund budget several times, none significant.

For the General Fund, final budgeted revenue of $13 million did not change from the original budget estimates of $13 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the City had $80,131,610 net of accumulated depreciation invested in land, improvements, infrastructure, buildings and machinery and equipment. Of this total, $77,750,307 was related to governmental activities and $2,381,303 to the business-type activities. The following table shows fiscal year 2020 and 2019 balances:

	Governmental Activities		Increase (Decrease)
	2020	2019	
Land	$19,162,320	$19,162,320	$0
Buildings	11,785,138	11,771,675	13,463
Improvements Other Than Buildings	4,203,211	4,203,211	0
Machinery and Equipment	12,634,914	11,740,745	894,169
Infrastructure	79,162,797	79,305,135	(142,338)
Less: Accumulated Depreciation	(49,198,073)	(46,811,675)	(2,386,398)
Totals	$77,750,307	$79,371,411	($1,621,104)

	Business-Type Activities		Increase (Decrease)
	2020	2019	
Utility Structures in Service	$11,570,120	$11,570,120	$0
Less: Accumulated Depreciation	(9,188,817)	(9,059,578)	(129,239)
Totals	$2,381,303	$2,510,542	($129,239)

The primary decrease occurred in infrastructure. Additional information on the City's capital assets can be found in Note 9.

Debt

The City had $705,000 million in general obligation bonds outstanding at December 31, 2020, $170,000 due within one year. The following table summarizes the City's liabilities outstanding as of December 31, 2020 and 2019:

	2020	2019
Governmental Activities:		
General Obligation Bonds	$705,000	$875,000
OPWC Loans Payable	204,254	123,125
Compensated Absences	1,739,387	1,790,453
Net Pension Liability	16,584,099	20,889,728
Net OPEB Liability	4,721,121	4,414,210
Total Governmental Activities	$23,953,861	$28,092,516

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Wickliffe lies, is limited to ten mills. At December 31, 2020, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

At the conclusion of 2020, the City of Wickliffe still maintained a healthy unencumbered General Fund balance of $5.3 million. However, moving forward, issues such as reductions in intergovernmental revenues, dealing with the Covid-19 pandemic and the future cost of health care are just a few factors that will strongly influence the City's decision making process.

In an effort to maintain quality services city leaders are working together to identify new revenue sources and new ways to operate more efficiently. Seeking out grant funding for road improvements and capital equipment purchases has become a vital part of financing City operations. Sharing resources of both manpower and equipment with our neighboring communities also becomes more common as financial challenges increase. Moving into the future the City leaders will continue to scrutinize expenditures in an effort to identify additional cost containment measures that can be taken without jeopardizing the health and safety of the community.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 440-943-7117 or writing to City of Wickliffe Finance Department, 28730 Ridge Road, Wickliffe, Ohio 44092.

Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 9,462,206	$ 51,078	$ 9,513,284
Receivables:			
Taxes	5,058,345	0	5,058,345
Accounts	39,636	687,573	727,209
Intergovernmental	1,280,445	0	1,280,445
Interest	477	0	477
Special Assessments	15,225	0	15,225
Internal Balances	250,000	(250,000)	0
Inventory of Supplies at Cost	108,081	0	108,081
Prepaid Items	126,135	0	126,135
Capital Assets:			
Capital Assets Not Being Depreciated	19,162,320	0	19,162,320
Capital Assets Being Depreciated, Net	58,587,987	2,381,303	60,969,290
Total Assets	94,090,857	2,869,954	96,960,811
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt	11,937	0	11,937
Pension	2,642,088	0	2,642,088
OPEB	1,916,222	0	1,916,222
Total Deferred Outflows of Resources	4,570,247	0	4,570,247
Liabilities:			
Accounts Payable	528,057	289,528	817,585
Accrued Wages and Benefits	360,314	1,698	362,012
Accrued Interest Payable	1,404	0	1,404
Long-Term Liabilities:			
Due Within One Year	415,162	0	415,162
Net Pension Liability	16,584,099	0	16,584,099
Net OPEB Liability	4,721,121	0	4,721,121
Due in More Than One Year	2,233,479	0	2,233,479
Total Liabilities	24,843,636	291,226	25,134,862
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,637,903	0	2,637,903
Pension	2,680,046	0	2,680,046
OPEB	1,345,853	0	1,345,853
Total Deferred Inflows of Resources	6,663,802	0	6,663,802
Net Position:			
Net Investment in Capital Assets	76,841,053	2,381,303	79,222,356
Restricted For:			
Debt Service	84,542	0	84,542
Other Purposes	1,009,655	0	1,009,655
Unrestricted (Deficit)	(10,781,584)	197,425	(10,584,159)
Total Net Position	$ 67,153,666	$ 2,578,728	$ 69,732,394

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2020

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	$ 9,084,164	$ 519,945	$ 1,510,919	$ 0
Public Health and Welfare Services	776,900	1,335	816,827	0
Leisure Time Activities	714,430	241,055	93,151	0
Community Environment	466,482	342,982	245,530	0
Basic Utility Services	339,882	336,025	0	0
Transportation	3,877,570	0	856,418	0
General Government	5,101,021	860,880	19,719	0
Interest and Fiscal Charges	27,047	0	0	0
Total Governmental Activities	20,387,496	2,302,222	3,542,564	0
Business-Type Activities:				
Sewer	2,750,194	2,291,110	0	7,841
Total Business-Type Activities	2,750,194	2,291,110	0	7,841
Totals	$ 23,137,690	$ 4,593,332	$ 3,542,564	$ 7,841

General Revenues

Property Taxes

Municipal Income Taxes

Other Local Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (7,053,300)	$ 0	$ (7,053,300)
41,262	0	41,262
(380,224)	0	(380,224)
122,030	0	122,030
(3,857)	0	(3,857)
(3,021,152)	0	(3,021,152)
(4,220,422)	0	(4,220,422)
(27,047)	0	(27,047)
(14,542,710)	0	(14,542,710)
0	(451,243)	(451,243)
0	(451,243)	(451,243)
(14,542,710)	(451,243)	(14,993,953)
2,838,078	0	2,838,078
8,452,910	0	8,452,910
166,467	0	166,467
1,975,708	0	1,975,708
33,608	259	33,867
413,073	0	413,073
13,879,844	259	13,880,103
(662,866)	(450,984)	(1,113,850)
67,816,532	3,029,712	70,846,244
$ 67,153,666	$ 2,578,728	$ 69,732,394

Balance Sheet
Governmental Funds
December 31, 2020

	General	Safety Services	Coronavirus Relief
Assets:			
Cash and Cash Equivalents	$ 5,634,104	$ 765,825	$ 6,016
Receivables:			
Taxes	3,449,032	808,726	0
Accounts	39,636	0	0
Intergovernmental	689,757	22,761	0
Interest	477	0	0
Special Assessments	0	0	0
Interfund Loans Receivables	250,000	0	0
Inventory of Supplies, at Cost	108,081	0	0
Prepaid Items	126,135	0	0
Total Assets	$ 10,297,222	$ 1,597,312	$ 6,016
Liabilities:			
Accounts Payable	147,950	70,986	45,477
Accrued Wages and Benefits Payable	88,141	262,547	0
Total Liabilities	236,091	333,533	45,477
Deferred Inflows of Resources:			
Unavailable Amounts	471,406	55,786	0
Property Tax for Next Fiscal Year	1,111,189	767,647	0
Total Deferred Inflows of Resources	1,582,595	823,433	0
Fund Balances:			
Nonspendable	234,216	0	0
Restricted	0	440,346	0
Committed	0	0	0
Assigned	1,614,766	0	0
Unassigned	6,629,554	0	(39,461)
Total Fund Balances	8,478,536	440,346	(39,461)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,297,222	$ 1,597,312	$ 6,016

See accompanying notes to the basic financial statements

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 65,688	$ 865,806	$ 2,124,767	$ 9,462,206
165,975	488,164	146,448	5,058,345
0	0	0	39,636
11,650	140,515	415,762	1,280,445
0	0	0	477
0	0	15,225	15,225
0	0	0	250,000
0	0	0	108,081
0	0	0	126,135
$ 243,313	$ 1,494,485	$ 2,702,202	$ 16,340,550
0	187,343	76,301	528,057
0	0	9,626	360,314
0	187,343	85,927	888,371
20,258	59,582	297,616	904,648
157,367	462,846	138,854	2,637,903
177,625	522,428	436,470	3,542,551
0	0	0	234,216
65,688	0	1,569,556	2,075,590
0	784,714	610,931	1,395,645
0	0	0	1,614,766
0	0	(682)	6,589,411
65,688	784,714	2,179,805	11,909,628
$ 243,313	$ 1,494,485	$ 2,702,202	$ 16,340,550

Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2020

Total Governmental Fund Balances		$ 11,909,628
Amounts reported for governmental activities in the statement of net position are different because		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		77,750,307
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Other Local Taxes	14,149	
Property Taxes	143,361	
Charges for Services	23	
Special Assessments	15,225	
Intergovernmental	731,890	904,648
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	2,642,088	
Deferred Inflows - Pension	(2,680,046)	
Deferred Outflows - OPEB	1,916,222	
Deferred Inflows - OPEB	(1,345,853)	
Net Pension Liability	(16,584,099)	
Net OEPB Liability	(4,721,121)	(20,772,809)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.		(1,404)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(705,000)	
Ohio Public Works Commission Loan Payable	(204,254)	
Deferred Loss on Debt Refunding	11,937	
Compensated Absences Payable	(1,739,387)	(2,636,704)
Net Position of Governmental Activities		$ 67,153,666

See accompanying notes to the basic financial statements

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Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Safety Services	Coronavirus Relief
Revenues:			
Property Taxes	$ 1,184,242	$ 805,296	$ 0
Municipal Income Tax	8,452,910	0	0
Other Local Taxes	152,318	0	0
State Levied Shared Taxes	1,553,889	0	0
Intergovernmental Revenues	326,547	153,345	2,356,336
Charges for Services	412,567	18,064	0
Licenses and Permits	253,693	0	0
Investment Earnings	21,875	1,101	563
Special Assessments	0	0	0
Fines and Forfeitures	123,804	0	0
All Other Revenue	856,807	0	0
Total Revenue	13,338,652	977,806	2,356,899
Expenditures:			
Current:			
Security of Persons and Property	21,837	5,890,338	1,355,980
Public Health and Welfare Services	9,382	0	730,268
Leisure Time Activities	138,687	0	0
Community Environment	201,070	0	244,962
Basic Utility Services	15,612	0	0
Transportation	1,438,395	0	0
General Government	4,355,734	0	65,150
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest & Fiscal Charges	0	0	0
Total Expenditures	6,180,717	5,890,338	2,396,360
Excess (Deficiency) of Revenues Over Expenditures	7,157,935	(4,912,532)	(39,461)
Other Financing Sources (Uses):			
OPWC Loans Issued	0	0	0
Transfers In	6,650	5,370,000	0
Transfers Out	(6,119,500)	0	0
Total Other Financing Sources (Uses)	(6,112,850)	5,370,000	0
Net Change in Fund Balances	1,045,085	457,468	(39,461)
Fund Balances (Deficit) at Beginning of Year	7,446,467	(17,122)	0
Decrease in Inventory Reserve	(13,016)	0	0
Fund Balances (Deficit) End of Year	$ 8,478,536	$ 440,346	$ (39,461)

