

CITY OF BELLEFONTAINE

LOGAN COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council and Mayor
City of Bellefontaine
135 North Detroit Street
Bellefontaine, OH 43311-1476

We have reviewed the *Independent Auditor's Report* of the City of Bellefontaine, Logan County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2021. 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 Bellefontaine is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

December 09, 2022

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**CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO**

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Independent Auditor's Report

City of Bellefontaine
Logan County
135 North Detroit Street
Bellefontaine, Ohio 43311

To the Members of the City Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

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 Bellefontaine, Logan County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Bellefontaine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the ARPA Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City of Bellefontaine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of Bellefontaine. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bellefontaine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Bellefontaine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bellefontaine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the City of Bellefontaine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bellefontaine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Bellefontaine's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
November 28, 2022

City of Bellefontaine
Logan County, Ohio
Management's Discussion & Analysis
For the Year Ended December 31, 2021

This discussion and analysis of the City of Bellefontaine's (City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. 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

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$69.6 million (net position), an increase of \$4.0 million during the year.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$13.5 million, a decrease of \$233,629 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4.1 million, or 43 percent of total general fund expenditures.
- OPERS approved several changes to the health care plan offered to retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes significantly decreased the total OPEB liability for OPERS and resulted in the City reporting a net OPEB asset in 2021 (compared to reporting a net OPEB liability in prior years) causing a significant decrease in expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Reporting the City of Bellefontaine as a Whole

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Bellefontaine
Logan County, Ohio
Management's Discussion & Analysis
For the Year Ended December 31, 2021

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

In these two statements, the City is divided into the following two types of activities:

- Governmental Activities – Most of the City's services are reported here including police, fire, administration and all departments, except utilities.
- Business-Type Activities – The business-type activities of the City primarily consist of water distribution, sewage collection and treatment, refuse collection, ambulance services, and airport administration.

Reporting the City of Bellefontaine's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. The City's major funds are the General, American Rescue Plan Act (ARPA), Capital Improvement, Reconstruction Improvement, Water, Sewer, Airport, Garbage and Ambulance Funds.

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 governmental 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 on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

The City's governmental activities are accounted for in 36 individual funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances for the General, ARPA, Capital Improvement, and Reconstruction Improvement, which are considered to be the City's major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund and ARPA Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Proprietary Funds

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, the proprietary fund statements will essentially match the business-type activities statements.

City of Bellefontaine
Logan County, Ohio
Management's Discussion & Analysis
For the Year Ended December 31, 2021

Fiduciary Funds

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

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE CITY OF BELLEFONTAINE AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2021 compared to 2020.

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2020	2021	Change	2020	2021	Change
Current & Other Assets	\$ 17,551,078	\$ 18,127,878	\$ 576,800	\$ 9,360,722	\$ 10,360,244	\$ 999,522
Capital Assets	28,370,722	28,692,702	321,980	35,778,319	35,556,143	(222,176)
Total Assets	45,921,800	46,820,580	898,780	45,139,041	45,916,387	777,346
Deferred Outflows of Resources	3,521,433	2,983,645	(537,788)	924,919	527,864	(397,055)
Current & Other Liabilities	838,942	1,492,379	653,437	686,276	514,085	(172,191)
Long-Term Liabilities	2,013,374	1,947,619	(65,755)	2,897,568	2,545,642	(351,926)
Net Pension Liability	11,643,567	11,016,075	(627,492)	2,771,339	2,122,690	(648,649)
Net OPEB Liability	3,350,886	1,365,694	(1,985,192)	1,557,998	87,172	(1,470,826)
Total Liabilities	17,846,769	15,821,767	(2,025,002)	7,913,181	5,269,589	(2,643,592)
Deferred Inflows of Resources	3,207,761	3,966,218	758,457	908,121	1,543,103	634,982
Net Investment in Capital Assets	27,496,765	28,073,883	577,118	33,107,517	33,519,811	412,294
Restricted	4,702,105	4,802,546	100,441	-	-	-
Unrestricted	(3,810,167)	(2,860,189)	949,978	4,135,141	6,111,749	1,976,608
Total Net Position	\$ 28,388,703	\$ 30,016,240	\$ 1,627,537	\$ 37,242,658	\$ 39,631,560	\$ 2,388,902

Current and other assets increased significantly in comparison with the prior year. This increase is primarily due to an increase in equity in pooled cash and cash equivalents from operations as well as the City receiving additional assistance related to the COVID-19 pandemic.

The addition of a net OPEB asset, significant decrease in net OPEB liability and increase in deferred inflows for OPEB is related to OPERS changes previously discussed in the financial highlights.

City of Bellefontaine
Logan County, Ohio
Management's Discussion & Analysis
For the Year Ended December 31, 2021

By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 shows the changes in net position for the year ended December 31, 2021 and 2020.

	Changes in Net Position					
	Governmental Activities			Business-Type Activities		
	2020	2021	Change	2020	2021	Change
Program Revenues:						
Charges for Services	\$ 1,466,020	\$ 1,609,721	\$ 143,701	\$ 7,123,292	\$ 7,640,829	\$ 517,537
Grants and Contributions	4,029,304	1,852,435	(2,176,869)	663,942	33,000	(630,942)
General Revenues:						
Property Taxes	748,785	754,276	5,491	-	-	-
Income Taxes	6,225,863	7,084,926	859,063	-	-	-
Other Local Taxes	50,153	63,516	13,363	-	-	-
Unrestricted Grants	553,462	446,819	(106,643)	-	-	-
Investment Earnings	349,058	(237,026)	(586,084)	-	-	-
Other	784,500	248,685	(535,815)	138,709	140,660	1,951
Total Revenues	14,207,145	11,823,352	(2,383,793)	7,925,943	7,814,489	(111,454)
Expenses:						
General Government	2,557,286	1,880,566	(676,720)	-	-	-
Public Safety	7,348,461	5,896,468	(1,451,993)	-	-	-
Public Works	327,104	98,261	(228,843)	-	-	-
Health	143,707	157,158	13,451	-	-	-
Conservation and Recreation	601,598	488,372	(113,226)	-	-	-
Economic Development	357,866	198,735	(159,131)	-	-	-
Transportation	1,185,042	1,257,216	72,174	-	-	-
Interest on long-term debt	13,904	4,039	(9,865)	-	-	-
Water	-	-	-	2,259,541	1,562,365	(697,176)
Sewer	-	-	-	2,646,736	1,927,204	(719,532)
Airport	-	-	-	433,809	571,704	137,895
Garbage	-	-	-	1,056,398	1,056,898	500
Ambulance	-	-	-	541,697	512,762	(28,935)
Other	-	-	-	15,826	9,654	(6,172)
Total Expenses	12,534,968	9,980,815	(2,554,153)	6,954,007	5,640,587	(1,313,420)
Increase/Decrease in net position before transfers	1,672,177	1,842,537	170,360	971,936	2,173,902	1,201,966
Transfers	(300,000)	(215,000)	85,000	300,000	215,000	(85,000)
Change in Net Position	1,372,177	1,627,537	255,360	1,271,936	2,388,902	1,116,966
Net Position, beginning, as Restated (See Note 20)	27,016,526	28,388,703		35,970,722	37,242,658	
Net Position, Ending	\$ 28,388,703	\$ 30,016,240		\$ 37,242,658	\$ 39,631,560	

City of Bellefontaine
Logan County, Ohio
Management's Discussion & Analysis
For the Year Ended December 31, 2021

In the governmental activities, grants and contributions decreased significantly in comparison with the prior year. This decrease is primarily the result of the City receiving CARES Act grant receipts during the prior year. Grants and contributions also decreased significantly in the business-type activities. This decrease is primarily to result of the City receiving more grant revenues related to capital projects in the prior year.

Total expenses decreased significantly in comparison with the prior year. See financial highlights for explanation of significant decrease in expenses. The negative expense reported was also caused by the switch from reporting a net OPEB liability to a net OPEB asset.

THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances decreased from the previous year.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2021 and 2020.

	Restated Fund Balance 12/31/20	Fund Balance 12/31/21	Increase/ (Decrease)
General	\$ 6,030,613	\$ 5,318,025	\$ (712,588)
ARPA	-	5,832	5,832
Capital improvements	3,124,035	3,222,192	98,157
Reconstruction Improvement	306,848	165,721	(141,127)
Other Governmental	4,295,755	4,811,852	516,097
Total	<u>\$ 13,757,251</u>	<u>\$ 13,523,622</u>	<u>\$ (233,629)</u>

General Fund

The General Fund is the chief operating fund of the City. The fund balance of the City's general fund decreased during the current year. This represents the amount in which expenditures and operating transfers exceeded revenues and other financing sources.

City of Bellefontaine
Logan County, Ohio
Management's Discussion & Analysis
For the Year Ended December 31, 2021

ARPA Fund

The ARPA Fund accounts for federal grants related to the Covid-19 pandemic. This balance represents interest earned during the year.

Capital Improvement Fund

The Capital Improvement Fund accounts for the accumulation of financial resources to be used for the acquisition or construction of major capital facilities. The capital improvement fund's fund balance increased during the fiscal year. This increase represents the amount in which interest revenues and proceeds received from Mary Rutan Hospital for the land purchased in 2017 exceeded expenditures related to long-term liabilities.

Reconstruction Improvement Fund

The Reconstruction Improvement Fund accounts for the accumulation of financial resources to be used for the reconstruction and improvement of major capital facilities. The reconstruction improvement fund's fund balance decreased during the fiscal year. For the most part, this decrease represents the amount in which capital outlays exceeded intergovernmental revenues during the year.

Other Governmental Funds

The fund balance of the City's Other Governmental Funds increased in comparison with the prior year. This increase represents the amount in which program revenues, proceeds from Mary Rutan Hospital for the land purchased in 2017, and transfers from the General Fund exceeded program expenditures during the year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The schedule below indicates the fund balance and the total change in net position as of December 31, 2021 and 2020.

	Net Position 12/31/20	Net Position 12/31/21	Increase/ (Decrease)
Water	\$ 10,277,754	\$ 11,254,208	\$ 976,454
Sewer	16,233,253	17,425,246	1,191,993
Airport	8,681,735	8,652,257	(29,478)
Garbage	1,253,363	1,335,518	82,155
Ambulance	497,384	644,691	147,307
Nonmajor Enterprise	299,169	319,639	20,470
Total	\$ 37,242,658	\$ 39,631,559	\$ 2,388,901

City of Bellefontaine
Logan County, Ohio
Management's Discussion & Analysis
For the Year Ended December 31, 2021

For the most part, all increases noted above represent operating income, offset by interest and fiscal charges.

For the Airport Fund, this decrease primarily represents the amount in which the operating loss exceeded transfers in from the City's General Fund.