See accompanying notes to the basic financial statements

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 157,031	$ 490,722	$ 147,216	$ 2,784,507
0	0	0	8,452,910
0	0	0	152,318
0	0	833,775	2,387,664
0	564,472	129,758	3,530,458
0	0	229,001	659,632
0	0	0	253,693
530	3,712	5,827	33,608
0	0	366,104	366,104
0	0	0	123,804
0	0	93,179	949,986
157,561	1,058,906	1,804,860	19,694,684
0	0	171,816	7,439,971
0	0	37,250	776,900
0	0	282,088	420,775
0	0	0	446,032
0	0	310,738	326,350
0	0	434,266	1,872,661
0	0	69,849	4,490,733
0	1,806,706	0	1,806,706
170,000	23,385	0	193,385
24,402	0	0	24,402
194,402	1,830,091	1,306,007	17,797,915
(36,841)	(771,185)	498,853	1,896,769
0	104,514	0	104,514
0	560,000	189,500	6,126,150
0	0	(6,650)	(6,126,150)
0	664,514	182,850	104,514
(36,841)	(106,671)	681,703	2,001,283
102,529	891,385	1,498,102	9,921,361
0	0	0	(13,016)
$ 65,688	$ 784,714	$ 2,179,805	$ 11,909,628

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds		$ 2,001,283
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Outlay	1,026,989	
Depreciation	(2,505,937)	(1,478,948)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.		(142,156)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Other Local Taxes	14,149	
Property Taxes	53,571	
Charges for Services	23	
Special Assessments	(3,347)	
Intergovernmental	(34,450)	29,946
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,263,244	
OPEB	22,639	1,285,883
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	(2,031,157)	
OPEB	(451,993)	(2,483,150)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
OPWC Loan Principal	23,385	
OPWC Loan Issued	(104,514)	
General Obligation Bonds Principal	170,000	
Amortization of Deferred Loss on Debt Refunding	(2,984)	85,887

(Continued)

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.		
Accrued Interest Payable		339
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in Supplies Inventory	(13,016)	
Decrease in Compensated Absences Payable	51,066	38,050
Change in Net Position of Governmental Activities		$ (662,866)

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 1,166,000	$ 1,166,000	$ 1,184,242	$ 18,242
Municipal Income Tax	9,200,000	9,200,000	8,568,964	(631,036)
Other Local Taxes	206,000	206,000	172,670	(33,330)
State Levied Shared Taxes	1,002,950	1,002,950	1,547,964	545,014
Intergovernmental Revenue	214,000	214,000	222,103	8,103
Charges for Services	345,000	395,000	399,543	4,543
Licenses and Permits	199,900	199,900	253,693	53,793
Investment Earnings	58,000	58,000	28,054	(29,946)
Fines and Forfeitures	121,250	121,250	123,804	2,554
All Other Revenues	447,270	447,270	852,144	404,874
Total Revenues	12,960,370	13,010,370	13,353,181	342,811
Expenditures:				
Current:				
Security of Persons and Property	22,842	25,427	23,843	1,584
Public Health and Welfare Services	15,000	16,300	12,659	3,641
Leisure Time Activities	278,615	293,880	146,850	147,030
Community Environment	264,302	276,086	217,919	58,167
Basic Utility Services	27,500	30,223	18,614	11,609
Transportation	1,576,894	1,616,010	1,455,136	160,874
General Government	5,092,373	5,201,476	4,556,098	645,378
Total Expenditures	7,277,526	7,459,402	6,431,119	1,028,283
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,682,844	5,550,968	6,922,062	1,371,094
Other Financing Sources (Uses):				
Transfers In	6,650	6,650	6,650	0
Transfers Out	(7,064,500)	(7,064,500)	(6,119,500)	945,000
Advances In	20,000	20,000	60,000	40,000
Advances Out	(330,000)	(330,000)	(150,000)	180,000
Total Other Financing Sources (Uses):	(7,367,850)	(7,367,850)	(6,202,850)	1,165,000
Net Change In Fund Balance	(1,685,006)	(1,816,882)	719,212	2,536,094
Fund Balance at Beginning of Year	4,352,983	4,352,983	4,352,983	0
Prior Year Encumbrances	236,876	236,876	236,876	0
Fund Balance at End of Year	$ 2,904,853	$ 2,772,977	$ 5,309,071	$ 2,536,094

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund - Safety Services Fund For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 783,600	$ 784,500	$ 805,296	$ 20,796
Intergovernmental Revenue	129,000	171,300	179,688	8,388
Charges for Services	20,000	24,000	20,268	(3,732)
Investment Earnings	2,000	3,000	1,101	(1,899)
Total Revenues	934,600	982,800	1,006,353	23,553
Expenditures:				
Current:				
Security of Persons and Property	7,508,610	7,543,304	5,863,312	1,679,992
Total Expenditures	7,508,610	7,543,304	5,863,312	1,679,992
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,574,010)	(6,560,504)	(4,856,959)	1,703,545
Other Financing Sources (Uses):				
Transfers In	6,320,000	6,390,000	5,370,000	(1,020,000)
Total Other Financing Sources (Uses):	6,320,000	6,390,000	5,370,000	(1,020,000)
Net Change In Fund Balance	(254,010)	(170,504)	513,041	683,545
Fund Balance at Beginning of Year	137,339	137,339	137,339	0
Prior Year Encumbrances	34,694	34,694	34,694	0
Fund Balance at End of Year	$ (81,977)	$ 1,529	$ 685,074	$ 683,545

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund – Coronavirus Relief Fund For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	2,356,336	2,356,336	2,356,336	0
Investment Earnings	704	704	563	(141)
Total Revenues	2,357,040	2,357,040	2,356,899	(141)
Expenditures:				
Current:				
Security of Persons and Property	2,356,869	2,356,869	2,356,869	0
Total Expenditures	2,356,869	2,356,869	2,356,869	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	171	171	30	(141)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ 171	$ 171	$ 30	$ (141)

See accompanying notes to the basic financial statements

Statement of Net Position
Proprietary Funds
December 31, 2020

	Business-Type Activities Enterprise Fund Sewer
Assets:	
Current Assets:	
Cash and Cash Equivalents	$ 51,078
Receivables:	
Accounts	687,573
Total Current Assets	738,651
Non Current Assets:	
Capital Assets, Net	2,381,303
Total Assets	3,119,954
Liabilities:	
Current Liabilities:	
Accounts Payable	289,528
Accrued Wages and Benefits	1,698
Interfund Loans Payable	250,000
Total Liabilities	541,226
Net Position:	
Net Investment in Capital Assets	2,381,303
Unrestricted	197,425
Total Net Position	$ 2,578,728

See accompanying notes to the basic financial statements

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-Type Activities Enterprise Funds Sewer
Operating Revenues:	
Charges for Services	$ 2,291,110
Total Operating Revenues	2,291,110
Operating Expenses:	
Personal Services	1,698
Contractual Services	2,619,257
Depreciation	129,239
Total Operating Expenses	2,750,194
Operating Loss	(459,084)
Nonoperating Revenue:	
Investment Earnings	259
Capital Contributions	7,841
Total Nonoperating Revenues	8,100
Change in Net Position	(450,984)
Net Position Beginning of Year	3,029,712
Net Position End of Year	$ 2,578,728

See accompanying notes to the basic financial statements

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Business-Type Activities Enterprise Funds
	Sewer
Cash Flows from Operating Activities:	
Cash Received from Customers	$2,420,946
Cash Payments for Goods and Services	(2,716,176)
Net Cash Used for Operating Activities	(295,230)
Cash Flows from Noncapital Financing Activities:	
Advances In from Other Funds	150,000
Net Cash Provided by Noncapital Financing Activities	150,000
Cash Flows from Capital and Related Financing Activities:	
Capital Contributions	7,841
Net Cash Provided by Capital and Related Financing Activities	7,841
Cash Flows from Investing Activities:	
Receipts of Interest	259
Net Cash Provided by Investing Activities	259
Net Decrease in Cash and Cash Equivalents	(137,130)
Cash and Cash Equivalents at Beginning of Year	188,208
Cash and Cash Equivalents at End of Year	$51,078
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	($459,084)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense	129,239
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	129,836
Decrease in Accounts Payable	(95,621)
Increase in Accrued Wages and Benefits	400
Total Adjustments	163,854
Net Cash Used for Operating Activities	($295,230)

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wickliffe, Ohio (the City) is a home-rule municipal corporation created under the laws of the State of Ohio. The current Charter, which provides for a Council-Mayor form of government was adopted on July 17, 1951, and has subsequently been amended.

The accompanying basic financial statements of the City are presented as of December 31, 2020 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 *"The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, the City’s financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and maintains the wastewater collection system which is reported as an enterprise fund. Wastewater treatment services are provided to the City of Wickliffe by the City of Euclid, Ohio, which owns and operates the wastewater treatment facilities.

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 100 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 electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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 eight-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 Wickliffe did not contribute to NOPEC during 2020. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The following fund types are used by the City:

Governmental Funds

The governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

Safety Services Fund - This fund is used to account for financial resources to be used for safety services within the City.

Coronavirus Relief Fund - This fund is used to account for financial resources to be used for expenditures incurred due to the public health emergency with respect to COVID–19.

Debt Service Fund - This fund is used to account for financial resources to be used for the principal and interest payments on the City’s debt.

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise fund is:

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2020, but which are not intended to finance 2020 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources

In addition to assets, the statements of financial position will sometimes 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 (expenses/expenditures) until then. For the City, deferred outflows related to pension/OPEB are explained in notes 10 and 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 10 and 11)

F. Budgetary Process

The annual budgetary process is prescribed by Charter and by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only certain major governmental funds are required to be reported. The primary level of budgetary control for all funds involving operations is at the object level within each department. Certain funds are appropriated at the minimum level of budgetary control (personal services) as required by Ohio Revised Code section 5705.38 (c) due to the restricted nature of the use of these funds. Budgetary modifications may only be made by ordinance of the City Council.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

1. Tax Budget

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the first and final amended official certificate of estimated resources issued during 2020.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the object level within each department for all funds involving operations. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among funds at the object level within each department may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual (Non-GAAP Budgetary Basis —General Fund and Safety Services Fund " is provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues are recorded when received in cash and expenditures are recorded when paid or encumbered. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund and Safety Services Fund:

Net Change In Fund Balance

	General Fund	Safety Services Fund	Coronavirus Relief Fund
GAAP Basis (as reported)	$1,045,085	$457,468	($39,461)
Increase (Decrease):			
Accrued Revenues at December 31, 2020 received during 2021	(2,846,307)	(8,054)	0
Accrued Revenues at December 31, 2019 received during 2020	2,770,836	36,601	0
Accrued Expenditures at December 31, 2020 paid during 2021	236,091	333,533	45,477
Accrued Expenditures at December 31, 2019 paid during 2020	(149,303)	(225,756)	0
2019 Prepaids for 2020	113,978	0	0
2020 Prepaids for 2021	(126,135)	0	0
Encumbrances Outstanding	(325,033)	(80,751)	(5,986)
Budget Basis	$719,212	$513,041	$30

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, The State Treasury Asset Reserve (STAR Ohio) and short-term certificates of deposit with an original maturity of three months or less. Certificates of deposit meeting the previously noted maturity limit and STAR Ohio are considered cash equivalents because they are highly liquid investments.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary fund considers its share of equity in pooled certificates of deposit with original maturities of three months or less and STAR Ohio to be cash equivalents. See Note 4, "Pooled Cash, Cash Equivalents and Investments."

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. Certificates of deposit with original maturities of more than three months are reported as investments in the basic financial statements. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools,"* the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. See Note 4 "Pooled Cash, Cash Equivalents and Investments." The City allocates all interest on pooled investments to the General Fund.

During 2020, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures 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 $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

During the year, the City invested in repurchase agreements, but at year end the City was not invested in any repurchase agreements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary fund. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and expenses in the proprietary fund when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method. 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.

K. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than $2,000. The accounting and reporting treatment applied to capital assets is determined by their ultimate use:

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*", has been reported.