General Fund Budgetary Information

The City's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The original revenue estimate exceeded the final amended revenue estimate. The City's final amended revenue estimate exceeded actual revenues and other financing sources, primarily as a result of lower than expected income taxes and fines and forfeitures.

Final appropriations exceeded the original appropriations. The City's final amended appropriation estimate exceeded actual expenditures and other financing uses. The variance is primarily due to conservative spending.

Capital Assets

The City's investment in capital assets for governmental activities as of December 31, 2021 increased in comparison with the prior year. This increase represents the amount in which current year acquisitions exceeded current year depreciation and current year disposals.

The City's investment in capital assets for business-type activities as of December 31, 2021 decreased in comparison with the prior year. This decrease represents the amount in which current year depreciation exceeded current year acquisitions.

Detailed information regarding capital asset activity is included in the Note 8 to the basic financial statements.

Debt

At the end of the current year, the City had total debt outstanding of \$2.6 million. Of this amount, \$2.0 million represents bonds backed by the full faith and credit of the City and the remaining \$516,562 represents interest free loans.

Detailed information regarding long-term debt is included in Note 9 to the basic financial statements.

Contacting the City Auditor's Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact Fred Brentlinger, City Auditor, 135 North Detroit Street, Bellefontaine, Ohio 43311-1474.

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City of Bellefontaine
Logan County, Ohio
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 14,223,329	\$ 8,211,519	\$ 22,434,848
Investments	85,900	-	85,900
Accounts Receivable	64,157	1,835,617	1,899,774
Intergovernmental Receivable	621,416	-	621,416
Taxes Receivable	2,714,005	-	2,714,005
Prepaid Items	38,836	11,536	50,372
Materials and Supplies Inventory	115,283	115,927	231,210
Net OPEB Asset	264,952	185,645	450,597
Non-Depreciable Capital Assets	7,948,000	2,403,686	10,351,686
Depreciable Capital Assets, net	20,744,702	33,152,457	53,897,159
<i>Total Assets</i>	<u>46,820,580</u>	<u>45,916,387</u>	<u>92,736,967</u>
Deferred Outflows of Resources			
Pension	1,822,251	343,264	2,165,515
OPEB	1,161,394	184,600	1,345,994
<i>Total Deferred Outflows of Resources</i>	<u>2,983,645</u>	<u>527,864</u>	<u>3,511,509</u>
Liabilities			
Accounts Payable	239,982	163,769	403,751
Accrued Wages and Benefits	223,015	71,752	294,767
Contracts Payable	-	29,265	29,265
Retainage Payable	-	18,012	18,012
Intergovernmental Payable	335,459	33,966	369,425
Refundable Deposits	-	197,321	197,321
Unearned Revenue	693,923	-	693,923
Long-Term Liabilities:			
Due Within One Year	658,760	554,207	1,212,967
Due In More Than One Year:			
Net Pension Liability	11,016,075	2,122,690	13,138,765
Net OPEB Liability	1,365,694	87,172	1,452,866
Other Amounts Due in More Than One Year	1,288,859	1,991,434	3,280,293
<i>Total Liabilities</i>	<u>15,821,767</u>	<u>5,269,588</u>	<u>21,091,355</u>
Deferred Inflows of Resources			
Property and Other Local Taxes	740,023	-	740,023
Pension	1,883,712	873,521	2,757,233
OPEB	1,342,483	669,582	2,012,065
<i>Total Deferred Inflows of Resources</i>	<u>3,966,218</u>	<u>1,543,103</u>	<u>5,509,321</u>
Net Position			
Net Investment in Capital Assets	28,073,883	33,519,811	61,593,694
Restricted for:			
Capital Projects	478,816	-	478,816
Street Maintenance and Repair	1,163,702	-	1,163,702
Public Safety	524,448	-	524,448
Conservation and Recreation	35,125	-	35,125
Economic Development	620,225	-	620,225
Health	545,020	-	545,020
Judicial	1,435,210	-	1,435,210
Unrestricted	(2,860,189)	6,111,749	3,251,560
<i>Total Net Position</i>	<u>\$ 30,016,240</u>	<u>\$ 39,631,560</u>	<u>\$ 69,647,800</u>

See accompanying notes to the basic financial statements.

City of Bellefontaine
Logan County, Ohio
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 1,880,566	\$ 1,366,405	\$ 144,643	\$ -
Public Safety	5,896,468	1,209	34,365	-
Health	157,158	56,296	2,546	-
Conservation and Recreation	488,372	185,811	100	6,818
Economic Development	198,735	-	-	8,527
Public Works	98,261	-	-	-
Transportation	1,257,216	-	920,108	735,328
Interest and Fiscal Charges	4,039	-	-	-
<i>Total Governmental Activities</i>	<u>9,980,815</u>	<u>1,609,721</u>	<u>1,101,762</u>	<u>750,673</u>
Business-Type Activities				
Water	1,562,365	2,432,586	-	-
Sewer	1,927,204	3,113,846	-	-
Airport	571,704	294,226	-	33,000
Garbage	1,056,898	1,111,268	-	-
Ambulance	512,762	658,779	-	-
Other	9,654	30,124	-	-
<i>Total Business-Type Activities</i>	<u>5,640,587</u>	<u>7,640,829</u>	<u>-</u>	<u>33,000</u>
Total	<u>\$ 15,621,402</u>	<u>\$ 9,250,550</u>	<u>\$ 1,101,762</u>	<u>\$ 783,673</u>

General Revenues

Property Taxes
Income Taxes
Other Local Taxes
Unrestricted Grants and Entitlements
Investment Earnings
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year, as Restated

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
\$ (369,518)	\$ -	\$ (369,518)
(5,860,894)	-	(5,860,894)
(98,316)	-	(98,316)
(295,643)	-	(295,643)
(190,208)	-	(190,208)
(98,261)	-	(98,261)
398,220	-	398,220
(4,039)	-	(4,039)
<u>(6,518,659)</u>	<u>-</u>	<u>(6,518,659)</u>
-	870,221	870,221
-	1,186,642	1,186,642
-	(244,478)	(244,478)
-	54,370	54,370
-	146,017	146,017
-	20,470	20,470
<u>-</u>	<u>2,033,242</u>	<u>2,033,242</u>
<u>(6,518,659)</u>	<u>2,033,242</u>	<u>(4,485,417)</u>
754,276	-	754,276
7,084,926	-	7,084,926
63,516	-	63,516
446,819	-	446,819
(237,026)	-	(237,026)
248,685	140,660	389,345
<u>8,361,196</u>	<u>140,660</u>	<u>8,501,856</u>
(215,000)	215,000	-
<u>8,146,196</u>	<u>355,660</u>	<u>8,501,856</u>
1,627,537	2,388,902	4,016,439
<u>28,388,703</u>	<u>37,242,658</u>	<u>65,631,361</u>
<u>\$ 30,016,240</u>	<u>\$ 39,631,560</u>	<u>\$ 69,647,800</u>

City of Bellefontaine
Logan County, Ohio
Balance Sheet
Governmental Funds
December 31, 2021

	General	ARPA Fund	Capital Improvement Fund	Reconstruction Improvement Fund
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 4,424,510	\$ 699,755	\$ 3,222,192	\$ 211,346
Investments	-	-	-	-
Accounts Receivable	54,324	-	-	-
Intergovernmental Receivable	194,521	-	-	-
Taxes Receivable	2,480,973	-	-	-
Prepaid Items	25,592	-	-	-
Materials and Supplies Inventory	-	-	-	-
<i>Total Assets</i>	<u>\$ 7,179,920</u>	<u>\$ 699,755</u>	<u>\$ 3,222,192</u>	<u>\$ 211,346</u>
Liabilities				
Accounts Payable	\$ 101,618	\$ -	\$ -	\$ 45,625
Accrued Wages and Benefits	208,796	-	-	-
Intergovernmental Payable	121,877	-	-	-
Unearned Revenue	-	693,923	-	-
<i>Total Liabilities</i>	<u>432,291</u>	<u>693,923</u>	<u>-</u>	<u>45,625</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	519,375	-	-	-
Unavailable Revenue	910,229	-	-	-
<i>Total Deferred Inflows of Resources</i>	<u>1,429,604</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	25,592	-	-	-
Restricted	11,559	5,832	-	165,721
Assigned	1,162,516	-	3,222,192	-
Unassigned	4,118,358	-	-	-
<i>Total Fund Balance</i>	<u>5,318,025</u>	<u>5,832</u>	<u>3,222,192</u>	<u>165,721</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 7,179,920</u>	<u>\$ 699,755</u>	<u>\$ 3,222,192</u>	<u>\$ 211,346</u>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 4,764,771	\$ 13,322,574
85,900	85,900
9,833	64,157
426,895	621,416
233,032	2,714,005
13,244	38,836
115,283	115,283
<u>\$ 5,648,958</u>	<u>\$ 16,962,171</u>
\$ 92,714	\$ 239,957
14,219	223,015
213,582	335,459
-	693,923
<u>320,515</u>	<u>1,492,354</u>
220,648	740,023
295,943	1,206,172
<u>516,591</u>	<u>1,946,195</u>
128,527	154,119
4,274,222	4,457,334
427,188	4,811,896
(18,085)	4,100,273
<u>4,811,852</u>	<u>13,523,622</u>
<u>\$ 5,648,958</u>	<u>\$ 16,962,171</u>

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City of Bellefontaine
Logan County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2021

Total Governmental Fund Balances		\$ 13,523,622
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		28,692,702
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes Receivable	\$ 33,349	
Income Taxes Receivable	753,493	
Intergovernmental Receivable	413,615	
Accounts Receivable	<u>5,715</u>	1,206,172
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets, liabilities, deferred outflows/inflows of resources of the internal service fund are included in governmental activities in the statement of net position.		900,730
The net pension liability and net OPEB liability (asset) are not due and payable in the current period, therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	264,952	
Deferred Outflows - Pension	1,822,251	
Deferred Outflows - OPEB	1,161,394	
Net Pension Liability	(11,016,075)	
Net OPEB Liability	(1,365,694)	
Deferred Inflows - Pension	(1,883,712)	
Deferred Inflows - OPEB	<u>(1,342,483)</u>	(12,359,367)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Debt and Loans	(565,838)	
Capital Lease Payable	(11,203)	
Compensated Absences Payable	<u>(1,370,578)</u>	<u>(1,947,619)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$ 30,016,240</u></u>

City of Bellefontaine
Logan County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	General	ARPA Fund	Capital Improvement Fund	Reconstruction Improvement Fund
Revenues				
Property Taxes	\$ 533,351	\$ -	\$ -	\$ -
Income Taxes	7,099,319	-	-	-
Other Local Taxes	22,600	-	-	-
Charges for Services	596,604	-	-	-
Licenses, Permits, and Fees	129,074	-	-	-
Fines and Forfeitures	589,947	-	-	-
Intergovernmental	426,395	-	-	652,399
Interest	(230,701)	5,832	73,094	9,835
Rent	-	-	-	-
Donations and Contributions	-	-	-	-
Refunds and Reimbursements	155,657	-	-	-
Other	24,074	-	1,115	-
<i>Total Revenues</i>	<u>9,346,320</u>	<u>5,832</u>	<u>74,209</u>	<u>662,234</u>
Expenditures				
Current:				
General Government				
Legislative and Executive	1,630,367	-	-	-
Judicial	728,930	-	-	-
Public Safety	5,670,824	-	-	-
Health	119,101	-	-	-
Conservation and Recreation	626,131	-	-	-
Economic Development	58,044	-	20,323	-
Public Works	104,127	-	-	-
Transportation	319,782	-	-	-
Capital Outlay	252,529	-	32,033	803,361
Debt Service:				
Principal Retirement	40,320	-	23,696	-
Interest and Fiscal Charges	3,648	-	-	-
<i>Total Expenditures</i>	<u>9,553,803</u>	<u>-</u>	<u>76,052</u>	<u>803,361</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(207,483)</u>	<u>5,832</u>	<u>(1,843)</u>	<u>(141,127)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	18,395	-	100,000	-
Transfers In	-	-	-	-
Transfers Out	(523,500)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(505,105)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(712,588)	5,832	98,157	(141,127)
<i>Fund Balances Beginning of Year, as Restated</i>	<u>6,030,613</u>	<u>-</u>	<u>3,124,035</u>	<u>306,848</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,318,025</u>	<u>\$ 5,832</u>	<u>\$ 3,222,192</u>	<u>\$ 165,721</u>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 222,023	\$ 755,374
-	7,099,319
40,916	63,516
35,853	632,457
130,445	259,519
120,124	710,071
1,032,689	2,111,483
41,048	(100,892)
30,230	30,230
35,085	35,085
21,728	177,385
10,316	35,505
<u>1,720,457</u>	<u>11,809,052</u>
-	1,630,367
355,467	1,084,397
47,763	5,718,587
43,774	162,875
19,648	645,779
88,335	166,702
-	104,127
883,434	1,203,216
186,166	1,274,089
4,977	68,993
696	4,344
<u>1,630,260</u>	<u>12,063,476</u>
<u>90,197</u>	<u>(254,424)</u>
117,400	235,795
308,500	308,500
-	(523,500)
<u>425,900</u>	<u>20,795</u>
516,097	(233,629)
<u>4,295,755</u>	<u>13,757,251</u>
<u>\$ 4,811,852</u>	<u>\$ 13,523,622</u>

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City of Bellefontaine
Logan County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021*

Net Change in Fund Balances - Total Governmental Funds		\$ (233,629)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital Asset Additions	\$ 1,515,990	
Current Year Depreciation	<u>(1,191,986)</u>	324,004
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(2,024)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes Receivable	(1,098)	
Income Taxes Receivable	(14,393)	
Intergovernmental Receivable	28,709	
Accounts Receivable	(22,556)	
Interest Receivable	(12,157)	
Notes Receivable	<u>(200,000)</u>	(221,495)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	64,016	
Capital Lease	<u>4,977</u>	68,993
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable		305
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,025,737	
OPEB	<u>17,182</u>	1,042,919
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability and net OPEB asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(820,904)	
OPEB	<u>1,406,710</u>	585,806
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		65,896
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(3,238)</u>
<i>Change in Net Position of Governmental Activities</i>		<u>\$ 1,627,537</u>

See accompanying notes to the basic financial statements.

City of Bellefontaine
Logan County, Ohio
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 584,553	\$ 545,122	\$ 541,366	\$ (3,756)
Income Taxes	7,560,504	7,050,521	7,001,935	(48,586)
Other Local Taxes	24,403	22,757	22,600	(157)
Charges for Services	437,020	407,541	404,733	(2,808)
Licenses, Permits, and Fees	139,371	129,970	129,074	(896)
Fines and Forfeitures	673,231	627,819	589,947	(37,872)
Intergovernmental	435,126	405,775	402,979	(2,796)
Interest	119,055	111,024	93,218	(17,806)
Refunds and Reimbursements	249,167	232,360	230,759	(1,601)
Other	23,904	22,292	22,138	(154)
<i>Total Revenues</i>	<u>10,246,334</u>	<u>9,555,181</u>	<u>9,438,749</u>	<u>(116,432)</u>
Expenditures				
Current:				
General Government				
Legislative and Executive	1,756,609	1,865,119	1,655,058	210,061
Judicial	825,292	837,702	725,518	112,184
Public Safety	5,607,612	5,897,757	5,696,467	201,290
Health	120,250	129,250	108,100	21,150
Economic Development	68,705	59,705	129,057	(69,352)
Public Works	275,896	280,776	58,164	222,612
Transportation	436,601	438,066	402,044	36,022
Capital Outlay	246,579	514,257	530,761	(16,504)
Debt Service:				
Principal Retirement	40,320	40,320	40,320	-
Interest and Fiscal Charges	3,655	3,655	3,648	7
<i>Total Expenditures</i>	<u>9,381,519</u>	<u>10,066,607</u>	<u>9,349,137</u>	<u>717,470</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>864,815</u>	<u>(511,426)</u>	<u>89,612</u>	<u>601,038</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	3,666	3,419	3,395	(24)
Transfers Out	(986,500)	(1,210,500)	(1,265,305)	(54,805)
<i>Total Other Financing Sources (Uses)</i>	<u>(982,834)</u>	<u>(1,207,081)</u>	<u>(1,261,910)</u>	<u>(54,829)</u>
<i>Net Change in Fund Balance</i>	(118,019)	(1,718,507)	(1,172,298)	546,209
<i>Fund Balance Beginning of Year</i>	3,958,207	3,958,207	3,958,207	-
Prior Year Encumbrances Appropriated	256,769	256,769	256,769	-
<i>Fund Balance End of Year</i>	<u>\$ 4,096,957</u>	<u>\$ 2,496,469</u>	<u>\$ 3,042,678</u>	<u>\$ 546,209</u>

See accompanying notes to the basic financial statements.

City of Bellefontaine
Logan County, Ohio
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual (Budget Basis)
ARPA Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 1,387,847	\$ 693,923	\$ (693,924)
Interest	-	-	5,832	5,832
<i>Total Revenues</i>	-	1,387,847	699,755	(688,092)
Expenditures				
Current:				
General Government				
Legislative and Executive	-	1,387,847	-	1,387,847
<i>Total Expenditures</i>	-	1,387,847	-	1,387,847
<i>Net Change in Fund Balance</i>	-	-	699,755	699,755
<i>Fund Balance Beginning of Year</i>	-	-	-	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 699,755	\$ 699,755

See accompanying notes to the basic financial statements.

City of Bellefontaine
Logan County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2021

	Enterprise Funds			
	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Investments	\$ 2,551,222	\$ 3,241,717	\$ 435,047	\$ 1,110,228
Accounts Receivable	498,742	634,053	-	115,927
Prepaid Items	9,783	-	440	-
Materials and Supplies Inventory	91,230	24,697	-	-
<i>Total Current Assets</i>	<u>3,150,977</u>	<u>3,900,467</u>	<u>435,487</u>	<u>1,226,155</u>
<i>Non-Current Assets:</i>				
Net OPEB Asset	76,601	90,119	-	13,518
Non-Depreciable Capital Assets	1,055,637	189,635	865,980	75,814
Depreciable Capital Assets, Net	9,054,909	15,768,481	7,680,309	276,065
<i>Total Non-Current Assets</i>	<u>10,187,147</u>	<u>16,048,235</u>	<u>8,546,289</u>	<u>365,397</u>
<i>Total Assets</i>	<u>13,338,124</u>	<u>19,948,702</u>	<u>8,981,776</u>	<u>1,591,552</u>
Deferred Outflows of Resources				
Pension	89,686	109,418	-	21,383
OPEB	38,136	46,926	-	10,200
<i>Total Deferred Outflows of Resources</i>	<u>127,822</u>	<u>156,344</u>	<u>-</u>	<u>31,583</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	49,764	28,856	5,519	67,715
Accrued Wages and Benefits	26,567	29,558	-	4,884
Contracts Payable	29,265	-	-	-
Retainage Payable	18,012	-	-	-
Intergovernmental Payable	11,260	13,105	-	2,198
Refundable Deposits	-	-	-	-
Compensated Absences Payable	60,313	50,106	-	5,028
General Obligation Bonds Payable	100,598	134,683	145,922	-
Notes Payable	712	22,920	-	-
<i>Total Current Liabilities</i>	<u>296,491</u>	<u>279,228</u>	<u>151,441</u>	<u>79,825</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable - Net of Current Portion	206,758	140,405	-	643
Notes Payable - Net of Current Portion	1,780	176,880	-	-
General Obligation Bonds Payable - Net of Current Portion	524,828	702,654	178,078	-
Net Pension Liability	644,437	758,161	-	113,724
Net OPEB Liability	-	-	-	-
<i>Total Long-Term Liabilities</i>	<u>1,377,803</u>	<u>1,778,100</u>	<u>178,078</u>	<u>114,367</u>
<i>Total Liabilities</i>	<u>1,674,294</u>	<u>2,057,328</u>	<u>329,519</u>	<u>194,192</u>
Deferred Inflows of Resources				
Pension	293,993	340,169	-	51,026
OPEB	243,451	282,302	-	42,399
<i>Total Deferred Inflows of Resources</i>	<u>537,444</u>	<u>622,471</u>	<u>-</u>	<u>93,425</u>
Net Position				
Net Investment in Capital Assets	9,435,351	14,920,979	8,222,289	351,879
Unrestricted	1,818,857	2,504,268	429,968	983,639
<i>Total Net Position</i>	<u>\$ 11,254,208</u>	<u>\$ 17,425,247</u>	<u>\$ 8,652,257</u>	<u>\$ 1,335,518</u>

See accompanying notes to the basic financial statements.