2. Property, Plant and Equipment – Business Type Activities

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	15 - 40
Improvements other than Buildings	65
Infrastructure	10 - 50
Machinery, Equipment, Furniture and Fixtures	5 - 10

L. Long-Term Obligations

Long-Term obligations are being repaid from the following funds:

Obligation	Fund
Compensated Absences	General Fund
Pension/OPEB Liabilities	General Fund
General Obligation Bonds	Debt Service Fund
OPWC Loans	Capital Projects Fund

M. Compensated Absences

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation, sick time and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. <u>Net Position</u>

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflow of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. <u>Fund Balances</u>

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

P. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

Q. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

R. Estimates

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

U. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2020 of $39,461 in the Coronavirus Relief Fund and $682 in the Laketran Fund (special revenue funds) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Safety Services Fund	Coronavirus Relief Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Supplies Inventory	$108,081	$0	$0	$0	$0	$0	$108,081
Prepaid Items	126,135	0	0	0	0	0	126,135
Total Nonspendable	234,216	0	0	0	0	0	234,216
Restricted:							
Debt Service Payments	0	0	0	65,688	0	0	65,688
State Highway Improvements	0	0	0	0	0	76,146	76,146
City Highway Improvements	0	0	0	0	0	1,179,010	1,179,010
Weed Control	0	0	0	0	0	182,937	182,937
Street Lighting	0	0	0	0	0	58,965	58,965
Police Pension	0	0	0	0	0	14,081	14,081
Fire Pension	0	0	0	0	0	14,081	14,081
Law Enforcement Trust	0	0	0	0	0	44,336	44,336
Safety Services	0	440,346	0	0	0	0	440,346
Total Restricted	0	440,346	0	65,688	0	1,569,556	2,075,590
Committed:							
Senior Center	0	0	0	0	0	102,593	102,593
Insurance	0	0	0	0	0	369	369
Swimming Pool	0	0	0	0	0	150,224	150,224
Golf Course	0	0	0	0	0	299,782	299,782
Capital Projects	0	0	0	0	784,714	0	784,714
Police, Fire and Disaster	0	0	0	0	0	3,706	3,706
Deposits	0	0	0	0	0	54,257	54,257
Total Committed	0	0	0	0	784,714	610,931	1,395,645
Assigned	1,614,766	0	0	0	0	0	1,614,766
Unassigned	6,629,554	0	(39,461)	0	0	(682)	6,589,411
Total Fund Balances	$8,478,536	$440,346	($39,461)	$65,688	$784,714	$2,179,805	$11,909,628

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and cash equivalents. Each fund's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents."

Ohio law requires the classification of funds held by the City into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investment earnings of $8,920 earned by other funds were credited to the General Fund as required by state statute.

A. <u>Deposits</u>

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned. The City’s policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City's deposits was $5,269,592 and the bank balance was $5,367,256. Federal depository insurance covered $250,000 of the bank balance and $5,117,256 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City’s name and securities held in the Ohio Pooled Collateral System.

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2020 are summarized below:

				Investment Maturities (in Years)	
	Fair Value	Credit Rating	Fair Value Hierarchy	less than 1	1-3
STAR Ohio	$4,243,692	AAAm[1]	N/A	$4,243,692	0

[1] Standard & Poor's

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Credit Risk – The City's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

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 City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

C. Reconciliation of Cash, Cash Equivalents and Investments

A reconciliation between classifications of cash and investments on the combined financial statements is as follows:

	Cash and Cash Equivalents	Investments
Per Financial Statements	$9,513,284	$0
Investments:		
STAR Ohio	(4,243,692)	4,243,692
Per Footnote	$5,269,592	$4,243,692

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 2020 were levied after October 1, 2019 on assessed values as of January 1, 2019, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2012. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real 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. Certain public utility tangible personal property is currently assessed at 25 percent of its true value and public utility real property is assessed at 35 percent of appraised market value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Wickliffe. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2020, was $11.04 per $1,000 of assessed value. The assessed value upon which the 2020 property tax receipts were based was $280,322,540. This amount constitutes $267,145,490 in real property assessed value and $13,177,050 in public utility assessed value.

NOTE 5 – TAXES (Continued)

A. Property Taxes (Continued)

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .1104% (11.04 mills) of assessed value.

B. Income Tax

The City levies a tax of 2% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on the income of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 6 – TAX ABATEMENT DISCLOSURE

Income Tax Abatement

As of December 31, 2020, the City provides income tax incentives under an income tax incentive grant with Parker Hannifin Corporation.

The purpose of the grant is to maintain Wickliffe's competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code Chapter 718 and City ordinance, the City provides an incentive to Parker Hannifin Corporation the company based upon the company's gross annual payroll, the amount of income tax generated annually by the business. The abatement is administered by the City paying Parker Hannifin, through non-tax revenues, a sum equal to 40% of the City payroll withholding taxes in excess of the base withholding. This amount will be paid on an annual basis on or before June 30 of the succeeding year for the preceding calendar year in which payroll withholding taxes were paid and received.

Below is the information relevant to the disclosure of this program for the year ended December 31, 2020.

Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2020 In Actual Dollars)
Parker Hannifin Corporation (2013 - 2021)	
- Gross Dollar amount of taxes abated during 2020	$9,475

NOTE 7 - RECEIVABLES

Receivables at December 31, 2020, consisted of taxes, interest, accounts receivable, interfund and intergovernmental receivables arising from shared revenues.

NOTE 8 - TRANSFERS

The following is a summary of transfers for all funds for 2020:

	Transfers Out:		
Transfers In:	General Fund	Other Governmental Funds	Total
General Fund	$0	$6,650	$6,650
Safety Services Fund	5,370,000	0	5,370,000
Capital Projects Fund	560,000	0	560,000
Other Governmental Funds	189,500	0	189,500
	$6,119,500	$6,650	$6,126,150

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, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2020:

Historical Cost:

Class	December 31, 2019	Additions	Deletions	December 31, 2020
Capital assets not being depreciated:				
Land	$19,162,320	$0	$0	$19,162,320
Capital assets being depreciated:				
Buildings	11,771,675	13,463	0	11,785,138
Improvements Other Than Buildings	4,203,211	0	0	4,203,211
Machinery and Equipment	11,740,745	923,026	(28,857)	12,634,914
Infrastructure	79,305,135	90,500	(232,838)	79,162,797
Total Cost	$126,183,086	$1,026,989	($261,695)	$126,948,380

Accumulated Depreciation:

Class	December 31, 2019	Additions	Deletions	December 31, 2020
Buildings	($4,663,765)	($262,006)	$0	($4,925,771)
Improvements Other Than Buildings	(2,650,590)	(176,804)	0	(2,827,394)
Machinery and Equipment	(9,649,573)	(565,991)	27,147	(10,188,417)
Infrastructure	(29,847,747)	(1,501,136)	92,392	(31,256,491)
Total Depreciation	($46,811,675)	($2,505,937)	$119,539	($49,198,073)
Net Value:	$79,371,411			$77,750,307

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NOTE 9 - CAPITAL ASSETS (continued)

A. Governmental Activities Capital Assets (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$408,532
Leisure Time Activities	261,070
Transportation	1,726,418
General Government	109,917
Total Depreciation Expense	$2,505,937

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2020:

Historical Cost:

Class	December 31, 2019	Additions	Deletions	December 31, 2020
Capital assets being depreciated:				
Utility Structures in Service	$11,570,120	$0	$0	$11,570,120
Total Cost	$11,570,120	$0	$0	$11,570,120

Accumulated Depreciation:

Class	December 31, 2019	Additions	Deletions	December 31, 2020
Utility Structures in Service	($9,059,578)	($129,239)	$0	($9,188,817)
Total Depreciation	($9,059,578)	($129,239)	$0	($9,188,817)
Net Value:	$2,510,542			$2,381,303

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NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR 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
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	**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	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.
Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $320,410 for 2020. Of this amount, $0 is reported as an intergovernmental payable.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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:		
January 1, 2020 through December 31, 2020	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:		
January 1, 2020 through December 31, 2020	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was $942,834 for 2020. Of this amount, $0 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF'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 was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	$3,835,126	$12,748,973	$16,584,099
Proportion of the Net Pension Liability-2020	0.019403%	0.189251%	
Proportion of the Net Pension Liability-2019	0.019423%	0.190749%	
Percentage Change	(0.000020%)	(0.001498%)	
Pension Expense	$412,648	$1,618,509	$2,031,157

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	$204,841	$312,955	$517,796
Differences between expected and actual experience	0	482,589	482,589
Change in proportionate share	0	378,459	378,459
City contributions subsequent to the measurement date	320,410	942,834	1,263,244
Total Deferred Outflows of Resources	$525,251	$2,116,837	$2,642,088
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$765,032	$615,877	$1,380,909
Differences between expected and actual experience	48,491	657,515	706,006
Change in proportionate share	142,810	450,321	593,131
Total Deferred Inflows of Resources	$956,333	$1,723,713	$2,680,046

$1,263,244 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2021	($231,383)	($146,172)	($377,555)
2022	(248,016)	(67,315)	(315,331)
2023	31,679	288,696	320,375
2024	(303,772)	(561,559)	(865,331)
2025	0	(63,360)	(63,360)
Total	($751,492)	($549,710)	($1,301,202)

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.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2019 and December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2019
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	1.4 percent simple through 2020. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

	December 31, 2018
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

During 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% for 2019.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	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. 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 statutorily required rates. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability 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 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%)
City's proportionate share of the net pension liability	$6,325,378	$3,835,126	$1,596,479

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF'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 OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. 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, compared with January 1, 2018, are presented below.

	January 1, 2019	January 1, 2018
Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

For the January 1, 2019 valuation, 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

For the January 1, 2019 valuation, 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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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 expectation. 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 OPF'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 %	

* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2019, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2018 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 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%)
City's proportionate share of the net pension liability	$17,669,632	$12,748,973	$8,633,328

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NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. 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)

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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 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 and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was $22,639 for 2020. Of this amount, $2,259 is reported as an intergovernmental payable.

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

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

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability	$2,851,748	$1,869,373	$4,721,121
Proportion of the Net OPEB Liability-2020	0.020646%	0.189251%	
Proportion of the Net OPEB Liability-2019	0.020534%	0.190749%	
Percentage Change	0.0001120%	(0.001498%)	
OPEB Expense	$225,880	$226,113	$451,993

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	$451,401	$1,092,911	$1,544,312
Differences between expected and actual experience	77	0	77
Change in proportionate share	8,477	340,717	349,194
City contributions subsequent to the measurement date	0	22,639	22,639
Total Deferred Outflows of Resources	$459,955	$1,456,267	$1,916,222
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	$145,211	$86,020	$231,231
Changes in assumptions	0	398,393	398,393
Differences between expected and actual experience	260,805	201,032	461,837
Change in proportionate share	86,114	168,278	254,392
Total Deferred Inflows of Resources	$492,130	$853,723	$1,345,853

$22,639 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2021	($5,445)	$108,416	$102,971
2022	35,206	108,414	143,620
2023	117	126,061	126,178
2024	(62,053)	98,243	36,190
2025	0	101,346	101,346
2026	0	22,485	22,485
2027	0	14,940	14,940
Total	($32,175)	$579,905	$547,730

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan 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 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior Measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.5 percent initial, 3.5 percent ultimate in 2030
Prior Measurement date	10.0 percent, initial 3.25 percent, 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.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

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

Discount Rate A single discount rate of 3.16 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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%)
City's proportionate share of the net OPEB liability	$3,731,971	$2,851,748	$2,146,978

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 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
City's proportionate share of the net OPEB liability	$2,767,596	$2,851,748	$2,934,829

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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 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	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	3.56 percent	4.66 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted 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

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 prior experience study was completed December 31, 2011.