Ambulance Fund	Nonmajor Enterprise Funds	Total	Governmental Activities	
			Internal Service Fund	
\$ 610,456	\$ 262,849	\$ 8,211,519	\$ 900,755	
586,895	-	1,835,617	-	
1,313	-	11,536	-	
-	-	115,927	-	
<u>1,198,664</u>	<u>262,849</u>	<u>10,174,599</u>	<u>900,755</u>	
4,506	901	185,645	-	
-	216,620	2,403,686	-	
<u>322,906</u>	<u>49,787</u>	<u>33,152,457</u>	-	
<u>327,412</u>	<u>267,308</u>	<u>35,741,788</u>	-	
<u>1,526,076</u>	<u>530,157</u>	<u>45,916,387</u>	<u>900,755</u>	
120,823	1,954	343,264	-	
<u>88,293</u>	<u>1,045</u>	<u>184,600</u>	-	
<u>209,116</u>	<u>2,999</u>	<u>527,864</u>	-	
9,909	2,006	163,769	25	
10,467	276	71,752	-	
-	-	29,265	-	
-	-	18,012	-	
7,283	120	33,966	-	
-	197,321	197,321	-	
33,925	-	149,372	-	
-	-	381,203	-	
-	-	23,632	-	
<u>61,584</u>	<u>199,723</u>	<u>1,068,292</u>	<u>25</u>	
59,408	-	407,214	-	
-	-	178,660	-	
-	-	1,405,560	-	
598,786	7,582	2,122,690	-	
<u>87,172</u>	-	<u>87,172</u>	-	
<u>745,366</u>	<u>7,582</u>	<u>4,201,296</u>	-	
<u>806,950</u>	<u>207,305</u>	<u>5,269,588</u>	<u>25</u>	
184,909	3,424	873,521	-	
<u>98,642</u>	<u>2,788</u>	<u>669,582</u>	-	
<u>283,551</u>	<u>6,212</u>	<u>1,543,103</u>	-	
322,906	266,407	33,519,811	-	
<u>321,785</u>	<u>53,232</u>	<u>6,111,749</u>	<u>900,730</u>	
<u>\$ 644,691</u>	<u>\$ 319,639</u>	<u>\$ 39,631,560</u>	<u>\$ 900,730</u>	

City of Bellefontaine
Logan County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Enterprise			
	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
Operating Revenues				
Charges for Services	\$ 2,430,931	\$ 3,059,075	\$ 160,899	\$ 1,111,268
Refunds and Reimbursements	1,655	54,771	282	-
Rental Income	-	-	133,045	-
Other Operating Revenue	106,233	5,352	-	27,785
<i>Total Operating Revenues</i>	<u>2,538,819</u>	<u>3,119,198</u>	<u>294,226</u>	<u>1,139,053</u>
Operating Expenses				
Personal Services	349,102	657,686	-	83,703
Contractual Services	253,770	317,557	119,284	904,301
Materials and Supplies	447,446	77,318	228,336	21,899
Depreciation	474,459	816,854	205,347	37,517
Other Operating Expenses	29,277	46,662	8,243	9,478
<i>Total Operating Expenses</i>	<u>1,554,054</u>	<u>1,916,077</u>	<u>561,210</u>	<u>1,056,898</u>
<i>Operating Income (Loss)</i>	<u>984,765</u>	<u>1,203,121</u>	<u>(266,984)</u>	<u>82,155</u>
Non-Operating Revenues (Expenses)				
Intergovernmental	-	-	33,000	-
Interest and Fiscal Charges	(8,311)	(11,127)	(10,494)	-
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(8,311)</u>	<u>(11,127)</u>	<u>22,506</u>	<u>-</u>
<i>Income (Loss) Before Transfers</i>	976,454	1,191,994	(244,478)	82,155
Transfers In	-	-	215,000	-
<i>Change in Net Position</i>	976,454	1,191,994	(29,478)	82,155
<i>Net Position Beginning of Year</i>	<u>10,277,754</u>	<u>16,233,253</u>	<u>8,681,735</u>	<u>1,253,363</u>
<i>Net Position End of Year</i>	<u>\$ 11,254,208</u>	<u>\$ 17,425,247</u>	<u>\$ 8,652,257</u>	<u>\$ 1,335,518</u>

See accompanying notes to the basic financial statements.

			Governmental Activities
Ambulance Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 658,779	\$ 16,164	\$ 7,437,116	\$ 1,270,920
-	-	56,708	-
-	13,960	147,005	-
1,290	-	140,660	6,689
<u>660,069</u>	<u>30,124</u>	<u>7,781,489</u>	<u>1,277,609</u>
341,659	4,168	1,436,318	-
32,728	-	1,627,640	1,211,713
48,438	-	823,437	-
54,511	4,176	1,592,864	-
35,426	1,310	130,396	-
<u>512,762</u>	<u>9,654</u>	<u>5,610,655</u>	<u>1,211,713</u>
<u>147,307</u>	<u>20,470</u>	<u>2,170,834</u>	<u>65,896</u>
-	-	33,000	-
-	-	(29,932)	-
<u>-</u>	<u>-</u>	<u>3,068</u>	<u>-</u>
147,307	20,470	2,173,902	65,896
<u>-</u>	<u>-</u>	<u>215,000</u>	<u>-</u>
147,307	20,470	2,388,902	65,896
<u>497,384</u>	<u>299,169</u>	<u>37,242,658</u>	<u>834,834</u>
<u>\$ 644,691</u>	<u>\$ 319,639</u>	<u>\$ 39,631,560</u>	<u>\$ 900,730</u>

City of Bellefontaine
Logan County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Enterprise Funds				
	Water Fund	Sewer Fund	Airport Fund	Garbage Fund	Ambulance Fund
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 2,418,315	\$ 3,095,597	\$ 293,944	\$ 1,112,050	\$ 610,149
Other Operating Receipts	107,888	5,352	282	27,785	1,290
Cash Payments to Employees	(846,502)	(1,243,909)	-	(168,588)	(377,430)
Cash Payments to Suppliers	(601,407)	(556,489)	(440,922)	(918,476)	(73,443)
Cash Payments for Other Expenses	(29,448)	(44,482)	(8,442)	(9,478)	(36,544)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,048,846</u>	<u>1,256,069</u>	<u>(155,138)</u>	<u>43,293</u>	<u>124,022</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	-	-	115,000	-	-
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>-</u>	<u>-</u>	<u>115,000</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(434,899)	(791,430)	(131,249)	(13,110)	-
Capital Grants	11,337	75,221	173,135	-	3,638
Transfers In	-	-	100,000	-	-
Principal Payments on Debt	(100,952)	(157,124)	(140,903)	-	-
Interest Payments on Debt	(9,068)	(12,141)	(11,448)	-	-
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(533,582)</u>	<u>(885,474)</u>	<u>(10,465)</u>	<u>(13,110)</u>	<u>3,638</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	515,264	370,595	(50,603)	30,183	127,660
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,035,958</u>	<u>2,871,122</u>	<u>485,650</u>	<u>1,080,045</u>	<u>482,796</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 2,551,222</u>	<u>\$ 3,241,717</u>	<u>\$ 435,047</u>	<u>\$ 1,110,228</u>	<u>\$ 610,456</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ 984,765	\$ 1,203,121	\$ (266,984)	\$ 82,155	\$ 147,307
Adjustments:					
Depreciation	474,459	816,854	205,347	37,517	54,511
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	(12,616)	(18,249)	-	782	(48,630)
Prepaid Items	(1,615)	-	(440)	-	(1,313)
Materials and Supplies Inventory	44,163	1,874	-	-	-
Net OPEB Asset	(76,601)	(90,119)	-	(13,518)	(4,506)
Deferred Outflows - Pension/OPEB	139,707	169,903	-	33,031	50,447
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	42,296	13,140	(2,644)	7,724	7,918
Accrued Wages	1,134	(577)	-	515	742
Intergovernmental Payable	193	(157)	-	373	1,204
Contracts Payable	4,072	(167,158)	(58,192)	-	-
Retainage Payable	18,012	-	(32,225)	-	-
Refundable Deposits	-	-	-	-	-
Compensated Absences Payable	22,508	7,621	-	2,305	14,618
Deferred Inflows - Pension/OPEB	243,564	302,398	-	39,796	46,209
Net Pension Liability	(231,558)	(272,421)	-	(40,863)	(101,083)
Net OPEB Liability	(603,637)	(710,161)	-	(106,524)	(43,402)
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 1,048,846</u>	<u>\$ 1,256,069</u>	<u>\$ (155,138)</u>	<u>\$ 43,293</u>	<u>\$ 124,022</u>
Noncash Capital Financing Activities:					
Capital Related Payables at the end of 2020	\$ 25,193	\$ 167,158	\$ 90,417	\$ -	\$ -
Capital Related Payables at the end of 2021	\$ 47,277	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the basic financial statements.

		Governmental Activities	
Nonmajor Enterprise Funds	Total	Internal Service Fund	
\$ 39,230	\$ 7,569,285	\$ 1,277,609	
-	142,597	-	
(7,808)	(2,644,237)	-	
-	(2,590,737)	(1,211,688)	
(16,357)	(144,751)	-	
<u>15,065</u>	<u>2,332,157</u>	<u>65,921</u>	
-	115,000	-	
-	115,000	-	
-	(1,370,688)	-	
-	263,331	-	
-	100,000	-	
-	(398,979)	-	
-	(32,657)	-	
-	(1,438,993)	-	
15,065	1,008,164	65,921	
247,784	7,203,355	834,834	
<u>\$ 262,849</u>	<u>\$ 8,211,519</u>	<u>\$ 900,755</u>	

\$ 20,470	\$ 2,170,834	\$ 65,896	
4,176	1,592,864	-	
-	(78,713)	-	
-	(3,368)	-	
-	46,037	-	
(901)	(185,645)	-	
3,967	397,055	-	
1,129	69,563	25	
90	1,904	-	
15	1,628	-	
-	(221,278)	-	
-	(14,213)	-	
(7,070)	(7,070)	-	
-	47,052	-	
3,015	634,982	-	
(2,724)	(648,649)	-	
(7,102)	(1,470,826)	-	
<u>\$ 15,065</u>	<u>\$ 2,332,157</u>	<u>\$ 65,921</u>	

\$ -	\$ 282,768	\$ -	
\$ -	\$ 47,277	\$ -	

City of Bellefontaine
Logan County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Private Purpose Trust	Custodial
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 19,361	\$ 42,072
Cash and Cash Equivalents in Segregated Accounts	-	102,148
Investments	60,000	-
<i>Total Assets</i>	<u>79,361</u>	<u>144,220</u>
Liabilities		
Accounts Payable	260	6,720
<i>Total Liabilities</i>	<u>260</u>	<u>6,720</u>
Net Position		
Held in Trust	79,101	34,852
Restricted for Individuals and Other Governments	-	102,648
<i>Total Net Position</i>	<u>\$ 79,101</u>	<u>\$ 137,500</u>

See accompanying notes to the basic financial statements.

City of Bellefontaine
Logan County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

	Private Purpose Trust	Custodial
Additions		
Fines & Forfeitures for Other Governments	\$ -	\$ 1,798,295
Fees for Other Organizations	-	108,892
Interest	1,295	-
Other	42	-
<i>Total Additions</i>	<u>1,337</u>	<u>1,907,187</u>
Deductions		
Fines & Forfeitures Distributions to Other Governments	-	1,778,751
Fee Distributions to Other Organizations	-	80,315
Endowments	1,939	-
<i>Total Deductions</i>	<u>1,939</u>	<u>1,859,066</u>
<i>Change in Net Position</i>	(602)	48,121
<i>Net Position Beginning of Year</i>	<u>79,703</u>	<u>89,379</u>
<i>Net Position End of Year</i>	<u>\$ 79,101</u>	<u>\$ 137,500</u>

See accompanying notes to the basic financial statements.