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:

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 %	

* 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 their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 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 2034, and the municipal bond rate was applied to all health care costs after that date.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The 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%)
City's proportionate share of the net OPEB liability	$2,317,901	$1,869,373	$1,496,676

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

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NOTE 12 – COMPENSATED ABSENCES

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2020, the City's accumulated, unpaid compensated absences amounted to $1,739,387, which is recorded as a liability of the Governmental Activities.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 13 - LONG-TERM DEBT

Long-Term debt of the City at December 31, 2020 was as follows:

Year Issued		Final Maturity	Balance December 31, 2019	Additions	(Reductions)	Balance December 31, 2020	Amounts Due Within One Year
Governmental Activities:							
	General Obligation Bonds:						
2017	Parks and Recreational Bond Refunding	2024	$875,000	$0	($170,000)	$705,000	$170,000
	OPWC Loan:						
2015	Grand Boulevard Improvement	2020	43,660	0	(14,555)	29,105	29,105
2017	Grand Boulevard Improvement	2022	79,465	0	(8,830)	70,635	17,660
2020	Maple Street Water Main Improvement	2040	0	104,514	0	104,514	5,226
	Total OPWC Loans		123,125	104,514	(23,385)	204,254	51,991
	Compensated Absences		1,790,453	1,739,387	(1,790,453)	1,739,387	193,171
	Net Pension Liability		20,889,728	0	(4,305,629)	16,584,099	0
	Net OPEB Liability		4,414,210	306,911	0	4,721,121	0
	Total Governmental Long-Term Debt		$28,092,516	$2,150,812	($6,289,467)	$23,953,861	$415,162

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2020, follows:

	General Obligation Bond Payable		OPWC Loan Payable		Total	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2021	$170,000	$16,850	$51,991	$0	$221,991	$16,850
2022	175,000	12,786	22,885	0	197,885	12,786
2023	180,000	8,604	22,885	0	202,885	8,604
2024	180,000	4,302	22,883	0	202,883	4,302
2025	0	0	5,226	0	5,226	0
2026-2030	0	0	26,128	0	26,128	0
2031-2035	0	0	26,128	0	26,128	0
2036-2040	0	0	26,128	0	26,128	0
Totals	$705,000	$42,542	$204,254	$0	$909,254	$42,542

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City is a member of the Ohio Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

The following is a summary of insurance coverages at year end:

Type of Coverage	Coverage	Deductible
Comprehensive General Liability	$7,000,000	$0
Law Enforcement Professional Liability	7,000,000	10,000
Public Officials Errors and Omissions	7,000,000	10,000
Property	38,806,122	1,000
Bond/Crime	100,000	1,000
Boiler and Machinery	38,806,122	1,000
Automobile Liability	7,000,000	1,000

The City provides major medical health insurance coverage for its employees through United Health Care.

Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years. Coverage has not been materially decreased during the year.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per $100 of payroll. The rate is determined based on accident history and administrative costs. Unemployment claims are paid to the Ohio Department of Job and Family Services as incurred.

NOTE 15 - CONTINGENCIES

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

NOTE 16 - CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the City for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to impact the City's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of City's Proportionate Share of the Net Pension Liability
Last Seven Years

Ohio Public Employees Retirement System

Year	2014	2015	2016
City's proportion of the net pension liability (asset)	0.026830%	0.026830%	0.024669%
City's proportionate share of the net pension liability (asset)	$3,162,907	$3,235,998	$4,273,057
City's covered payroll	$3,733,523	$3,327,592	$3,418,692
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	84.72%	97.25%	124.99%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016
City's proportion of the net pension liability (asset)	0.2054653%	0.2054653%	0.193768%
City's proportionate share of the net pension liability (asset)	$10,006,805	$10,643,959	$12,465,212
City's covered payroll	$5,110,966	$4,223,492	$4,222,409
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	195.79%	252.02%	295.22%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2014 is not available.
The schedule is reported as of the measurement date of the Net Pension Liability.

2017	2018	2019	2020
0.022983%	0.022019%	0.019423%	0.019403%
$5,219,041	$3,454,412	$5,319,568	$3,835,126
$2,971,017	$2,915,915	$2,623,121	$2,730,007
175.67%	118.47%	202.80%	140.48%
77.25%	84.66%	74.70%	82.17%

2017	2018	2019	2020
0.184291%	0.191762%	0.190749%	0.189251%
$11,672,814	$11,769,282	$15,570,160	$12,748,973
$4,166,740	$4,411,518	$4,543,146	$4,739,363
280.14%	266.79%	342.72%	269.00%
68.36%	70.91%	63.07%	69.89%

Schedule of City Pension Contributions
Last Eight Years

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	$485,358	$399,311	$410,243
Contributions in relation to the contractually required contribution	485,358	399,311	410,243
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$3,733,523	$3,327,592	$3,418,692
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	$872,953	$859,903	$848,282
Contributions in relation to the contractually required contribution	872,953	859,903	848,282
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$5,110,966	$4,223,492	$4,222,409
Contributions as a percentage of covered payroll	17.08%	20.36%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2013 is not available.

2016	2017	2018	2019	2020
$356,522	$379,069	$367,237	$382,201	$320,410
356,522	379,069	367,237	382,201	320,410
$0	$0	$0	$0	$0
$2,971,017	$2,915,915	$2,623,121	$2,730,007	$2,288,643
12.00%	13.00%	14.00%	14.00%	14.00%

2016	2017	2018	2019	2020
$837,098	$886,274	$912,718	$952,138	$942,834
837,098	886,274	912,718	952,138	942,834
$0	$0	$0	$0	$0
$4,166,740	$4,411,518	$4,543,146	$4,739,363	$4,426,451
20.09%	20.09%	20.09%	20.09%	21.30%

Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
Last Four Years

Ohio Public Employees Retirement System

Year	2017	2018	2019	2020
City's proportion of the net OPEB liability (asset)	0.023293%	0.022826%	0.020534%	0.020646%
City's proportionate share of the net OPEB liability (asset)	$2,352,697	$2,478,748	$2,677,148	$2,851,748
City's covered payroll	$2,971,017	$2,915,915	$2,623,121	$2,730,007
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	79.19%	85.01%	102.06%	104.46%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%	47.80%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019	2020
City's proportion of the net OPEB liability (asset)	0.184291%	0.191762%	0.190749%	0.189251%
City's proportionate share of the net OPEB liability (asset)	$8,747,884	$10,864,950	$1,737,062	$1,869,373
City's covered payroll	$4,166,740	$4,411,518	$4,543,146	$4,739,363
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	209.95%	246.29%	38.23%	39.44%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%	47.08%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2016 is not available.
The schedule is reported as of the measurement date of the Net OPEB Liability.

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Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Eight Years

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	$37,335	$66,552	$68,374
Contributions in relation to the contractually required contribution	37,335	66,552	68,374
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$3,733,523	$3,327,592	$3,418,692
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	$25,555	$21,117	$21,112
Contributions in relation to the contractually required contribution	25,555	21,117	21,112
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$5,110,966	$4,223,492	$4,222,409
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2013 is not available.

2016	2017	2018	2019	2020
$59,420	$29,159	$0	$0	$0
59,420	29,159	0	0	0
$0	$0	$0	$0	$0
$2,971,017	$2,915,915	$2,623,121	$2,730,007	$2,288,643
2.00%	1.00%	0.00%	0.00%	0.00%

2016	2017	2018	2019	2020
$20,834	$21,273	$21,821	$22,803	$22,639
20,834	21,273	21,821	22,803	22,639
$0	$0	$0	$0	$0
$4,166,740	$4,411,518	$4,543,146	$4,739,363	$4,426,451
0.50%	0.50%	0.50%	0.50%	0.50%

Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

NET PENSION LIABILITY – COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions:

2014-2016: 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 the 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%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality Table.

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

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

Changes in assumptions:

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

Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

NET PENSION LIABILITY – COST SHARING PLANS (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND (Continued)

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%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

NET OPEB LIABILITY - COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

NET OPEB LIABILITY - COST SHARING PLANS (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020: There were no changes in benefit terms.

Changes in assumptions:

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

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 4.66% to 3.56%.

TOTAL OPEB LIABILITY – SINGLE EMPLOYER PLAN

RETIREE LIFE INSURANCE PLAN

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

Changes in assumptions:

2018: The single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 disabled retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

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Management's Discussion and Analysis
For the Year Ended December 31, 2019 ***Unaudited***

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019 are as follows:

- In total, net position increased $6,093,947. Net position of governmental activities increased $6,645,014 from 2018. Net position of business-type activities decreased $551,067 from 2018.
- General revenues accounted for $14.7 million in revenue or 72% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 28% of total revenues of $20.5 million.
- The City had $11.6 million in expenses related to governmental activities; only about $3.6 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $14.7 million were adequate to provide for these programs.
- Among major funds, the general fund had $13.9 million in revenues and $6.1 million in expenditures. The general fund's fund balance increased $924,836 to $7,446,467.
- Net position for enterprise funds decreased by $551,067.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The Statement of Net Position includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net-position (the difference between the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources) are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.

- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's sewer services are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$14,021,553	$12,614,421	$905,617	$1,103,108	$14,927,170	$13,717,529
Capital assets, Net	79,371,411	81,279,846	2,510,542	2,639,781	81,881,953	83,919,627
Total assets	93,392,964	93,894,267	3,416,159	3,742,889	96,809,123	97,637,156
Deferred outflows of resources	7,545,944	4,338,981	0	0	7,545,944	4,338,981
Net pension liability	20,889,728	15,223,694	0	0	20,889,728	15,223,694
Net OPEB liability	4,414,210	13,343,698	0	0	4,414,210	13,343,698
Other long-term liabilities	2,788,578	2,971,657	0	0	2,788,578	2,971,657
Other liabilities	567,171	776,401	386,447	162,110	953,618	938,511
Total liabilities	28,659,687	32,315,450	386,447	162,110	29,046,134	32,477,560
Deferred inflows of resources	4,462,689	4,746,280	0	0	4,462,689	4,746,280
Net position (deficit):						
Net investment in capital assets	78,373,286	80,071,757	2,510,542	2,639,781	80,883,828	82,711,538
Restricted	220,591	958,294	0	0	220,591	958,294
Unrestricted	(10,777,345)	(19,858,533)	519,170	940,998	(10,258,175)	(18,917,535)
Total net deficit	$67,816,532	$61,171,518	$3,029,712	$3,580,779	$70,846,244	$64,752,297

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

Management's Discussion and Analysis
For the Year Ended December 31, 2019 ***Unaudited***

Changes in Net position – The following table shows the changes in net position for the fiscal year 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for Services and Sales	$2,158,976	$2,011,382	$2,126,416	$2,095,735	$4,285,392	$4,107,117
Operating Grants and Contributions	1,227,686	1,068,320	0	0	1,227,686	1,068,320
Capital Grants and Contributions	216,751	28,076	0	0	216,751	28,076
General revenues:						
Property Taxes	2,747,242	1,964,724	0	0	2,747,242	1,964,724
Municipal Income Taxes	9,746,312	11,113,870	0	0	9,746,312	11,113,870
Other Local Taxes	227,209	204,629	0	0	227,209	204,629
Grants and Entitlements	1,281,946	919,173	0	0	1,281,946	919,173
Investment Earnings	102,329	83,832	1,390	0	103,719	83,832
Miscellaneous	623,297	424,268	0	0	623,297	424,268
Total revenues	18,331,748	17,818,274	2,127,806	2,095,735	20,459,554	19,914,009
Program Expenses:						
Security of Persons and Property	544,916	8,682,576	0	0	544,916	8,682,576
Public Health and Welfare Services	50,400	73,060	0	0	50,400	73,060
Leisure Time Activities	1,058,619	984,030	0	0	1,058,619	984,030
Community Environment	214,667	146,273	0	0	214,667	146,273
Basic Utility Services	348,147	361,432	0	0	348,147	361,432
Transportation	4,090,876	3,392,455	0	0	4,090,876	3,392,455
General Government	5,222,313	5,250,195	0	0	5,222,313	5,250,195
Interest and Fiscal Charges	29,296	33,508	0	0	29,296	33,508
Sewer	0	0	2,806,373	2,648,230	2,806,373	2,648,230
Total expenses	11,559,234	18,923,529	2,806,373	2,648,230	14,365,607	21,571,759
Excess (deficiency) before Transfers	6,772,514	(1,105,255)	(678,567)	(552,495)	6,093,947	(1,657,750)
Transfers	(127,500)	0	127,500	0	0	0
Total Change in Net Position	6,645,014	(1,105,255)	(551,067)	(552,495)	6,093,947	(1,657,750)
Beginning Net Position, Restated	61,171,518	62,276,773	3,580,779	4,133,274	64,752,297	66,410,047
Ending Net Position	$67,816,532	$61,171,518	$3,029,712	$3,580,779	$70,846,244	$64,752,297

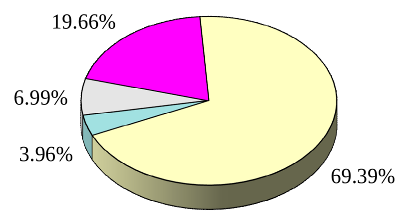
Governmental Activities

Net position of the City's governmental activities increased by $6,645,014. Much of this increase can be attributed to the decrease in the Police and Fire Net OPEB liability from 2018 to 2019 and the decrease in security of persons and property expenditures related to this.

The City also receives an income tax, which is based on 2% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 15% and 53% respectively of revenues for governmental activities for the City in fiscal year 2019. The City's reliance upon tax revenues is demonstrated by the following graph indicating 69.39% of total revenues from general tax revenues:

Revenue Sources	2019	Percent of Total
General Shared Revenues	$1,281,946	6.99%
Program Revenues	3,603,413	19.66%
General Tax Revenues	12,720,763	69.39%
General Other	725,626	3.96%
Total Revenue	$18,331,748	100.00%



Business-Type Activities

Net position of the business-type activities decreased by $551,067. The only business-type activity the City operates is the Sewer Fund. Once again, most of this decrease can be attributed to the depreciation on capital assets for the year. Expenses related to running the Euclid Sewer plant increased slightly while revenues remained relatively stable from 2018 to 2019.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $9,921,361, which is an increase from last year's balance of $8,428,372. The schedule below indicates the fund balance and the total change in fund balance by major fund and other governmental funds as of December 31, 2019 and 2018:

	Fund Balance December 31, 2019	Fund Balance December 31, 2018	Increase (Decrease)
General	$7,446,467	$6,521,631	$924,836
Safety Services	(17,122)	4,113	(21,235)
Debt Service	102,529	90,234	12,295
Captial Projects	891,385	791,369	100,016
Other Governmental	1,498,102	1,021,025	477,077
Total	$9,921,361	$8,428,372	$1,492,989

General Fund – The City's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2019 Revenues	2018 Revenues	Increase (Decrease)
Taxes	$11,147,661	$12,510,552	($1,362,891)
Intergovernmental Revenue	1,321,803	1,364,854	(43,051)
Charges for Services	408,352	314,003	94,349
Licenses and Permits	280,257	389,999	(109,742)
Fines and Forfietures	145,705	148,525	(2,820)
Investment Earnings	64,881	83,832	(18,951)
All Other Revenue	566,683	549,633	17,050
Total	$13,935,342	$15,361,398	($1,426,056)

General Fund revenues in 2019 decreased by 9.3% compared to revenues in fiscal year 2018. The most significant decrease was in income tax revenue. The decrease in income tax revenue is related to a timing difference in the income tax receivable accrual on a modified basis when the City switched to the Regional Income Tax Agency (RITA) for income tax collection services. The cash basis income tax revenue was relatively stable from 2018 to 2019.

	2019 Expenditures	2018 Expenditures	Increase (Decrease)
Security of Persons and Property	$2,348	$6,698,718	($6,696,370)
Public Health and Welfare Services	9,478	11,888	(2,410)
Leisure Time Activities	244,641	232,254	12,387
Community Environment	207,921	144,507	63,414
Basic Utility Services	26,138	34,811	(8,673)
Transportation	1,373,977	1,149,005	224,972
General Government	4,261,613	4,536,470	(274,857)
Total	$6,126,116	$12,807,653	($6,681,537)

General Fund expenditures in 2019 decreased by 52% compared to the prior year. This large decrease was a result of the establishment of the Safety Services fund (special revenue fund) by the City in 2018. Beginning in 2019, the expenditures related to the fire and police departments are now being reported in the Safety Services Fund instead of the general fund.

GENERAL FUND BUDGET INFORMATION

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2019, the City amended its General Fund budget several times, none significant.

For the General Fund, final budgeted revenue of $12.9 million did not change from the original budget estimates of $12.9 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019, the City had $81,881,953 net of accumulated depreciation invested in land, improvements, infrastructure, buildings and machinery and equipment. Of this total, $79,371,411 was related to governmental activities and $2,510,542 to the business-type activities. The following table shows fiscal year 2019 and 2018 balances:

	Governmental Activities		Increase (Decrease)
	2019	2018	
Land	$19,162,320	$19,162,320	$0
Buildings	11,771,675	11,771,675	0
Improvements Other Than Buildings	4,203,211	4,203,211	0
Machinery and Equipment	11,740,745	11,784,433	(43,688)
Infrastructure	79,305,135	79,159,549	145,586
Less: Accumulated Depreciation	(46,811,675)	(44,801,342)	(2,010,333)
Totals	$79,371,411	$81,279,846	($1,908,435)

	Business-Type Activities		Increase (Decrease)
	2019	2018	
Utility Structures in Service	$11,570,120	$11,570,120	$0
Less: Accumulated Depreciation	(9,059,578)	(8,930,339)	(129,239)
Totals	$2,510,542	$2,639,781	($129,239)

The primary increase occurred in infrastructure. Additional information on the City's capital assets can be found in Note 10.

Debt

The City had $875,000 million in general obligation bonds outstanding at December 31, 2019, $170,000 due within one year. The following table summarizes the City's liabilities outstanding as of December 31, 2019 and 2018:

	2019	2018
Governmental Activities:		
General Obligation Bonds	$875,000	$1,040,000
OPWC Loans Payable	123,125	168,089
Compensated Absences	1,790,453	1,763,568
Net Pension Liability	20,889,728	15,223,694
Net OPEB Liability	4,414,210	13,343,698
Total Governmental Activities	$28,092,516	$31,539,049

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Wickliffe lies, is limited to ten mills. At December 31, 2019, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

At the conclusion of 2019, the City of Wickliffe still maintained a healthy unencumbered General Fund balance of $4.3 million. However, moving forward, issues such as reductions in intergovernmental revenues and the future cost of health care are just two factors that will strongly influence the City's decision making process.

In an effort to maintain quality services city leaders are working together to identify new revenue sources and new ways to operate more efficiently. Seeking out grant funding for road improvements and capital equipment purchases has become a vital part of financing City operations. Sharing resources of both manpower and equipment with our neighboring communities also becomes more common as financial challenges increase. Moving into the future the City leaders will continue to scrutinize expenditures in an effort to identify additional cost containment measures that can be taken without jeopardizing the health and safety of the community.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 440-943-7117 or writing to City of Wickliffe Finance Department, 28730 Ridge Road, Wickliffe, Ohio 44092.

Statement of Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 7,356,080	$ 188,208	$ 7,544,288
Receivables:			
Taxes	5,149,190	0	5,149,190
Accounts	24,130	817,409	841,539
Intergovernmental	1,131,570	0	1,131,570
Interest	6,656	0	6,656
Special Assessments	18,572	0	18,572
Internal Balances	100,000	(100,000)	0
Inventory of Supplies at Cost	121,097	0	121,097
Prepaid Items	114,258	0	114,258
Capital Assets:			
Capital Assets Not Being Depreciated	19,162,320	0	19,162,320
Capital Assets Being Depreciated, Net	60,209,091	2,510,542	62,719,633
Total Assets	93,392,964	3,416,159	96,809,123
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt	14,921	0	14,921
Pension	5,934,311	0	5,934,311
OPEB	1,596,712	0	1,596,712
Total Deferred Outflows of Resources	7,545,944	0	7,545,944
Liabilities:			
Accounts Payable	298,176	385,149	683,325
Accrued Wages and Benefits	267,252	1,298	268,550
Accrued Interest Payable	1,743	0	1,743
Long-Term Liabilities:			
Due Within One Year	395,726	0	395,726
Net Pension Liability	20,889,728	0	20,889,728
Net OPEB Liability	4,414,210	0	4,414,210
Due in More Than One Year	2,392,852	0	2,392,852
Total Liabilities	28,659,687	386,447	29,046,134
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,660,062	0	2,660,062
Pension	898,727	0	898,727
OPEB	903,900	0	903,900
Total Deferred Inflows of Resources	4,462,689	0	4,462,689
Net Position:			
Net Investment in Capital Assets	78,373,286	2,510,542	80,883,828
Restricted For:			
Debt Service	117,129	0	117,129
Other Purposes	103,462	0	103,462
Unrestricted (Deficit)	(10,777,345)	519,170	(10,258,175)
Total Net Position	$ 67,816,532	$ 3,029,712	$ 70,846,244

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2019

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	$ 544,916	$ 610,014	$ 247,872	$ 0
Public Health and Welfare Services	50,400	5,550	99,081	0
Leisure Time Activities	1,058,619	359,514	84,730	0
Community Environment	214,667	325,359	0	0
Basic Utility Services	348,147	337,084	0	0
Transportation	4,090,876	0	796,003	216,751
General Government	5,222,313	521,455	0	0
Interest and Fiscal Charges	29,296	0	0	0
Total Governmental Activities	11,559,234	2,158,976	1,227,686	216,751
Business-Type Activities:				
Sewer	2,806,373	2,126,416	0	0
Total Business-Type Activities	2,806,373	2,126,416	0	0
Totals	$ 14,365,607	$ 4,285,392	$ 1,227,686	$ 216,751

General Revenues

Property Taxes

Municipal Income Taxes

Other Local Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ 312,970	$ 0	$ 312,970
54,231	0	54,231
(614,375)	0	(614,375)
110,692	0	110,692
(11,063)	0	(11,063)
(3,078,122)	0	(3,078,122)
(4,700,858)	0	(4,700,858)
(29,296)	0	(29,296)
(7,955,821)	0	(7,955,821)
0	(679,957)	(679,957)
0	(679,957)	(679,957)
(7,955,821)	(679,957)	(8,635,778)
2,747,242	0	2,747,242
9,746,312	0	9,746,312
227,209	0	227,209
1,281,946	0	1,281,946
102,329	1,390	103,719
623,297	0	623,297
(127,500)	127,500	0
14,600,835	128,890	14,729,725
6,645,014	(551,067)	6,093,947
61,171,518	3,580,779	64,752,297
$ 67,816,532	$ 3,029,712	$ 70,846,244