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City of Bellefontaine
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The City of Bellefontaine (the “City”) is a body politic and Corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The City was formed as a village in 1820 and incorporated in 1835. In 1900 it became a City and is presently a home rule municipal corporation under the laws of the State of Ohio.

The City operates under a council-mayor form of government and provides the following services: public safety; public services, recreation and development. Education services are provided by Bellefontaine City School District. The School District is a separate governmental entity and its financial statements are not included in these financial statements.

This report includes all activities considered by management to be part of the City by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for legally separate organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization’s resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support, the organization; or (c) is obligated in some manner for the debt of the entity. The financial statements of the reporting entity allow the users to distinguish between the primary government and its component units. The City has no component units.

Most component units are included in the financial reporting entity by discrete presentation (one or more columns separate from the financial data of the primary government). Some component units are so intertwined with the primary government that they are reported in a manner similar to the balances and transactions of the primary government itself (this method is known as blending).

The City included on its financial statements the operations and balances of the Municipal Court and the Park Commission. The City has not included the Bellefontaine City School District, which elects its own officials, and has no control over its operations.

Management believes the financial statements included in this report represent all of the funds of the City over which the City has the ability to exercise direct operating control.

City of Bellefontaine
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-wide and fund financial statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

City of Bellefontaine
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Property and income taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital improvement 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 or trust funds).

The *reconstruction improvement fund* is used to account for financial resources to be used for the right-of-way acquisition and subsequent resurfacing of a major highway.

The *American Rescue Plan Act (ARPA) fund* is used to account for additional State and Federal emergency relief grants to address the continued impact of the Coronavirus (COVID-19) pandemic.

The government reports the following major proprietary funds:

The *water fund* accounts for the activities of the water department. The water department operates the water distribution system.

The *sewer fund* accounts for the activities of the sewer department. The sewer department operates the sewage treatment plant, sewage pumping stations and sewage collection systems.

The *airport fund* accounts for the activities of the City's airport.

The *garbage fund* accounts for the City's garbage removal activities.

The *ambulance fund* accounts for the City's ambulance activities.

Additionally, the government reports the following fund types:

The *internal service fund* is used to account for insurance services provided to other departments of the government on a cost reimbursement basis.

The *private-purpose trust funds* are used to account for resources legally held in trust.

The *custodial funds* are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds account for amounts collected and distributed on behalf of another government or organization.

City of Bellefontaine
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Deposits and Investments

To improve cash management, cash received by the City is pooled, except as specifically stipulated by ordinance. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Pooled cash and cash equivalents" on the balance sheet and statement of net position.

For presentation purposes on the Statement of Cash Flows and Statement of Net Position/Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

D. Interfund Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund receivables/payables" (i.e. the current portion of Interfund loans) or "advances to/from other funds" (i.e. the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

E. Notes Receivable

Notes receivable represented the right to receive repayment for a note made by the City. This note was based upon a written agreement between the City and the note recipient.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

City of Bellefontaine
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets. Depreciable lives used for property items within each property classification are as follows:

<u>Classification</u>	<u>Useful Life</u>
Buildings	40 years
Utility Plant in Service	40-80 years
Improvements other than Buildings	20-50 years
Machinery, Vehicles, Furniture & Equipment	5-20 years

H. Deferred Outflows/Inflows 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 represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide and proprietary statements of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, other postemployment benefits (OPEB), and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements.

Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenues include delinquent property taxes, income taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide and proprietary fund statements of net position (See Notes 10 and 11).

City of Bellefontaine
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

I. Pensions/Other Postemployment Benefits (OPEB)

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

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All accumulated vacation leave and vested accumulated sick leave is recorded as a liability in the government-wide, proprietary, and fiduciary fund financial statements. In the governmental funds, accumulated vacation leave and vested accumulated sick leave that is expected to be liquidated with available financial resources are recorded as an expenditure and a fund liability of the governmental fund that will pay it.

The compensated absences liability for vacation leave includes salary-related payments, which are payments directly and incrementally related to the amount of salary paid to the employee. Salary-related payments include Medicare taxes and employer contributions to cost-sharing multiple employer public employee retirement systems.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statements No. 54, Fund Balance Reporting, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories were used:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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Restricted – Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – Fund balance is reported as committed for resources that can be used only for specific purposes pursuant to constraints imposed by formal action (resolution) of the City’s highest level of decision-making authority (City Council).

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted fund balance/net position are available. The City considers committed, assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

M. Interfund Transactions

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

During the normal course of operations, the City has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in the governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are treated similarly when involving other funds of the City.

N. Estimates

The preparation of financial statements in conformity with U.S. 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.

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O. Net Position

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. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The City has restricted net position for capital projects, street maintenance and repair, public safety, conservation and recreation, economic development, health and judicial. The City did not have any net position restricted by enabling legislation. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

P. 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 and that are either unusual in nature or infrequent in occurrence. The City did not have any extraordinary or special items during fiscal year 2021.

Q. Budgetary Process

The City Auditor submits a proposed operating budget to the City Council on an annual basis. The Council enacts the budget through passage of an ordinance. The appropriation ordinance controls expenditures for each department and, within each, the amount appropriated for personal services. This is known as the legal level of control. Council can amend the budget at the legal level of control through the passage of supplemental ordinances. Management can amend appropriations below this level without council approval.

R. Implementation of New Accounting Principals

For the year ended December 31, 2021, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the City.

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NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balances on the basis of United States generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual – for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to an assignment of fund balance (GAAP).
- (4) Due to the implementation of GASB 54, some funds were reclassified to the General Fund. These funds are not required to be included in the General Fund Budgetary Statement. Therefore, the activity from these funds is excluded with an adjustment for their change in fund balance.

Reconciliation of the major differences between the budget basis and GAAP basis are as follows:

	General Fund	ARPA fund
GAAP Basis	\$ (712,588)	\$ 5,832
Parks and Recreation Change	(229,970)	-
General Pension Reserve Change	(54,805)	-
Revenue Accruals	248,025	693,923
Expenditure Accruals	46,824	-
Encumbrances	(469,784)	-
Budget Basis	\$ (1,172,298)	\$ 699,755

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NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);

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7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash in Segregated Accounts - At year end, the City had \$102,148 deposited with financial institutions for monies related to the Municipal Court which is reported as a custodial fund.

Deposits - At fiscal year end, the bank balance was \$7,854,859. Of the bank balance, \$750,000 was covered by the Federal Depository Insurance Corporation (FDIC) and the remaining was uninsured and collateralized. The City's financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute. Ohio law requires that deposits either be insured or be protected by:

1. Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the 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.

Investments - As of December 31, 2021, the City had the following investments:

Investment Type	Amount	Credit Rating	Investment Maturities			% Total
			Less than 1 year	1 - 3 years	Greater than 3 years	
Money Market Mutual Funds	\$ 3,514,299	AAAm	\$ 3,514,299	\$ -	\$ -	23.26%
Negotiable CDs	11,591,913	NR	3,750,503	4,192,796	3,648,614	76.74%
Total investments	\$ 15,106,212		\$ 7,264,802	\$ 4,192,796	\$ 3,648,614	100.00%

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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. The City's money market investments and negotiable CDs are reported using Level 1 and Level 2 inputs, respectively.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk. The City places no limit on the amount that may be invested in any one issuer. The City's negotiable certificates of deposit were held with several banking institutions.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payments for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

NOTE 5 – NOTES RECEIVABLE

During 2017, the City transferred property to Mary Rutan Hospital. In return, Mary Rutan Hospital agreed to compensate the City with a \$1,000,000 note. Mary Rutan Hospital made payments, totaling \$200,000, during 2021. At December 31, 2021, the balance of the note was \$0.

NOTE 6 - TAXES

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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The City receives property taxes from Logan County. The County Auditor periodically advances to the City its portion of the taxes collected. Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility property, which became measurable as of December 31, 2021. The assessed valuation of the City for tax year 2020, which were used to collect taxes in calendar year 2021 was \$252,992,190.

Income Taxes

The City levies an income tax of 1.333% on the gross salaries, wages and other personal services compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a full credit for taxes paid, up to .666% which would be due the City, to other Ohio municipalities.

The receipts of the City income tax and the administrative costs associated with their collection are accounted for in the General Fund. Income tax receipts, net of related administrative costs, are disbursed, appropriated and allocated in accordance with ordinance No. 3565 as amended.

NOTE 7 – TAX ABATEMENTS

Community Reinvestment Area

Description – Under the authority of ORC 3735.65 – 3735.70, the City established the Bellefontaine Community Reinvestment Area program. Legislation established that the remodeling of existing and construction of the new structures within these CRA’s constituted a public purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax. These taxes are abated through a reduction in assessed value.

Within the area, the percentage of any tax exemptions on the increase in the assessed valuation resulting from improvements to commercial or industrial real property and the terms of those exemptions shall be negotiated in advance of construction or remodeling occurring and shall be anywhere from 0% to 100%.

The period of exemption to be negotiated and approved, on a project-by-project basis, shall: (a) not exceed fifteen years for existing commercial or industrial facilities; and (b) not exceed fifteen years for new commercial or industrial facilities.

Within the area, the percentage of any tax exemptions on the increase in the assessed value resulting from construction of or improvements to residential real property shall be as follows: (a) Fifty percent for five years for remodeling where the increase in fair market value is \$10,000 or greater; (b) one hundred percent for five years for new construction completed by the homeowner or developer of less than six single family houses and/or multi-unit residential structures containing three or less units under one roof, or a combination thereof, all of which are built within a single calendar year; or (c) one hundred percent for twelve years for new construction by a developer of six or more single family houses and/or multi-unit residential structures containing three or less units under one roof, or a combination thereof, all of which are built within a single calendar year.

The City will not be disclosing these abatement agreements individually. The City will also not be disclosing the individual company tax incentive payments pursuant to ORC 718.13.

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Provisions for recapturing abated taxes – There are no provisions for recapturing abated taxes as each abatement is reviewed by the Tax Incentive Review Council. The Tax Incentive Review Council meets annually to review the exemptions and to determine whether the company is maintaining their end of the agreement. If an agreement is terminated by the Review Council, the assessed valuation of the property will be set at its fair market valuation with no additional exemption allowed.

The gross dollar amount by which the taxes were reduced to the City for 2021 was \$22,710.

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City of Bellefontaine
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 8 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2021, was as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciated assets:				
Land	\$ 7,948,000	\$ -	\$ -	\$ 7,948,000
Total Non-depreciated assets	<u>7,948,000</u>	<u>-</u>	<u>-</u>	<u>7,948,000</u>
Capital assets, being depreciated:				
Land Improvements	5,968,952	-	-	5,968,952
Buildings	4,949,901	-	-	4,949,901
Building Components	914,147	27,388	-	941,535
Equipment	2,573,994	265,389	(20,236)	2,819,147
Furniture	171,373	-	-	171,373
Vehicles	3,580,232	-	-	3,580,232
Infrastructure	19,552,213	1,223,213	-	20,775,426
Infrastructure Contributions	3,146,226	-	-	3,146,226
Total depreciated assets	<u>40,857,038</u>	<u>1,515,990</u>	<u>(20,236)</u>	<u>42,352,792</u>
Total capital assets	<u>48,805,038</u>	<u>1,515,990</u>	<u>(20,236)</u>	<u>50,300,792</u>
Less accumulated depreciation for:				
Land Improvements	678,706	67,521	-	746,227
Buildings	2,937,359	75,792	-	3,013,151
Building Components	201,065	76,486	-	277,551
Equipment	1,425,520	174,819	(18,212)	1,582,127
Furniture	122,739	4,849	-	127,588
Vehicles	2,569,290	143,087	-	2,712,377
Infrastructure	11,863,411	581,436	-	12,444,847
Infrastructure Contributions	636,226	67,996	-	704,222
Total accumulated depreciation	<u>20,434,316</u>	<u>1,191,986</u>	<u>(18,212)</u>	<u>21,608,090</u>
Total depreciable assets, net	<u>20,422,722</u>	<u>324,004</u>	<u>(2,024)</u>	<u>20,744,702</u>
Total capital assets, net	<u>\$ 28,370,722</u>	<u>\$ 324,004</u>	<u>\$ (2,024)</u>	<u>\$ 28,692,702</u>

Depreciation expense was charged to governmental functions as follows:

Conservation and Recreation	\$ 123,682
Health	11,665
Judicial	43,008
Legislative and Executive	69,544
Public Safety	167,275
Public Works	138,392
Transportation	638,420
Total	<u>\$ 1,191,986</u>

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Proprietary capital asset activity for the year ended December 31, 2021, was as follows:

Description	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Non-depreciated assets:					
Land	\$ 2,028,393	\$ -	\$ -	\$ -	\$ 2,028,393
Construction in Progress	472,295	635,171	-	(732,173)	375,293
Total Non-depreciated assets	<u>2,500,688</u>	<u>635,171</u>	<u>-</u>	<u>(732,173)</u>	<u>2,403,686</u>
Capital assets, being depreciated:					
Land Improvements	8,661,338	-	-	-	8,661,338
Buildings	14,170,340	-	-	152,076	14,322,416
Building Components	143,590	20,970	-	-	164,560
Equipment	6,737,309	132,620	-	-	6,869,929
Furniture	72,772	-	-	-	72,772
Vehicles	2,391,326	10,800	-	-	2,402,126
Infrastructure	21,120,665	571,127	-	580,097	22,271,889
Infrastructure Contributions	2,206,978	-	-	-	2,206,978
Total depreciated assets	<u>55,504,318</u>	<u>735,517</u>	<u>-</u>	<u>732,173</u>	<u>56,972,008</u>
Total capital assets	<u>58,005,006</u>	<u>1,370,688</u>	<u>-</u>	<u>-</u>	<u>59,375,694</u>
Less accumulated depreciation for:					
Land Improvements	2,434,690	122,375	-	-	2,557,065
Buildings	5,182,365	227,669	-	-	5,410,034
Building Components	52,475	8,917	-	-	61,392
Equipment	3,657,451	338,703	-	-	3,996,154
Furniture	40,986	6,082	-	-	47,068
Vehicles	1,223,241	170,062	-	-	1,393,303
Infrastructure	8,957,806	686,141	-	-	9,643,947
Infrastructure Contributions	677,673	32,915	-	-	710,588
Total accumulated depreciation	<u>22,226,687</u>	<u>1,592,864</u>	<u>-</u>	<u>-</u>	<u>23,819,551</u>
Total depreciable assets, net	<u>33,277,631</u>	<u>(857,347)</u>	<u>-</u>	<u>732,173</u>	<u>33,152,457</u>
Total capital assets, net	<u>\$ 35,778,319</u>	<u>\$ (222,176)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,556,143</u>

Depreciation expense was charged to proprietary funds as follows:

Water	\$ 474,459
Sewer	816,854
Airport	205,347
Garbage	37,517
Ambulance	54,511
Other Nonmajor	4,176
Total	<u>\$ 1,592,864</u>

City of Bellefontaine
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Notes to the Basic Financial Statements
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NOTE 9 - LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	New Issues	Retirements	Ending Balance	Due in One Year
Governmental Activities:					
General Obligation Bonds and Loans:					
2020 Various Purpose Refunding Bonds, 1.25%, 2027	\$ 291,888	\$ -	\$ (40,320)	\$ 251,568	\$ 40,464
Total Bonds	<u>291,888</u>	<u>-</u>	<u>(40,320)</u>	<u>251,568</u>	<u>40,464</u>
Direct Issuance Loans:					
OPWC Roadway Improvement 0%, 2033	152,514	-	(11,732)	140,782	11,732
OPWC Whispering Pines Resurfacing, 0%, 2036	185,452	-	(11,964)	173,488	11,964
Total Loans	<u>337,966</u>	<u>-</u>	<u>(23,696)</u>	<u>314,270</u>	<u>23,696</u>
Compensated Absences Payable	1,367,340	322,931	(319,693)	1,370,578	589,368
Net Pension Liability	11,643,567	-	(627,492)	11,016,075	-
Net OPEB Liability	3,350,886	-	(1,985,192)	1,365,694	-
Capital Lease Payable	16,180	-	(4,977)	11,203	5,232
Total Governmental Activities	<u>17,007,827</u>	<u>322,931</u>	<u>(3,001,370)</u>	<u>14,329,388</u>	<u>658,760</u>
Business-Type Activities:					
Revenue and General Obligation Bonds and Loans:					
2015 Airport Improvement Refunding, 2.57%, 2023	426,998	-	(135,667)	291,331	140,667
2020 Various Purpose Refunding Bonds, 1.25%, 2027	1,735,112	-	(239,680)	1,495,432	240,536
Total Bonds	<u>2,162,110</u>	<u>-</u>	<u>(375,347)</u>	<u>1,786,763</u>	<u>381,203</u>
Direct Issuance Loans:					
OPWC Waterline Replacement, 0%, 2025	3,204	-	(712)	2,492	712
OPWC Storm Water Drainage, 0%, 2028	63,000	-	(8,400)	54,600	8,400
OPWC Wastewater Treatment Plant Upgrade, 0%, 2031	159,720	-	(14,520)	145,200	14,520
Total Loans	<u>225,924</u>	<u>-</u>	<u>(23,632)</u>	<u>202,292</u>	<u>23,632</u>
Compensated Absences Payable	509,534	129,056	(82,003)	556,586	149,372
Net Pension Liability	2,771,339	-	(648,649)	2,122,690	-
Net OPEB Liability	1,557,998	-	(1,470,826)	87,172	-
Total Business-Type Activities	<u>7,226,905</u>	<u>129,056</u>	<u>(2,600,457)</u>	<u>4,755,503</u>	<u>554,207</u>
Total Long-Term Obligations	<u>\$ 24,234,732</u>	<u>\$ 451,987</u>	<u>\$ (5,601,827)</u>	<u>\$ 19,084,891</u>	<u>\$ 1,212,967</u>

General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City.

Water and sewer revenue bonds are for utility construction projects. Revenues of the utility facilities have been pledged to repay these debts.

The compensated absences liability represents accrued bonus, compensatory time, vacation, and sick leave benefits as of December 31, 2021 (See Note 12). The compensated absences will be paid from the funds in which the employees' salaries are paid.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the funds in which the employees' salaries are paid. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

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During 2012, the City entered into a loan arrangement through the Ohio Public Works Commission (OPWC) to fund various roadway improvements. The loan was in the amount of \$234,637.

On September 2, 2010, the City issued \$6.715 million in General Obligation Bonds to finance future projects (\$5,260,000), current refund the 1999 storm water bonds (\$475,000) and current refund the 1995 Water Mortgage Revenue Bonds (\$980,000). The bonds were issued with interest rates ranging from 2.0% to 3.75%, compared to the refunded bonds having an interest rate ranging from 3.75% to 5.2%.

The sewer current refunding reduced its total debt service over a five year period by \$29,287 and obtained an economic gain (difference between present values of the old and new debt service payments) of approximately the same amount.

The water current refunding reduced its total debt service over a five year period by \$98,722 and obtained an economic gain (difference between present values of the old and new debt service payments) of approximately the same amount.

During 2015, the City entered into a loan arrangement through the OPWC. The loan was for the funding of the Whispering Pines subdivision resurfacing. The OPWC loan amount was \$239,291.

Also in 2015, the City issued \$1,126,000 in Airport Improvement Refunding Bonds for the purpose of refinancing the outstanding 2004 Airport Improvement General Obligation Bonds. The bonds will be repaid from the Airport fund and have interest rate of 2.57 percent. As a result of this refunding, the City reduced its total debt requirements by \$111,811.

During 2005, the City entered into a loan arrangement through the OPWC. The loan was for the funding of the West Sandusky Waterline Replacement. The OPWC loan amount was \$14,241.

During 2008, the City entered into a loan arrangement through the OPWC. The loan was for the funding of the Storm Water Drainage Improvement Project. The OPWC loan amount was \$168,000.

During 2012, the City entered into a loan arrangement through the OPWC. The loan was for the funding of the Bellefontaine Wastewater Treatment Plant Upgrade. The OPWC loan amount was \$168,000.

On September 3, 2020, the City issued \$2.054 million in General Obligation Bonds to current refund the 2010 energy bonds (\$287,310 within the governmental funds and \$1,707,690 within the enterprise funds). The bonds were issued with an interest rate of 1.25%, compared to the refunded bonds having interest rates ranging from 2.0 to 3.75%. The issuance resulted in a cash flow savings of \$154,365 and an economic benefit of \$147,331.

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A summary of the City’s future debt service requirements as of December 31, 2021 were as follows:

Year	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	Principal	Interest	Principal	Interest
2022	\$ 64,160	\$ 3,145	\$ 404,835	\$ 26,180
2023	64,880	2,639	419,113	19,557
2024	65,600	2,124	272,728	12,627
2025	65,456	1,600	271,516	9,512
2026	66,608	1,078	278,007	6,410
2027-2031	161,828	271	342,856	1,610
2032-2036	77,306	-	-	-
	<u>\$ 565,838</u>	<u>\$ 10,857</u>	<u>\$ 1,989,055</u>	<u>\$ 75,896</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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 ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the original base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at 3 percent.