Balance Sheet
Governmental Funds
December 31, 2019

	General	Safety Services	Debt Service
Assets:			
Cash and Cash Equivalents	$ 4,589,859	$ 172,033	$ 102,529
Receivables:			
Taxes	3,563,030	800,671	155,159
Accounts	21,926	2,204	0
Intergovernmental	586,797	49,926	11,138
Interest	6,656	0	0
Special Assessments	0	0	0
Interfund Loans Receivables	160,000	0	0
Inventory of Supplies, at Cost	121,097	0	0
Prepaid Items	113,978	0	0
Total Assets	$ 9,163,343	$ 1,024,834	$ 268,826
Liabilities:			
Accounts Payable	86,385	28,608	0
Accrued Wages and Benefits Payable	62,918	197,148	0
Interfund Loans Payable	0	0	0
Total Liabilities	149,303	225,756	0
Deferred Inflows of Resources:			
Unavailable Amounts	442,921	39,929	16,343
Property Tax for Next Fiscal Year	1,124,652	776,271	149,954
Total Deferred Inflows of Resources	1,567,573	816,200	166,297
Fund Balances:			
Nonspendable	235,075	0	0
Restricted	0	0	102,529
Committed	0	0	0
Assigned	1,349,190	0	0
Unassigned	5,862,202	(17,122)	0
Total Fund Balances	7,446,467	(17,122)	102,529
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 9,163,343	$ 1,024,834	$ 268,826

See accompanying notes to the basic financial statements

Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 987,922	$ 1,503,737	$ 7,356,080
484,870	145,460	5,149,190
0	0	24,130
34,807	448,902	1,131,570
0	0	6,656
0	18,572	18,572
0	0	160,000
0	0	121,097
0	280	114,258
$ 1,507,599	$ 2,116,951	$ 14,081,553
96,537	86,646	298,176
0	7,186	267,252
0	60,000	60,000
96,537	153,832	625,428
51,074	324,435	874,702
468,603	140,582	2,660,062
519,677	465,017	3,534,764
0	0	235,075
0	1,096,135	1,198,664
891,385	401,967	1,293,352
0	0	1,349,190
0	0	5,845,080
891,385	1,498,102	9,921,361
$ 1,507,599	$ 2,116,951	$ 14,081,553

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2019

Total Governmental Fund Balances		$ 9,921,361
Amounts reported for governmental activities in the statement of net position are different because		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		79,371,411
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	89,790	
Special Assessments	18,572	
Intergovernmental	766,340	874,702
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	5,934,311	
Deferred Inflows - Pension	(898,727)	
Deferred Outflows - OPEB	1,596,712	
Deferred Inflows - OPEB	(903,900)	
Net Pension Liability	(20,889,728)	
Net OEPB Liability	(4,414,210)	(19,575,542)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.		(1,743)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(875,000)	
Ohio Public Works Commission Loan Payable	(123,125)	
Deferred Loss on Debt Refunding	14,921	
Compensated Absences Payable	(1,790,453)	(2,773,657)
Net Position of Governmental Activities		$ 67,816,532

See accompanying notes to the basic financial statements

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Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Safety Services	Debt Service
Revenues:			
Property Taxes	$ 1,174,140	$ 784,800	$ 155,320
Municipal Income Tax	9,746,312	0	0
Other Local Taxes	227,209	0	0
State Levied Shared Taxes	1,083,906	0	0
Intergovernmental Revenues	237,897	311,683	46,268
Charges for Services	408,352	55,173	0
Licenses and Permits	280,257	0	0
Investment Earnings	64,881	2,903	2,347
Special Assessments	0	0	0
Fines and Forfeitures	145,705	0	0
All Other Revenue	566,683	0	0
Total Revenue	13,935,342	1,154,559	203,935
Expenditures:			
Current:			
Security of Persons and Property	2,348	7,339,185	0
Public Health and Welfare Services	9,478	0	0
Leisure Time Activities	244,641	0	0
Community Environment	207,921	0	0
Basic Utility Services	26,138	0	0
Transportation	1,373,977	0	0
General Government	4,261,613	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	165,000
Interest & Fiscal Charges	0	0	26,640
Total Expenditures	6,126,116	7,339,185	191,640
Excess (Deficiency) of Revenues Over Expenditures	7,809,226	(6,184,626)	12,295
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	0
Transfers In	3,800	6,163,391	0
Transfers Out	(6,902,891)	0	0
Total Other Financing Sources (Uses)	(6,899,091)	6,163,391	0
Net Change in Fund Balances	910,135	(21,235)	12,295
Fund Balances at Beginning of Year	6,521,631	4,113	90,234
Increase in Inventory Reserve	14,701	0	0
Fund Balances (Deficit) End of Year	$ 7,446,467	$ (17,122)	$ 102,529

See accompanying notes to the basic financial statements

Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 485,374	$ 145,612	$ 2,745,246
0	0	9,746,312
0	0	227,209
0	772,100	1,856,006
398,043	137,047	1,130,938
0	235,979	699,504
0	0	280,257
14,118	18,080	102,329
0	395,847	395,847
0	0	145,705
216,751	77,726	861,160
1,114,286	1,782,391	18,190,513
0	161,666	7,503,199
0	40,922	50,400
0	492,543	737,184
0	0	207,921
0	314,504	340,642
0	375,636	1,749,613
0	66,243	4,327,856
1,463,944	0	1,463,944
44,964	0	209,964
0	0	26,640
1,508,908	1,451,514	16,617,363
(394,622)	330,877	1,573,150
32,638	0	32,638
462,000	150,000	6,779,191
0	(3,800)	(6,906,691)
494,638	146,200	(94,862)
100,016	477,077	1,478,288
791,369	1,021,025	8,428,372
0	0	14,701
$ 891,385	$ 1,498,102	$ 9,921,361

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds		$ 1,478,288
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Outlay	1,216,149	
Depreciation	(2,556,115)	(1,339,966)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.		(568,469)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	1,996	
Special Assessments	1,762	
Intergovernmental	104,839	108,597
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,334,339	
OPEB	22,803	1,357,142
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	(2,954,284)	
OPEB	8,368,582	5,414,298
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
OPWC Loan Principal	44,964	
General Obligation Bonds Principal	165,000	
Amortization of Deferred Loss on Debt Refunding	(2,984)	206,980

(Continued)

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.		
Accrued Interest Payable		328
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in Supplies Inventory	14,701	
Increase in Compensated Absences Payable	(26,885)	(12,184)
Change in Net Position of Governmental Activities		$ 6,645,014

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 1,185,000	$ 1,185,000	$ 1,174,140	$ (10,860)
Municipal Income Tax	9,125,000	9,125,000	9,654,204	529,204
Other Local Taxes	196,000	196,000	214,547	18,547
State Levied Shared Taxes	992,645	992,645	1,068,817	76,172
Intergovernmental Revenue	250,000	250,000	237,897	(12,103)
Charges for Services	310,000	310,000	420,672	110,672
Licenses and Permits	232,150	232,150	280,257	48,107
Investment Earnings	52,000	52,000	66,795	14,795
Fines and Forfeitures	120,000	120,000	155,497	35,497
All Other Revenues	433,575	433,575	566,720	133,145
Total Revenues	12,896,370	12,896,370	13,839,546	943,176
Expenditures:				
Current:				
Security of Persons and Property	19,756	70,581	59,529	11,052
Public Health and Welfare Services	15,000	17,420	11,874	5,546
Leisure Time Activities	297,164	309,913	260,014	49,899
Community Environment	244,218	247,418	218,804	28,614
Basic Utility Services	33,500	37,965	29,740	8,225
Transportation	1,402,811	1,461,728	1,404,753	56,975
General Government	4,894,456	5,042,798	4,708,079	334,719
Total Expenditures	6,906,905	7,187,823	6,692,793	495,030
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,989,465	5,708,547	7,146,753	1,438,206
Other Financing Sources (Uses):				
Transfers In	3,800	3,800	3,800	0
Transfers Out	(6,951,891)	(6,951,891)	(6,902,891)	49,000
Advances In	10,000	10,000	10,000	0
Advances Out	(100,000)	(100,000)	(100,000)	0
Total Other Financing Sources (Uses):	(7,038,091)	(7,038,091)	(6,989,091)	49,000
Net Change In Fund Balance	(1,048,626)	(1,329,544)	157,662	1,487,206
Fund Balance at Beginning of Year	3,916,803	3,916,803	3,916,803	0
Prior Year Encumbrances	278,518	278,518	278,518	0
Fund Balance at End of Year	$ 3,146,695	$ 2,865,777	$ 4,352,983	$ 1,487,206

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund - Safety Services Fund For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 835,000	$ 835,000	$ 784,800	$ (50,200)
Intergovernmental Revenue	223,700	223,700	277,286	53,586
Charges for Services	50,000	50,000	57,244	7,244
Investment Earnings	25,000	25,000	2,903	(22,097)
Total Revenues	1,133,700	1,133,700	1,122,233	(11,467)
Expenditures:				
Current:				
Security of Persons and Property	7,335,870	7,335,868	7,148,285	187,583
Total Expenditures	7,335,870	7,335,868	7,148,285	187,583
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,202,170)	(6,202,168)	(6,026,052)	176,116
Other Financing Sources (Uses):				
Transfers In	6,175,391	6,175,391	6,163,391	(12,000)
Total Other Financing Sources (Uses):	6,175,391	6,175,391	6,163,391	(12,000)
Net Change In Fund Balance	(26,779)	(26,777)	137,339	164,116
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ (26,779)	$ (26,777)	$ 137,339	$ 164,116

See accompanying notes to the basic financial statements

Statement of Fund Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities Enterprise Fund Sewer
Assets:	
Current Assets:	
Cash and Cash Equivalents	$ 188,208
Receivables:	
Accounts	817,409
Total Current Assets	1,005,617
Non Current Assets:	
Capital Assets, Net	2,510,542
Total Assets	3,516,159
Liabilities:	
Current Liabilities:	
Accounts Payable	385,149
Accrued Wages and Benefits	1,298
Interfund Loans Payable	100,000
Total Liabilities	486,447
Net Position:	
Net Investment in Capital Assets	2,510,542
Unrestricted	519,170
Total Net Position	$ 3,029,712

See accompanying notes to the basic financial statements

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities Enterprise Funds
	Sewer
Operating Revenues:	
Charges for Services	$ 2,126,416
Total Operating Revenues	2,126,416
Operating Expenses:	
Personal Services	1,298
Contractual Services	2,675,836
Depreciation	129,239
Total Operating Expenses	2,806,373
Operating Loss	(679,957)
Nonoperating Revenue (Expenses):	
Investment Earnings	1,390
Total Nonoperating Revenues (Expenses)	1,390
Loss Before Transfers	(678,567)
Transfers in	127,500
Change in Net Position	(551,067)
Net Position Beginning of Year	3,580,779
Net Position End of Year	$ 3,029,712

See accompanying notes to the basic financial statements

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities Enterprise Funds
	Sewer
Cash Flows from Operating Activities:	
Cash Received from Customers	$2,133,742
Cash Payments for Goods and Services	(2,452,797)
Net Cash Used for Operating Activities	(319,055)
Cash Flows from Noncapital Financing Activities:	
Transfers In from Other Funds	127,500
Advances In from Other Funds	100,000
Net Cash Provided by Noncapital Financing Activities	227,500
Cash Flows from Investing Activities:	
Receipts of Interest	1,390
Net Cash Provided by Investing Activities	1,390
Net Decrease in Cash and Cash Equivalents	(90,165)
Cash and Cash Equivalents at Beginning of Year	278,373
Cash and Cash Equivalents at End of Year	$188,208
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	($679,957)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense	129,239
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	7,326
Increase in Accounts Payable	224,656
Decrease in Accrued Wages and Benefits	(319)
Total Adjustments	360,902
Net Cash Used for Operating Activities	($319,055)

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wickliffe, Ohio (the City) is a home-rule municipal corporation created under the laws of the State of Ohio. The current Charter, which provides for a Council-Mayor form of government was adopted on July 17, 1951, and has subsequently been amended.

The accompanying basic financial statements of the City are presented as of December 31, 2019 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 *"The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and maintains the wastewater collection system which is reported as an enterprise fund. Wastewater treatment services are provided to the City of Wickliffe by the City of Euclid, Ohio, which owns and operates the wastewater treatment facilities.

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 100 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 electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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 eight-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 Wickliffe did not contribute to NOPEC during 2019. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The following fund types are used by the City:

Governmental Funds

The governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

Safety Services Fund - This fund is used to account for financial resources to be used for safety services within the City.

Debt Service Fund - This fund is used to account for financial resources to be used for the principal and interest payments on the City's debt.

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise fund is:

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. <u>Basis of Accounting</u> (Continued)

resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2019, but which are not intended to finance 2019 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources

In addition to assets, the statements of financial position will sometimes 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 (expenses/expenditures) until then. For the City, deferred outflows related to pension/OPEB are explained in notes 11 and 12.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 11 and 12)

F. Budgetary Process

The annual budgetary process is prescribed by Charter and by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only certain major governmental funds are required to be reported. The primary level of budgetary control for all funds involving operations is at the object level within each department. Certain funds are appropriated at the minimum level of budgetary control (personal services) as required by Ohio Revised Code section 5705.38 (c) due to the restricted nature of the use of these funds. Budgetary modifications may only be made by ordinance of the City Council.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

1. Tax Budget

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the first and final amended official certificate of estimated resources issued during 2019.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the object level within each department for all funds involving operations. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among funds at the object level within each department may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual (Non-GAAP Budgetary Basis —General Fund and Safety Services Fund " is provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues are recorded when received in cash and expenditures are recorded when paid or encumbered. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund and Safety Services Fund:

Net Change In Fund Balance	General Fund	Safety Services Fund
GAAP Basis (as reported)	$910,135	($21,235)
Increase (Decrease):		
Accrued Revenues at December 31, 2019 received during 2020	(2,770,836)	(36,601)
Accrued Revenues at December 31, 2018 received during 2019	2,585,040	4,275
Accrued Expenditures at December 31, 2019 paid during 2020	149,303	225,756
Accrued Expenditures at December 31, 2018 paid during 2019	(397,043)	(162)
2018 Prepaids for 2019	31,917	0
2019 Prepaids for 2020	(113,978)	0
Encumbrances Outstanding	(236,876)	(34,694)
Budget Basis	$157,662	$137,339

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. <u>Cash and Cash Equivalents</u>

Cash and cash equivalents include amounts in demand deposits, The State Treasury Asset Reserve (STAR Ohio) and short-term certificates of deposit with an original maturity of three months or less. Certificates of deposit meeting the previously noted maturity limit and STAR Ohio are considered cash equivalents because they are highly liquid investments.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary fund considers its share of equity in pooled certificates of deposit with original maturities of three months or less and STAR Ohio to be cash equivalents. See Note 5, "Pooled Cash, Cash Equivalents and Investments."

H. <u>Investments</u>

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. Certificates of deposit with original maturities of more than three months are reported as investments in the basic financial statements. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools,"* the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. See Note 5 "Pooled Cash, Cash Equivalents and Investments." The City allocates all interest on pooled investments to the General Fund.

During 2019, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures 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 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

During the year, the City invested in repurchase agreements, but at year end the City was not invested in any repurchase agreements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary fund. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and expenses in the proprietary fund when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, 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.

K. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than $2,000. The accounting and reporting treatment applied to capital assets is determined by their ultimate use:

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*", has been reported.

2. Property, Plant and Equipment – Business Type Activities

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	15 - 40
Improvements other than Buildings	65
Infrastructure	10 - 50
Machinery, Equipment, Furniture and Fixtures	5 - 10

L. Long-Term Obligations

Long-Term obligations are being repaid from the following funds:

Obligation	Fund
Compensated Absences	General Fund
Pension/OPEB Liabilities	General Fund
General Obligation Bonds	Debt Service Fund
OPWC Loans	Capital Projects Fund

M. Compensated Absences

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation, sick time and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflow of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

P. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

Q. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

R. Estimates

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

T. Extraordinary and Special Items

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

U. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, "Certain Asset Retirement Obligations," Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements," and Statement No. 90, "Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61."

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 88 revises the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements.

GASB Statement No. 90 establishes criteria for reporting a government's majority equity interest in a legally separate organization.

The implementation of the above GASB Statements did not have an effect on the financial statements of the City for 2019.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficit - The fund deficit at December 31, 2019 of $17,122 in the Safety Services Fund (special revenue fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The deficit does not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Safety Services Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Supplies Inventory	$121,097	$0	$0	$0	$0	$121,097
Prepaid Items	113,978	0	0	0	0	113,978
Total Nonspendable	235,075	0	0	0	0	235,075
Restricted:						
Debt Service Payments	0	0	102,529	0	0	102,529
State Highway Improvements	0	0	0	0	33,878	33,878
City Highway Improvements	0	0	0	0	795,580	795,580
Weed Control	0	0	0	0	181,649	181,649
Street Lighting	0	0	0	0	33,145	33,145
Police Pension	0	0	0	0	15,797	15,797
Fire Pension	0	0	0	0	15,797	15,797
Law Enforcement Trust	0	0	0	0	20,289	20,289
Total Restricted	0	0	102,529	0	1,096,135	1,198,664
Committed:						
Laketran	0	0	0	0	6,083	6,083
Senior Center	0	0	0	0	84,526	84,526
Insurance	0	0	0	0	369	369
Swimming Pool	0	0	0	0	3,784	3,784
Golf Course	0	0	0	0	234,170	234,170
Capital Projects	0	0	0	891,385	0	891,385
Police, Fire and Disaster	0	0	0	0	4,965	4,965
Deposits	0	0	0	0	68,070	68,070
Total Committed	0	0	0	891,385	401,967	1,293,352
Assigned	1,349,190	0	0	0	0	1,349,190
Unassigned	5,862,202	(17,122)	0	0	0	5,845,080
Total Fund Balances	$7,446,467	($17,122)	$102,529	$891,385	$1,498,102	$9,921,361

NOTE 5 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and cash equivalents. Each fund's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents."

Ohio law requires the classification of funds held by the City into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 5 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investment earnings of $25,408 earned by other funds were credited to the General Fund as required by state statute.

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned. The City’s policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City's deposits was $3,300,596 and the bank balance was $2,979,089. Federal depository insurance covered $250,000 of the bank balance and $2,729,089 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City’s name and securities held in the Ohio Pooled Collateral System.

NOTE 5 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2019 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years) less than 1	1-3
STAR Ohio	$4,243,692	AAAm[1]	N/A	$4,243,692	0

[1] Standard & Poor's

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Credit Risk – The City's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

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 City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

C. Reconciliation of Cash, Cash Equivalents and Investments

A reconciliation between classifications of cash and investments on the combined financial statements is as follows:

	Cash and Cash Equivalents	Investments
Per Financial Statements	$7,544,288	$0
Investments:		
STAR Ohio	(4,243,692)	4,243,692
Per Footnote	$3,300,596	$4,243,692

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 2019 were levied after October 1, 2018 on assessed values as of January 1, 2018, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2012. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real 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. Certain public utility tangible personal property is currently assessed at 25 percent of its true value and public utility real property is assessed at 35 percent of appraised market value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Wickliffe. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2019, was $11.04 per $1,000 of assessed value. The assessed value upon which the 2019 property tax receipts were based was $279,221,190. This amount constitutes $266,814,590 in real property assessed value and $12,406,600 in public utility assessed value.

NOTE 6 – TAXES (Continued)

A. Property Taxes (Continued)

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .1104% (11.04 mills) of assessed value.

B. Income Tax

The City levies a tax of 2% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on the income of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 7 – TAX ABATEMENT DISCLOSURE

Income Tax Abatement

As of December 31, 2019, the City provides income tax incentives under an income tax incentive grant with Parker Hannifin Corporation.

The purpose of the grant is to maintain Wickliffe's competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code Chapter 718 and City ordinance, the City provides an incentive to Parker Hannifin Corporation the company based upon the company's gross annual payroll, the amount of income tax generated annually by the business. The abatement is administered by the City paying Parker Hannifin, through non-tax revenues, a sum equal to 40% of the City payroll withholding taxes in excess of the base withholding. This amount will be paid on an annual basis on or before June 30 of the succeeding year for the preceding calendar year in which payroll withholding taxes were paid and received.

Below is the information relevant to the disclosure of this program for the year ended December 31, 2019.

Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2019 In Actual Dollars)
Parker Hannifin Corporation (2013 - 2021)	
- Gross Dollar amount of taxes abated during 2019	$44,195

NOTE 8 - RECEIVABLES

Receivables at December 31, 2019, consisted of taxes, interest, accounts receivable, interfund and intergovernmental receivables arising from shared revenues.

NOTE 9 - TRANSFERS

The following is a summary of transfers for all funds for 2019:

	Transfers Out:		
Transfers In:	General Fund	Other Governmental Funds	Total
General Fund	$0	$3,800	$3,800
Safety Services Fund	6,163,391	0	6,163,391
Capital Projects Fund	462,000	0	462,000
Sewer Fund	127,500	0	127,500
Other Governmental Funds	150,000	0	150,000
	$6,902,891	$3,800	$6,906,691

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, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2019:

Historical Cost:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Capital assets not being depreciated:				
Land	$19,162,320	$0	$0	$19,162,320
Capital assets being depreciated:				
Buildings	11,771,675	0	0	11,771,675
Improvements Other Than Buildings	4,203,211	0	0	4,203,211
Machinery and Equipment	11,784,433	255,776	(299,464)	11,740,745
Infrastructure	79,159,549	960,373	(814,787)	79,305,135
Total Cost	$126,081,188	$1,216,149	($1,114,251)	$126,183,086

Accumulated Depreciation:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Buildings	($4,474,398)	($189,367)	$0	($4,663,765)
Improvements Other Than Buildings	(2,441,509)	(209,081)	0	(2,650,590)
Machinery and Equipment	(9,276,879)	(653,684)	280,990	(9,649,573)
Infrastructure	(28,608,556)	(1,503,983)	264,792	(29,847,747)
Total Depreciation	($44,801,342)	($2,556,115)	$545,782	($46,811,675)
Net Value:	$81,279,846			$79,371,411

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NOTE 10 - CAPITAL ASSETS (continued)

A. Governmental Activities Capital Assets (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$391,956
Leisure Time Activities	295,748
Transportation	1,712,168
General Government	156,243
Total Depreciation Expense	$2,556,115

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2019:

Historical Cost:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Capital assets being depreciated:				
Utility Structures in Service	$11,570,120	$0	$0	$11,570,120
Total Cost	$11,570,120	$0	$0	$11,570,120

Accumulated Depreciation:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Utility Structures in Service	($8,930,339)	($129,239)	$0	($9,059,578)
Total Depreciation	($8,930,339)	($129,239)	$0	($9,059,578)
Net Value:	$2,639,781			$2,510,542

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NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR 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
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	**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	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $382,201 for 2019.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. See OP&F CAFR 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 OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors. Members 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, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	Police	Firefighters
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2019 through December 31, 2019	12.25 %	12.25 %
2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee:		
January 1, 2019 through December 31, 2019	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was $952,138 for 2019.