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

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2021 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 \$527,566 for 2021. Of this amount, \$63,093 is reported as an intergovernmental payable.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 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 Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1 of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	<u>Police</u>	<u>Firefighters</u>
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2021 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$761,200 for 2021. Of this amount, \$91,796 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. 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
Proportion of the Net Pension Liability:			
Current Measurement Period	0.025600%	0.137125%	
Prior Measurement Period	0.026070%	0.137489%	
Change in Proportion	<u>-0.000470%</u>	<u>-0.000364%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 3,790,803	\$ 9,347,962	\$ 13,138,765
Pension Expense	\$ 107,240	\$ 801,625	\$ 908,865

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2021, 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			
Differences between Expected and			
Actual Experience	\$ -	\$ 390,774	\$ 390,774
Changes of Assumptions	-	156,771	156,771
Changes in Proportionate Share	10,360	318,844	329,204
City Contributions Subsequent			
to the Measurement Date	527,566	761,200	1,288,766
Total Deferred Outflows of Resources	<u>\$ 537,926</u>	<u>\$ 1,627,589</u>	<u>\$ 2,165,515</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 158,573	\$ 364,165	\$ 522,738
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	1,477,544	453,438	1,930,982
Changes in Proportionate Share	80,949	222,564	303,513
Total Deferred Inflows of Resources	<u>\$ 1,717,066</u>	<u>\$ 1,040,167</u>	<u>\$ 2,757,233</u>

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\$1,288,766 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (674,898)	\$ 20,343	\$ (654,555)
2023	(227,995)	253,941	25,946
2024	(602,297)	(409,502)	(1,011,799)
2025	(201,516)	(55,924)	(257,440)
2026	-	8,077	8,077
Thereafter	-	9,287	9,287
Total	<u>\$ (1,706,706)</u>	<u>\$ (173,778)</u>	<u>\$ (1,880,484)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 0.50 percent Simple through 2021, then 2.15 percent Simple

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In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

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

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.20 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit 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.

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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 discount rate of 7.20 percent and the City’s proportionate share of the net pension liability if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 7,230,976	\$ 3,790,803	\$ 930,304

Changes between Measurement Date and Report Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, are presented below:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.20 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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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 long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2.5x

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OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.00 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 earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to be available to make all future benefit 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	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 13,013,522	\$ 9,347,962	\$ 6,280,208

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NOTE 11 – DEFINED BENEFIT OPEB PLANS

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 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 2021.

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.

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OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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.

OP&F maintains funds for health care in two separate accounts: 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. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$18,279 for 2021. Of this amount, \$2,190 is reported as an intergovernmental payable.

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OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.025292%	0.1371250%	
Prior Measurement Period	0.025707%	0.1374890%	
Change in Proportion	<u>-0.000415%</u>	<u>-0.000364%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ (450,597)	\$ 1,452,866	
OPEB Expense	\$ (2,698,409)	\$ 194,781	\$ (2,503,628)

At December 31, 2021, 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	\$ 221,520	\$ 802,627	\$ 1,024,147
Changes in Proportionate Share and Differences in Contributions	8,702	294,866	303,568
City Contributions Subsequent to the Measurement Date	-	18,279	18,279
Total Deferred Outflows of Resources	<u>\$ 230,222</u>	<u>\$ 1,115,772</u>	<u>\$ 1,345,994</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 406,662	\$ 239,644	\$ 646,306
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	239,997	53,993	293,990
Changes of Assumptions	730,103	231,612	961,715
Changes in Proportionate Share and Differences in Contributions	51,498	58,556	110,054
Total Deferred Inflows of Resources	<u>\$ 1,428,260</u>	<u>\$ 583,805</u>	<u>\$ 2,012,065</u>

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\$18,279 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 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (632,427)	\$ 117,721	\$ (514,706)
2023	(433,041)	130,505	(302,536)
2024	(104,292)	110,350	6,058
2025	(28,278)	110,434	82,156
2026	-	23,207	23,207
Thereafter	-	21,471	21,471
	<u>\$ (1,198,038)</u>	<u>\$ 513,688</u>	<u>\$ (684,350)</u>

Actuarial Assumptions - OPERS

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

Projections of 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 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, 2019, rolled forward to the measurement date of December 31, 2020. 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	6.00 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return:	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate:	
Current Measurement Date	2.00 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate:	
Current Measurement Date	8.5 percent, initial, 3.50 percent, ultimate in 2035
Prior Measurement Date	10.5 percent, initial, 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

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Discount Rate A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. 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 2.00 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). 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 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the City’s proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent and the City’s proportionate share of the net OPEB liability (asset) if it were calculated using a discount rate that is one percent lower (5.00 percent) or one percent higher (7.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (112,044)	\$ (450,597)	\$ (728,915)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) 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 (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) 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 2021 is 8.50 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 Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (461,579)	\$ (450,597)	\$ (438,310)

Changes between Measurement Date and Report Date During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

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Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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.

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current Measurement Date	2.96 percent
Prior Measurement Date	3.56 percent
Municipal Bond Rate:	
Current Measurement Date	2.12 percent
Prior Measurement Date	3.75 percent
Cost of Living Adjustments	2.20 percent simple

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-U.S. Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income*	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: Assumptions are geometric.

* Levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

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Discount Rate For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 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 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. 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 2035. The long-term expected rate of return on health care investments was applied to projected costs through 2035, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 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 (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 1,811,636	\$ 1,452,866	\$ 1,156,915

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 12 - EMPLOYEE BENEFITS

The City accrues unpaid bonus, compensatory time and vacation as it is earned and certain portions of sick leave as payment becomes probable. Sick leave accumulates at the rate of 4.6 hours of sick leave for 80 hours of work completed. Sick leave may be converted into cash upon retirement with ten years of service at the rate of thirty-three percent for a maximum of 40 eight-hour workdays. Individuals leaving employment of the City prior to retirement or at retirement with less than three years of service lose their accumulated unpaid vested leave.

Vacation leave accumulates at a varying rate based upon years of service. No more than three years entitlement of vacation can be carried forward into the next calendar year unless the employee is unable to use his vacation due to the operational needs of the City. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation up to a maximum of the three-years’ entitlements accrual.

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At December 31, 2021, the City's liability for accumulated unpaid sick leave was \$697,715. A liability of \$468,703 has been recognized in the governmental activities and \$229,012 has been recognized in the business-type activities. In addition, the City's liability for accrued vacation, compensatory and bonus accumulation was \$1,229,450. A liability of \$901,875 has been recognized in the governmental activities and \$327,575 has been recognized in the business-type activities.

NOTE 13 – CONTINGENCIES

The City may be a defendant in several lawsuits, the outcome of which cannot be determined. It is the opinion of the City's Law Director that any judgment against the City would not have a material adverse effect on the City's financial position.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 14 - CONDUIT DEBT OBLIGATIONS

The City has issued Hospital Facilities Revenue and Refunding Bonds and a Master Equipment Lease-Purchase and Sublease-Purchase agreement for financing the acquisition, construction and installation of certain Hospital Facilities and for the acquisition of equipment for the Mary Rutan Health Association of Logan County. The debt is secured by the property financed and is payable solely from payments received on the underlying mortgage loans. Upon repayment of the debt, ownership of the acquired facilities transfers to the Mary Rutan Health Association of Logan County, the entity served by the debt issuance. Neither the City or State, nor any political subdivision thereof is obligated in any manner for repayment of the debt. Accordingly, the debt is not reported as a liability in the accompanying financial statements.

The original issuance for the Revenue Bonds in 2006, later refunded in 2012, was \$15,000,000. In addition, the original issuance for the Revenue Bonds in 2017 was \$11,000,000. As of December 31, 2021, the revenue bonds outstanding were \$4,777,074 and \$10,043,736 respectively.

NOTE 15 – LIABILITY INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100% insured with a \$1,000 deductible. Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

All employees of the City are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage. The City pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

Medical coverage is offered to employees and is administered through an internal service fund. Medical Mutual of Ohio manages the claims and also absorbs the risk of loss.

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NOTE 16 – INTERFUND ACTIVITY

A schedule of interfund transfers during the year is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 523,500
Other Governmental Funds	308,500	-
Airport Fund	215,000	-
	<u>\$ 523,500</u>	<u>\$ 523,500</u>

Transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code.

Interfund balances at December 31, 2021 consisted of the following:

<u>Fund</u>	<u>Beginning Balance</u>	<u>New Advances</u>	<u>Advance Repayments</u>	<u>Ending Balance</u>
Capital Improvement	\$ 28,000	\$ -	\$ (28,000)	\$ -
Street Department	(28,000)	-	28,000	-
Total Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The advance from the capital improvement fund to the street department fund (a nonmajor governmental fund) was made to help finance projects due to insufficient funds. These monies will be repaid from storm water charges. Advances not expected to be repaid within one year will be recorded as Advances to/from Other Funds. Those expected to be repaid within one year will be recorded as Due to/from Other Funds.

NOTE 17 – CAPITAL LEASES – LESSEE

During 2019, the City entered into a capital lease agreement for the purchase of two copiers and ten printers. The copiers have been capitalized in the amount of \$16,449. Accumulated depreciation as of December 31, 2021 was \$8,882, leaving a current book value of \$7,567. The printers did not exceed the City's capitalization threshold and have been expensed in the amount of \$8,604. The total lease amount of \$25,053 represents the present value of minimum lease payments at the time of acquisition. A corresponding liability was also recorded.