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

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	$5,319,568	$15,570,160	$20,889,728
Proportion of the Net Pension Liability-2019	0.019423%	0.190749%	
Proportion of the Net Pension Liability-2018	0.022019%	0.191762%	
Percentage Change	(0.002596%)	(0.001013%)	
Pension Expense	$900,201	$2,054,083	$2,954,284

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	$463,079	$412,787	$875,866
Differences between expected and actual experience	247	639,713	639,960
Net difference between projected and actual earnings on pension plan investments	722,015	1,918,232	2,640,247
Change in proportionate share	0	443,899	443,899
City contributions subsequent to the measurement date	382,201	952,138	1,334,339
Total Deferred Outflows of Resources	$1,567,542	$4,366,769	$5,934,311
Deferred Inflows of Resources			
Differences between expected and actual experience	$69,849	$14,538	$84,387
Change in proportionate share	352,095	462,245	814,340
Total Deferred Inflows of Resources	$421,944	$476,783	$898,727

$1,334,339 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2020	$267,919	$903,495	$1,171,414
2021	92,713	484,040	576,753
2022	66,981	563,519	630,500
2023	335,784	921,752	1,257,536
2024	0	65,042	65,042
Total	$763,397	$2,937,848	$3,701,245

Actuarial Assumptions - OPERS

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018 and December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2018
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

	December 31, 2017
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. 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 statutorily required rates. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability 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 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%)
City's proportionate share of the net pension liability	$7,858,546	$5,319,568	$3,209,651

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. 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, 2018, compared with January 1, 2017, are presented below.

	January 1, 2018	January 1, 2017
Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2018 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2018 valuation, 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.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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 prior experience study was completed December 31, 2011.

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 expectation. 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 OPF's target asset allocation as of December 31, 2018 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	120.00 %	

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2018, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2017 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 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%)
City's proportionate share of the net pension liability	$20,465,901	$15,570,160	$11,479,059

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NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 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 2019.

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

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

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

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

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

Funding Policy **–** The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.5 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 and is limited by the provisions of Sections 115 and 401(h).

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

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was $22,803 for 2019.

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

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

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability	$2,677,148	$1,737,062	$4,414,210
Proportion of the Net OPEB Liability-2019	0.020534%	0.190749%	
Proportion of the Net OPEB Liability-2018	0.022826%	0.191762%	
Percentage Change	(0.002292%)	(0.001013%)	
OPEB Expense	$145,135	($8,513,717)	($8,368,582)

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes of assumptions	$86,314	$900,411	$986,725
Net difference between projected and actual earnings on pension plan investments	122,731	58,801	181,532
Differences between expected and actual experience	907	0	907
Change in proportionate share	0	404,745	404,745
City contributions subsequent to the measurement date	0	22,803	22,803
Total Deferred Outflows of Resources	$209,952	$1,386,760	$1,596,712
Deferred Inflows of Resources			
Changes in assumptions	$0	$480,900	$480,900
Differences between expected and actual experience	7,264	46,540	53,804
Change in proportionate share	183,583	185,613	369,196
Total Deferred Inflows of Resources	$190,847	$713,053	$903,900

$22,803 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2020	($1,513)	$114,911	$113,398
2021	(58,916)	114,911	55,995
2022	17,706	114,912	132,618
2023	61,828	132,697	194,525
2024	0	104,657	104,657
2025	0	74,022	74,022
2026	0	(5,206)	(5,206)
Total	$19,105	$650,904	$670,009

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.50 percent
Municipal Bond Rate:	
Current measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior Measurement date	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 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 (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	$3,425,071	$2,677,148	$2,082,353

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 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 2019 is 10.00 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 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$2,573,321	$2,677,148	$2,796,731

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

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

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

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

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.66 percent	3.24 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted 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

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 prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F’s target asset allocation as of December 31, 2018, are summarized below:

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	120.00 %	

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate 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 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 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66 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 (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	$2,116,216	$1,737,062	$1,418,795

NOTE 13 – COMPENSATED ABSENCES

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2019, the City's accumulated, unpaid compensated absences amounted to $1,790,453, which is recorded as a liability of the Governmental Activities.

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NOTE 14 - LONG-TERM DEBT

Long-Term debt of the City at December 31, 2019 was as follows:

Year Issued		Final Maturity	Balance December 31, 2018	Additions	(Reductions)	Balance December 31, 2019	Amounts Due Within One Year
Governmental Activities:							
	General Obligation Bonds:						
2017	Parks and Recreational Bond Refunding	2024	$1,040,000	$0	($165,000)	$875,000	$170,000
	OPWC Loan:						
2013	Worden Road Waterline	2019	$7,029	$0	($7,029)	$0	$0
2015	Grand Boulevard Improvement	2020	72,765	0	(29,105)	43,660	29,105
2017	Grand Boulevard Improvement	2022	88,295	0	(8,830)	79,465	17,660
	Total OPWC Loans		168,089	0	(44,964)	123,125	46,765
	Compensated Absences		1,763,568	1,790,453	(1,763,568)	1,790,453	178,961
	Net Pension Liability		15,223,694	5,666,034	0	20,889,728	0
	Net OPEB Liability		13,343,698	0	(8,929,488)	4,414,210	0
	Total Governmental Long-Term Debt		$31,539,049	$7,456,487	($10,903,020)	$28,092,516	$395,726

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2019, follows:

	General Obligation Bond Payable		OPWC Loan Payable		Total	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2020	$170,000	$20,912	$46,765	$0	$216,765	$20,912
2021	170,000	16,850	32,212	0	202,212	16,850
2022	175,000	12,786	17,659	0	192,659	12,786
2023	180,000	8,604	17,659	0	197,659	8,604
2024	180,000	4,302	8,830	0	188,830	4,302
Totals	$875,000	$63,454	$123,125	$0	$998,125	$63,454

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City is a member of the Ohio Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

The following is a summary of insurance coverages at year end:

Type of Coverage	Coverage	Deductible
Comprehensive General Liability	$7,000,000	$0
Law Enforcement Professional Liability	7,000,000	10,000
Public Officials Errors and Omissions	7,000,000	10,000
Property	38,806,122	1,000
Bond/Crime	100,000	1,000
Boiler and Machinery	38,806,122	1,000
Automobile Liability	7,000,000	1,000

The City provides major medical health insurance coverage for its employees through United Health Care.

Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years. Coverage has not been materially decreased during the year.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per $100 of payroll. The rate is determined based on accident history and administrative costs. Unemployment claims are paid to the Ohio Department of Job and Family Services as incurred.

NOTE 16 - CONTINGENCIES

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

NOTE 17 – SUBSEQUENT EVENT

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the government's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the government for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the government's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of City's Proportionate Share of the Net Pension Liability
Last Six Years

Ohio Public Employees Retirement System

Year	2014	2015	2016
City's proportion of the net pension liability (asset)	0.026830%	0.026830%	0.024669%
City's proportionate share of the net pension liability (asset)	$3,162,907	$3,235,998	$4,273,057
City's covered payroll	$3,733,523	$3,327,592	$3,418,692
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	84.72%	97.25%	124.99%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016
City's proportion of the net pension liability (asset)	0.2054653%	0.2054653%	0.193768%
City's proportionate share of the net pension liability (asset)	$10,006,805	$10,643,959	$12,465,212
City's covered payroll	$5,110,966	$4,223,492	$4,222,409
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	195.79%	252.02%	295.22%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2014 is not available.
The schedule is reported as of the measurement date of the Net Pension Liability.

2017	2018	2019
0.022983%	0.022019%	0.019423%
$5,219,041	$3,454,412	$5,319,568
$2,971,017	$2,915,915	$2,623,121
175.67%	118.47%	202.80%
77.25%	84.66%	74.70%

2017	2018	2019
0.184291%	0.191762%	0.190749%
$11,672,814	$11,769,282	$15,570,160
$4,166,740	$4,411,518	$4,543,146
280.14%	266.79%	342.72%
68.36%	70.91%	63.07%

Schedule of City Pension Contributions
Last Seven Years

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	$485,358	$399,311	$410,243
Contributions in relation to the contractually required contribution	485,358	399,311	410,243
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$3,733,523	$3,327,592	$3,418,692
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	$872,953	$859,903	$848,282
Contributions in relation to the contractually required contribution	872,953	859,903	848,282
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$5,110,966	$4,223,492	$4,222,409
Contributions as a percentage of covered payroll	17.08%	20.36%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2013 is not available.

2016	2017	2018	2019
$356,522	$379,069	$367,237	$382,201
356,522	379,069	367,237	382,201
$0	$0	$0	$0
$2,971,017	$2,915,915	$2,623,121	$2,730,007
12.00%	13.00%	14.00%	14.00%

2016	2017	2018	2019
$837,098	$886,274	$912,718	$952,138
837,098	886,274	912,718	952,138
$0	$0	$0	$0
$4,166,740	$4,411,518	$4,543,146	$4,739,363
20.09%	20.09%	20.09%	20.09%

Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
Last Three Years

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.023293%	0.022826%	0.020534%
City's proportionate share of the net OPEB liability (asset)	$2,352,697	$2,478,748	$2,677,148
City's covered payroll	$2,971,017	$2,915,915	$2,623,121
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	79.19%	85.01%	102.06%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.184291%	0.191762%	0.190749%
City's proportionate share of the net OPEB liability (asset)	$8,747,884	$10,864,950	$1,737,062
City's covered payroll	$4,166,740	$4,411,518	$4,543,146
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	209.95%	246.29%	38.23%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2016 is not available.
The schedule is reported as of the measurement date of the Net OPEB Liability.

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Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Seven Years

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	$37,335	$66,552	$68,374
Contributions in relation to the contractually required contribution	37,335	66,552	68,374
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$3,733,523	$3,327,592	$3,418,692
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	$25,555	$21,117	$21,112
Contributions in relation to the contractually required contribution	25,555	21,117	21,112
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$5,110,966	$4,223,492	$4,222,409
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2013 is not available.

2016	2017	2018	2019
$59,420	$29,159	$0	$0
59,420	29,159	0	0
$0	$0	$0	$0
$2,971,017	$2,915,915	$2,623,121	$2,730,007
2.00%	1.00%	0.00%	0.00%

2016	2017	2018	2019
$20,834	$21,273	$21,821	$22,803
20,834	21,273	21,821	22,803
$0	$0	$0	$0
$4,166,740	$4,411,518	$4,543,146	$4,739,363
0.50%	0.50%	0.50%	0.50%

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2019.

Changes in assumptions:

2014-2016: 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 the 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%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality Table.

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

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2019.

Changes in assumptions:

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

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%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2019.

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

Changes in assumptions:

2018: There were no changes in assumptions.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.24% to 4.66%.

CITY OF WICKLIFFE
LAKE COUNTY

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

FEDERAL GRANTOR / ***Pass Through Grantor*** / **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Ohio Development Services Agency				
Community Development Block Grant	14.218	N/A	-	$123,581
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	123,581
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
Direct Program				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00085	-	315,715
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY			-	315,715
UNITED STATES DEPARTMENT OF TREASURY				
Passed through Ohio Department of Budget and Management				
Coronavirus Relief Fund	21.019	HB481-CRF-Local	241,962	2,350,882
TOTAL UNITED STATES DEPARTMENT OF TREASURY			241,962	2,350,882
TOTAL FEDERAL AWARDS EXPENDITURES			$241,962	$2,790,178

The accompanying notes are an integral part of this schedule

CITY OF WICKLIFFE
LAKE COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The City passes certain federal awards received from the United States Department of Treasury to other governments or not-for-profit agencies (subrecipients). As Note B describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

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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 Wickliffe
Lake County
28730 Ridge Road
Wickliffe, OH 44092

Members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wickliffe, Lake County, (the City) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 21, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
June 21, 2021

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

City of Wickliffe
Lake County
28730 Ridge Road
Wickliffe, OH 44092

Members of City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Wickliffe'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 Wickliffe'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.

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Opinion on the Major Federal Program

In our opinion, the City of Wickliffe 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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
June 21, 2021

CITY OF WICKLIFFE
LAKE 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)?**	No
(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 CFDA #21.019
(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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF WICKLIFFE

LAKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 9/7/2021

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