City of Bellefontaine
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 2021:

Year	Amount
2022	\$ 5,673
2023	5,674
2024	473
Less amount representing interest	(617)
Present Value of Minimum Lease Payments	\$ 11,203

NOTE 18 – FUND BALANCE

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

	General Fund	ARPA Fund	Capital Improvement Fund	Reconstruction Improvement Fund	Other Governmental Funds	Total
Nonspendable for:						
Materials and Supplies Inventory	\$ -	\$ -	\$ -	\$ -	\$ 115,283	\$ 115,283
Prepaid Items	25,592	-	-	-	13,244	38,836
Total Nonspendable	25,592	-	-	-	128,527	154,119
Restricted for:						
Street and Maintenance Repair	-	-	-	-	832,560	832,560
Public Safety	-	-	-	-	521,904	521,904
Economic Development	-	5,832	-	-	608,561	614,393
Health	-	-	-	-	539,279	539,279
Capital Projects	-	-	-	165,721	157,055	322,776
Judicial	-	-	-	-	1,579,850	1,579,850
Conservation and Recreation	-	-	-	-	35,013	35,013
Other	11,559	-	-	-	-	11,559
Total Restricted	11,559	5,832	-	165,721	4,274,222	4,457,334
Assigned:						
Encumbrances:						
Legislative & Executive	55,556	-	-	-	-	55,556
Judicial	42	-	-	-	-	42
Public Safety	35,314	-	-	-	-	35,314
Public Works	335	-	-	-	-	335
Transportation	79,242	-	-	-	-	79,242
Economic Development	120	-	-	-	-	120
Capital Outlay	283,090	-	-	-	-	283,090
Subsequent Year Appropriations	422,620	-	-	-	-	422,620
Conservation and Recreation	286,197	-	-	-	4,384	290,581
Capital Projects	-	-	3,222,192	-	422,804	3,644,996
Total Assigned	1,162,516	-	3,222,192	-	427,188	4,811,896
Unassigned	4,118,358	-	-	-	(18,085)	4,100,273
Total Fund Balance	\$ 5,318,025	\$ 5,832	\$ 3,222,192	\$ 165,721	\$ 4,811,852	\$ 13,523,622

City of Bellefontaine
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 19 – ACCOUNTABILITY

The fund balance for the Main Street TIF fund had a deficit at year-end of \$18,085. The GAAP deficit balance in the Other Governmental Funds is the result of the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 20 – RESTATEMENT OF FUND BALANCE AND NET POSITION

During 2021, the City restated the 2020 net position and fund balance to correct an error in accounting for tax increment financing payments received and due to other governments. The restatement for 2020 is as follows:

	Other Governmental Funds
Fund Balance (Deficit), December 31, 2020	\$ 4,503,823
Accounts Payable	(208,068)
Restated Fund Balance (Deficit), December 31, 2020	\$ 4,295,755

	Governmental Activities
Net Position, December 31, 2020	\$ 28,596,771
Accounts Payable	(208,068)
Restated Net Position, December 31, 2020	\$ 28,388,703

NOTE 21 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Bellefontaine
Logan County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Eight Years (1)

	2021	2020	2019	2018	2017
Ohio Public Employees' Retirement System (OPERS)					
City's Proportion of the Net Pension Liability	0.025600%	0.026070%	0.026344%	0.026638%	0.026551%
City's Proportionate Share of the Net Pension Liability	\$ 3,790,803	\$ 5,152,912	\$ 7,215,088	\$ 4,179,142	\$ 6,029,281
City's Covered Payroll	\$ 3,605,693	\$ 4,003,444	\$ 3,921,479	\$ 3,781,738	\$ 3,469,141
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.13%	128.71%	183.20%	109.42%	173.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%
Ohio Police and Fire Pension Fund (OPF)					
City's Proportion of the Net Pension Liability	0.137125%	0.137489%	0.138950%	0.136664%	0.129007%
City's Proportionate Share of the Net Pension Liability	\$ 9,347,962	\$ 9,261,994	\$ 11,341,992	\$ 8,387,687	\$ 8,171,174
City's Covered Payroll	\$ 3,420,066	\$ 3,484,984	\$ 3,261,277	\$ 3,193,277	\$ 2,730,714
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	273.33%	265.77%	347.78%	262.67%	299.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%	68.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.026539%	0.026567%	0.026567%
\$	4,596,890	\$ 3,204,278	\$ 3,131,903
\$	3,454,729	\$ 3,365,133	\$ 3,338,738
	132.66%	94.92%	93.72%
	81.08%	86.45%	86.36%
	0.133363%	0.130512%	0.130512%
\$	8,579,335	\$ 6,761,050	\$ 6,356,329
\$	2,720,166	\$ 2,620,598	\$ 2,483,471
	315.40%	258.00%	255.95%
	66.77%	72.20%	73.00%

See accompanying notes to the required supplementary information.

City of Bellefontaine
Logan County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - Pension
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 527,566	\$ 504,797	\$ 560,482	\$ 549,007
Contributions in Relation to the Contractually Required Contribution	<u>(527,566)</u>	<u>(504,797)</u>	<u>(560,482)</u>	<u>(549,007)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 3,768,329	\$ 3,605,693	\$ 4,003,444	\$ 3,921,479
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 761,200	\$ 709,712	\$ 724,169	\$ 677,018
Contributions in Relation to the Contractually Required Contribution	<u>\$ (761,200)</u>	<u>\$ (709,712)</u>	<u>\$ (724,169)</u>	<u>\$ (677,018)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 3,655,763	\$ 3,420,066	\$ 3,484,984	\$ 3,261,277
Contributions as a Percentage of Covered Payroll	20.82%	20.75%	20.78%	20.76%

(n/a) Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 491,626	\$ 416,297	\$ 414,567	\$ 403,816	\$ 434,036	n/a
<u>(491,626)</u>	<u>(416,297)</u>	<u>(414,567)</u>	<u>(403,816)</u>	<u>(434,036)</u>	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
\$ 3,781,738	\$ 3,469,141	\$ 3,454,729	\$ 3,365,133	\$ 3,338,738	n/a
13.00%	12.00%	12.00%	12.00%	13.00%	n/a
\$ 664,043	\$ 571,435	\$ 569,894	\$ 546,183	\$ 444,932	\$ 352,766
<u>\$ (664,043)</u>	<u>\$ (571,435)</u>	<u>\$ (569,894)</u>	<u>\$ (546,183)</u>	<u>\$ (444,932)</u>	<u>\$ (352,766)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,193,277	\$ 2,730,714	\$ 2,720,166	\$ 2,620,598	\$ 2,483,471	\$ 2,416,073
20.80%	20.93%	20.95%	20.84%	17.92%	14.60%

See accompanying notes to the required supplementary information.

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City of Bellefontaine
Logan County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
Last Five Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>					
City's Proportion of the Net OPEB Liability	0.025920%	0.025707%	0.026042%	0.026200%	0.026032%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (450,597)	\$ 3,550,805	\$ 3,395,262	\$ 2,845,127	\$ 2,629,421
City's Covered Payroll	\$ 3,605,693	\$ 4,003,444	\$ 3,921,479	\$ 3,781,738	\$ 3,469,141
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-12.50%	88.69%	86.58%	75.23%	75.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.05%
<i>Ohio Police and Fire Pension Fund (OPF)</i>					
City's Proportion of the Net OPEB Liability	0.137125%	0.137489%	0.138950%	0.136664%	0.129007%
City's Proportionate Share of the Net OPEB Liability	\$ 1,452,866	\$ 1,358,079	\$ 1,265,353	\$ 7,743,190	\$ 6,123,672
City's Covered Payroll	\$ 3,420,066	\$ 3,484,984	\$ 3,261,277	\$ 3,193,277	\$ 2,730,714
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	55.76%	38.97%	38.80%	242.48%	224.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	42.48%	47.08%	46.57%	14.13%	18.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

City of Bellefontaine
Logan County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - OPEB (Asset)
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	3,768,329	3,605,693	4,003,444	3,921,479
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 18,279	\$ 17,100	\$ 17,426	\$ 16,306
Contributions in Relation to the Contractually Required Contribution	<u>(18,279)</u>	<u>(17,100)</u>	<u>(17,426)</u>	<u>(16,306)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 3,655,763	\$ 3,420,066	\$ 3,484,984	\$ 3,261,277
Contributions as a Percentage of Covered Payroll	0.50%	0.00%	0.50%	0.50%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 37,817	\$ 69,383	\$ 69,095	\$ 68,376	\$ 33,373	n/a
<u>(37,817)</u>	<u>(69,383)</u>	<u>(69,095)</u>	<u>(68,376)</u>	<u>(33,373)</u>	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
3,781,738	3,469,141	\$ 3,454,729	\$ 3,365,133	\$ 3,338,738	n/a
1.00%	2.00%	2.00%	2.03%	1.00%	n/a
\$ 15,967	\$ 13,654	\$ 13,601	\$ 13,174	\$ 87,420	\$ 161,976
<u>(15,967)</u>	<u>(13,654)</u>	<u>(13,601)</u>	<u>(13,174)</u>	<u>(87,420)</u>	<u>(161,976)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,193,277	\$ 2,730,714	\$ 2,720,166	\$ 2,620,598	\$ 2,483,471	\$ 2,416,073
0.50%	0.50%	0.50%	0.50%	3.52%	6.70%

See accompanying notes to the required supplementary information.

City of Bellefontaine
Logan County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

Discount Rate:

Calendar year 2021	6.90 percent
Calendar year 2020	7.20 percent
Calendar year 2019	7.20 percent
Calendar year 2018	7.50 percent
Calendar year 2017	8.00 percent

Calendar year 2017 reflects an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

Changes in Benefit Terms – OPERS

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Changes in Assumptions – OP&F

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

Changes in Benefit Terms – OP&F

No significant changes in benefit terms.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

City of Bellefontaine
Logan County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Discount Rate:

Calendar year 2021	6.00 percent
Calendar year 2020	3.16 percent
Calendar year 2019	3.96 percent
Calendar year 2018	3.85 percent
Calendar year 2017	4.23 percent

Municipal Bond Rate:

Calendar year 2021	2.00 percent
Calendar year 2020	2.75 percent
Calendar year 2019	3.71 percent
Calendar year 2018	3.31 percent

Health Care Cost Trend Rate:

Calendar year 2021	8.50 percent
Calendar year 2020	10.50 percent
Calendar year 2019	10.00 percent
Calendar year 2018	7.50 percent

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

Changes in Benefit Terms – OPERS

For calendar year 2021, the cost of living adjustments decreased from 3.00 percent simple to 2.20 percent simple

Changes in Assumptions – OP&F

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Discount Rate:

Calendar year 2021	2.96 percent
Calendar year 2020	3.56 percent
Calendar year 2019	4.66 percent
Calendar year 2018	3.24 percent
Calendar year 2017	3.79 percent

Municipal Bond Rate:

Calendar year 2021	2.12 percent
Calendar year 2020	2.75 percent
Calendar year 2019	4.13 percent
Calendar year 2018	3.16 percent

City of Bellefontaine
Logan County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Changes in Benefit Terms – OP&F

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.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

City of Bellefontaine
Logan County
135 North Detroit Street
Bellefontaine, Ohio 43311

To the Members of the City Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Bellefontaine's basic financial statements, and have issued our report thereon dated November 28, 2022, wherein we noted as described in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

City of Bellefontaine

Logan County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Purpose of this Report

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



Julian & Grube, Inc.

November 28, 2022

**CITY OF BELLEFONTAINE
LOGAN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2020-001	2018	<u>Significant Deficiency – Financial Statement Presentation:</u> In general, an accounting and information system should be designed to provide City council with accurate and timely information to enable well-informed business decisions to be made. Multiple audit adjustments were made to the financial statements for the year ended December 31, 2020, to properly state financial statement amounts.	Corrected	N/A
2020-002	2020	<u>Noncompliance – On-Behalf Activity:</u> During 2020, the City entered into an agreement with the OPWC, however did not record the payments made directly to the contractors as part of the OPWC project.	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



CITY OF BELLEFONTAINE

LOGAN 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 12/22/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov