



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF BELLEVUE  
HURON COUNTY  
DECEMBER 31, 2020**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	17
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund.....	21
Statement of Fund Net Position - Proprietary Funds .....	22
Statement of Revenues, Expenses, and Change in Net Position - Proprietary Funds .....	23
Statement of Cash Flows - Proprietary Funds .....	24
Statement of Fiduciary Net Position - Fiduciary Funds .....	25
Statement of Changes in Fiduciary Net Position - Fiduciary Funds .....	26
Notes to the Basic Financial Statements.....	27
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability Ohio Public Employees Retirement System Last Seven Years.....	85

**CITY OF BELLEVUE  
HURON COUNTY  
DECEMBER 31, 2020**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Schedule of the City's Proportionate Share of the Net Pension Liability Ohio Police and Fire Pension Fund Last Seven Years .....	86
Schedule of City Contributions - Pension Ohio Public Employees Retirement System Last Eight Years .....	87
Schedule of City Contributions - Pension Ohio Police and Fire Pension Fund Last Ten Years .....	88
Schedule of the City's Proportionate Share of the Net OPEB Liability Ohio Public Employees Retirement System Last Four Years .....	89
Schedule of the City's Proportionate Share of the Net OPEB Liability Ohio Police and Fire Pension Fund Last Four Years .....	90
Schedule of City Contributions - OPEB Ohio Public Employees Retirement System Last Six Years .....	91
Schedule of City Contributions - OPEB Ohio Police and Fire Pension Fund Last Ten Years .....	92
Notes to the Required Supplementary Information .....	93
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	95
Schedule of Findings .....	97

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

City of Bellevue  
Huron County  
3000 Seneca Industrial Parkway  
Bellevue, Ohio 44811-8709

To the City Council:

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

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

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

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

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

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

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

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

***Opinion***

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

***Emphasis of Matters***

As discussed in Note 3.B to the financial statements, the City restated its net position in order to properly account for an internal service fund. We did not modify our opinion regarding this matter.

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2022, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 11, 2022

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**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED**

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

**Financial Highlights**

Key financial highlights for 2020 are as follows:

- The City's net position increased \$2,795,978 as a result of this year's operations. The net position of the City's governmental activities increased by \$443,721, and net position for the City's business-type activities increased by \$2,352,257.
- During the year, the City had expenses for governmental activities in the amount of \$8,068,066, and program and general revenues of \$8,511,787. Business-type activities had expenses in the amount of \$4,688,608, and program revenues of \$7,040,865.

**Using this Annual Financial Report**

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, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

***Reporting the City as a Whole***

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all *assets and deferred outflows of resources*, and *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 BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED**

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

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including Legislative and Executive, Judicial, Security of Persons and Property, Public Health and Welfare, Transportation, Community Environment, Transportation, and Leisure Time Activities.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Water Fund and Wastewater Pollution Fund are reported as business-type activities.

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

***Fund Financial Statements***

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental fund is the General Fund.

***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 into cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

***Proprietary Funds*** The City maintains two different types proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for medical, prescription, dental and vision benefits. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Wastewater Pollution funds, both of which are considered to be major funds of the City.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED**

**The City 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 2020 compared to 2019:

**Table 1 - Net Position**

	Governmental Activities 2020	Business-Type Activities 2020	Total 2020	Restated Total 2019
<b><u>Assets</u></b>				
Current and Other Assets	\$ 13,145,492	\$ 10,420,363	\$ 23,565,855	\$ 20,593,590
Capital Assets	15,013,054	26,457,374	41,470,428	40,676,086
Net Pension Asset	18,591	11,906	30,497	16,093
<b>Total Assets</b>	<b>28,177,137</b>	<b>36,889,643</b>	<b>65,066,780</b>	<b>61,285,769</b>
<b><u>Deferred Outflows of Resources</u></b>				
Pension	1,037,474	233,759	1,271,233	2,600,606
OPEB	596,501	155,071	751,572	419,112
<b>Total Deferred Outflows of Resources</b>	<b>1,633,975</b>	<b>388,830</b>	<b>2,022,805</b>	<b>3,019,718</b>
<b><u>Liabilities</u></b>				
Other Liabilities	414,173	205,109	619,282	571,937
Net Pension Liability	4,835,285	1,463,782	6,299,067	8,953,645
Net OPEB Liability	1,902,015	978,696	2,880,711	2,816,639
Long-Term Liabilities	480,830	4,314,290	4,795,120	4,249,838
<b>Total Liabilities</b>	<b>7,632,303</b>	<b>6,961,877</b>	<b>14,594,180</b>	<b>16,592,059</b>
<b><u>Deferred Inflows of Resources</u></b>				
Property Taxes	917,410	-	917,410	850,425
Pension	1,387,531	629,531	2,017,062	579,980
OPEB	578,497	316,311	894,808	412,876
<b>Total Deferred Inflows of Resources</b>	<b>2,883,438</b>	<b>945,842</b>	<b>3,829,280</b>	<b>1,843,281</b>
<b><u>Net Position</u></b>				
Net Investment in Capital Assets	14,942,681	22,356,496	37,299,177	36,959,269
Restricted	2,589,804	-	2,589,804	3,755,292
Unrestricted	1,762,886	7,014,258	8,777,144	5,155,586
<b>Total Net Position</b>	<b>\$ 19,295,371</b>	<b>\$ 29,370,754</b>	<b>\$ 48,666,125</b>	<b>\$ 45,870,147</b>

Current and Other Assets increased mainly due to the increase in equity in pooled cash and cash equivalents. The changes in deferred outflows of resources for Pension and OPEB, Net Pension Liability, Net OPEB Liability, Net Pension Asset, and Deferred Inflows of Resources for Pension and OPEB are due to the recording of GASB 68 and 75 as described on the next page. Long-Term Liabilities (other than pension and OPEB) increased by \$545,282, mainly due to the issuance of a capital lease and increase in compensated absences liability.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED**

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

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

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

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

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED**

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

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

Table 2 shows the changes in net position for the year 2020 compared to 2019:

**Table 2 - Changes in Net Position**

	Governmental Activities 2020	Business-Type Activities 2020	Total 2020	Total 2019
<b><u>Revenues</u></b>				
Program Revenues:				
Charges for Services	\$ 419,541	\$ 6,751,495	\$ 7,171,036	\$ 7,352,723
Operating Grants and Contributions	823,295	-	823,295	723,967
Capital Grants and Contributions	105,000	289,370	394,370	564,838
General Revenues:				
Municipal Income Taxes	5,793,777	-	5,793,777	5,952,249
Property Taxes	856,446	-	856,446	815,091
Grants and Entitlements	363,485	-	363,485	418,370
Investment Income	136,025	-	136,025	265,703
All Other Revenues	14,218	-	14,218	11,447
<b>Total Revenues</b>	<b>8,511,787</b>	<b>7,040,865</b>	<b>15,552,652</b>	<b>16,104,388</b>
<b><u>Program Expenses</u></b>				
General Government - Legislative and Executive	2,332,438	-	2,332,438	1,824,569
General Government - Judicial	401,740	-	401,740	405,406
Security of Persons and Property	2,723,823	-	2,723,823	698,999
Public Health and Welfare	58,691	-	58,691	147,740
Transportation	1,714,207	-	1,714,207	1,091,884
Community Environment	185,858	-	185,858	187,358
Leisure Time Activities	649,485	-	649,485	839,946
Interest and Fiscal Charges	1,824	-	1,824	14,355
Water	-	2,708,047	2,708,047	3,498,130
Wastewater Pollution	-	1,980,561	1,980,561	2,479,205
<b>Total Expenses</b>	<b>8,068,066</b>	<b>4,688,608</b>	<b>12,756,674</b>	<b>11,187,592</b>
Increase in Net Position	<b>\$ 443,721</b>	<b>\$ 2,352,257</b>	<b>\$ 2,795,978</b>	<b>\$ 4,916,796</b>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED**

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*Governmental Activities*

Presently, the City has non-voted millage of 2.0 mills for General Fund operations and 0.3 mills each for the Police and Fire Pension funds. The City has voted millage, which is outside the 10-mill limitation, of 2.0 mills for ambulance and emergency medical services and 2.0 mills for recreation.

The unique nature of property taxes in Ohio sometimes creates the need to seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35 annually in taxes. If three years later the home were reappraised and its value increased to \$200,000 (and this inflationary increase in value is still comparable to other property owners), the effective tax rate would become 0.5 mills and the owner would still pay \$35.

Thus, the City depends on municipal income taxes due to the lack of property tax revenue growth. Municipal income and property taxes made up 78.13 percent of total revenues for governmental activities in calendar year 2020.

Total revenues decreased by \$932,032 in 2020. This was mainly due to a decrease in municipal income taxes and capital grants and contributions, which was offset by an increase in operating grants and contributions. Operating grants and contributions increased due to COVID-19 monies Capital grants and contributions decreased due to onetime contribution received by the City in 2019. Municipal income taxes decreased due to a decrease in cash collections and accruals for 2020.

General Government – Legislative, Executive, and Judicial comprise 33.89 percent; Security of Persons and Property comprise 33.76 percent; Leisure Time Activities comprise 8.05 percent; and Transportation comprised 21.25 percent of governmental program expenses.

Total expenses increased by \$2,857,809 in 2020. The increase was mainly due to the increase in Security of Persons and Property expense. This increase is mainly due to The Ohio Police and Fire Pension Fund (OP&F) making a change to its health care model. Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place is a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. This change was the most significant factor in the increased of the City's security of persons and property expense by \$2,024,824. See note 15 regarding the City's defined benefit OPEB plans. The City's transportation expense increased by \$622,323 due to the increased budget for street re-paving and the increase in staffing in the street department, including a new supervisor.

The Statement of Activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED**

**Table 3 - Governmental Activities**

	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019
General Government - Legislative and Executive	\$ 2,332,438	\$ 2,091,069	\$ 1,824,569
General Government - Judicial	401,740	253,208	405,406
Security of Persons and Property	2,723,823	2,617,124	698,999
Public Health and Welfare	58,691	8,067	147,740
Transportation	1,714,207	1,104,174	1,091,884
Community Environment	185,858	185,858	187,358
Leisure Time Activities	649,485	458,906	839,946
Interest and Fiscal Charges	1,824	1,824	14,355
<b>Total Expenses</b>	<b>\$ 8,068,066</b>	<b>\$ 6,720,230</b>	<b>\$ 5,210,257</b>

***Business-Type Activities***

Business-type activities include the Water and Wastewater Pollution funds. These programs had total revenues of \$7,040,865 and total expenses of \$4,688,608 for the year 2020 for an increase in net position of \$2,352,257. The majority of the increase in net position is due to the increase in net position of the Wastewater Pollution fund due to revenues exceeding expenses. Business-type activities receive no support from tax revenues. Total revenues increased by \$380,296, or 5.71 percent, in 2020 whereas total expenses decreased by \$1,288,727, or 21.56 percent.

**The City's Funds**

Information about the City's major fund, which is the General Fund. All governmental funds had total revenues (including other financing sources) of \$9,773,172 and expenditures (including other financing uses) of \$8,946,333. The General Fund, which is always a major fund, had a net increase in fund balance of \$931,235 due to revenues exceeding expenditures during 2020.

***General Fund Budgeting Highlights***

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

The City uses department-based budgeting and the budgeting systems are designed to tightly control total department budgets but provide flexibility for site management.

For the General Fund, original and final budget basis revenue was \$6,636,476, plus a beginning unobligated cash balance of \$4,158,163. This estimate was applied to the final budgeted amount of expenditures and prior year encumbrances of \$7,205,613, for a budget unobligated balance of \$3,589,026. The City's General Fund actual ending unobligated cash balance was \$5,190,665, for a favorable variance of \$1,544,611. The favorable variance was mainly due to conservative budgeting and the fluctuation of expenses due to salaries and benefits and withholding of capital improvements due to pandemic issues.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED**

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of 2020, the City had \$41,470,428 invested in land and land improvements, buildings and improvements, furniture, fixtures, and equipment, vehicles, infrastructure, and construction in progress. \$15,013,054 is reported in the governmental activities while \$26,457,374 is reported in the business-type activities. Table 4 shows the 2020 balances compared to 2019.

**Table 4 - Capital Assets, Net of Accumulated Depreciation at Year End**

	Governmental	Business-Type	Total 2020	Total 2019
	Activities 2020	Activities 2020		
Land and Land Improvements	\$ 1,439,436	\$ 2,796,359	\$ 4,235,795	\$ 4,276,989
Buildings and Improvements	6,947,293	16,862,926	23,810,219	23,810,219
Furniture, Fixtures, and Equipment	2,596,214	3,033,691	5,629,905	5,510,379
Vehicles	3,532,709	1,033,796	4,566,505	3,868,383
Infrastructure	18,060,301	20,415,877	38,476,178	38,511,094
Construction in Progress	-	1,465,249	1,465,249	295,456
<b>Total Capital Assets</b>	<b>32,575,953</b>	<b>45,607,898</b>	<b>78,183,851</b>	<b>76,272,520</b>
Accumulated Depreciation	(17,562,899)	(19,150,524)	(36,713,423)	(35,596,434)
<b>Totals</b>	<b>\$ 15,013,054</b>	<b>\$ 26,457,374</b>	<b>\$ 41,470,428</b>	<b>\$ 40,676,086</b>

See Note 9 to the basic financial statements for additional detail on capital assets.

*Debt*

At December 31, 2020, the City had \$4,171,251 in loans, and capital leases outstanding with \$718,976 due within one year. Table 5 summarizes bond and loans outstanding.

**Table 5 - Outstanding Debt at Year End**

	Governmental	Business-Type	Total 2020	Total 2019
	Activities 2020	Activities 2020		
Capital Leases	\$ -	\$ 372,833	\$ 372,833	\$ 207,749
Loan Payable	70,373	-	70,373	102,970
O.W.D.A. Loans	-	3,728,045	3,728,045	3,406,098
<b>Total</b>	<b>\$ 70,373</b>	<b>\$ 4,100,878</b>	<b>\$ 4,171,251</b>	<b>\$ 3,716,817</b>

The outstanding capital leases consists of leases for a vac truck. The outstanding O.W.D.A. loans consists of loan agreements between the City and the Ohio Water Development Authority for construction of a wastewater treatment facility and rehabilitation of water filtration plant treatment basins. The loans will be paid from resources of the Wastewater Pollution Fund and Water Fund. See Notes 11, 12, and 13 to the basic financial statements for additional detail on the City's debt activity.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED**

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**For the Future**

The City has committed itself to financial excellence for many years. In addition, the City's system of budgeting and internal controls is well regarded. All of the City's financial abilities will be needed to meet the challenges of the future.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact Patrick Smith, City Auditor, 3000 Seneca Industrial Parkway, Bellevue, Ohio 44811-8709 or e-mail at [patrick.smith@cityofbellevue.com](mailto:patrick.smith@cityofbellevue.com).

## **Basic Financial Statements**

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 8,706,615	\$ 9,097,303	\$ 17,803,918
Cash and Cash Equivalents:			
In Segregated Accounts	2,711	-	2,711
With Fiscal Agent	1,265,408	-	1,265,408
Materials and Supplies Inventory	40,733	369,377	410,110
Accounts Receivable	62,988	957,050	1,020,038
Intergovernmental Receivable	396,368	-	396,368
Internal Balances	3,367	(3,367)	-
Municipal Income Taxes Receivable	1,690,887	-	1,690,887
Property Taxes Receivable	933,765	-	933,765
Notes Receivable	9,966	-	9,966
Restricted Assets:			
Deposits	32,684	-	32,684
Nondepreciable Capital Assets	1,187,574	3,665,461	4,853,035
Depreciable Capital Assets	13,825,480	22,791,913	36,617,393
Net Pension Asset	18,591	11,906	30,497
<b>Total Assets</b>	<u>28,177,137</u>	<u>36,889,643</u>	<u>65,066,780</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	1,037,474	233,759	1,271,233
OPEB	596,501	155,071	751,572
<b>Total Deferred Outflows of Resources</b>	<u>1,633,975</u>	<u>388,830</u>	<u>2,022,805</u>
<b>LIABILITIES</b>			
Accounts Payable	184,752	84,662	269,414
Accrued Wages and Benefits	105,006	45,604	150,610
Intergovernmental Payable	59,152	23,596	82,748
Accrued Interest Payable	-	51,247	51,247
Claims Payable	65,263	-	65,263
Long-term Liabilities:			
Due within one year	168,205	777,262	945,467
Due in more than one year:			
Net Pension Liability	4,835,285	1,463,782	6,299,067
Net OPEB Liability	1,902,015	978,696	2,880,711
Other Amounts	312,625	3,537,028	3,849,653
<b>Total Liabilities</b>	<u>7,632,303</u>	<u>6,961,877</u>	<u>14,594,180</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	917,410	-	917,410
Pension	1,387,531	629,531	2,017,062
OPEB	578,497	316,311	894,808
<b>Total Deferred Inflows of Resources</b>	<u>2,883,438</u>	<u>945,842</u>	<u>3,829,280</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	14,942,681	22,356,496	37,299,177
Restricted for:			
Capital Projects	184,899	-	184,899
Debt Service	23,376	-	23,376
Community Development	485,099	-	485,099
Streets and Highways	582,756	-	582,756
Police and Fire	631,442	-	631,442
Recreation	333,995	-	333,995
Other Purposes	348,237	-	348,237
Unrestricted	1,762,886	7,014,258	8,777,144
<b>Total Net Position</b>	<u>\$ 19,295,371</u>	<u>\$ 29,370,754</u>	<u>\$ 48,666,125</u>

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General Government:							
Legislative and Executive	\$ 2,332,438	\$ 69,731	\$ 171,638	\$ -	\$ (2,091,069)	\$ -	\$ (2,091,069)
Judicial	401,740	148,532	-	-	(253,208)	-	(253,208)
Security of Persons and Property	2,723,823	1,699	-	105,000	(2,617,124)	-	(2,617,124)
Public Health and Welfare	58,691	9,525	41,099	-	(8,067)	-	(8,067)
Transportation	1,714,207	2,500	607,533	-	(1,104,174)	-	(1,104,174)
Community Environment	185,858	-	-	-	(185,858)	-	(185,858)
Leisure Time Activities	649,485	187,554	3,025	-	(458,906)	-	(458,906)
Interest and Fiscal Charges	1,824	-	-	-	(1,824)	-	(1,824)
<b>Total Governmental activities</b>	<b>8,068,066</b>	<b>419,541</b>	<b>823,295</b>	<b>105,000</b>	<b>(6,720,230)</b>	<b>-</b>	<b>(6,720,230)</b>
<b>Business-type activities:</b>							
Water	2,708,047	3,293,123	-	194,923	-	779,999	779,999
Wastewater Pollution	1,980,561	3,458,372	-	94,447	-	1,572,258	1,572,258
<b>Total Business-type activities</b>	<b>4,688,608</b>	<b>6,751,495</b>	<b>-</b>	<b>289,370</b>	<b>-</b>	<b>2,352,257</b>	<b>2,352,257</b>
<b>Totals</b>	<b>\$ 12,756,674</b>	<b>\$ 7,171,036</b>	<b>\$ 823,295</b>	<b>\$ 394,370</b>	<b>(6,720,230)</b>	<b>2,352,257</b>	<b>(4,367,973)</b>
<b>General Revenues:</b>							
Property Taxes levied for:							
General Purposes					289,333	-	289,333
Other Purposes					567,113	-	567,113
Municipal Income Taxes levied for:							
General Purposes					5,793,777	-	5,793,777
Grants & Entitlements not restricted to specific programs					363,485	-	363,485
Investment Income					136,025	-	136,025
All Other Revenues					14,218	-	14,218
<b>Total General Revenues</b>					<b>7,163,951</b>	<b>-</b>	<b>7,163,951</b>
Change in Net Position					443,721	2,352,257	2,795,978
Net Position - Beginning of Year, Restated					18,851,650	27,018,497	45,870,147
<b>Net Position - End of Year</b>					<b>\$ 19,295,371</b>	<b>\$ 29,370,754</b>	<b>\$ 48,666,125</b>

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 5,240,031	\$ 3,466,584	\$ 8,706,615
Cash and Cash Equivalents:			
In Segregated Accounts	2,711	-	2,711
Materials and Supplies Inventory	-	40,733	40,733
Accounts Receivable	60,063	2,925	62,988
Intergovernmental Receivable	125,164	271,204	396,368
Restricted Assets:			
Deposits	-	32,684	32,684
Municipal Income Taxes Receivable	1,690,887	-	1,690,887
Property Taxes Receivable	316,479	617,286	933,765
Notes Receivable	-	9,966	9,966
<b>Total Assets</b>	<b>\$ 7,435,335</b>	<b>\$ 4,441,382</b>	<b>\$ 11,876,717</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 98,130	\$ 86,622	\$ 184,752
Accrued Wages and Benefits	87,092	17,914	105,006
Intergovernmental Payable	29,749	29,403	59,152
<i>Total Liabilities</i>	<u>214,971</u>	<u>133,939</u>	<u>348,910</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	310,781	606,629	917,410
Unavailable Revenue - Delinquent Property Taxes	5,698	10,657	16,355
Unavailable Revenue - Municipal Income Taxes	756,091	-	756,091
Unavailable Revenue - Other	136,372	187,968	324,340
<i>Total Deferred Inflows of Resources</i>	<u>1,208,942</u>	<u>805,254</u>	<u>2,014,196</u>
<b>Fund Balances:</b>			
Nonspendable	300	40,733	41,033
Restricted	35,888	2,408,185	2,444,073
Assigned	1,488,341	1,053,271	2,541,612
Unassigned	4,486,893	-	4,486,893
<i>Total Fund Balances</i>	<u>6,011,422</u>	<u>3,502,189</u>	<u>9,513,611</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,435,335</b>	<b>\$ 4,441,382</b>	<b>\$ 11,876,717</b>

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2020**

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**Total Governmental Funds Balance** \$ 9,513,611

*Amounts reported for Governmental Activities in the Statement of Net Position are different because:*

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds 15,013,054

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds:

Municipal income taxes	756,091	
Delinquent property taxes	16,355	
Intergovernmental	272,642	
Charges for services	51,698	
Total		1,096,786

Internal Service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service fund is included in Governmental Activities in the Statement of Net Position. 1,203,512

The net pension liability/asset and net OPEB liability are not due and payable in the current period; therefore, the liability/assets and related deferred inflows/outflows are not reported in governmental funds:

Net Pension Asset	18,591	
Deferred Outflows - Pension	1,037,474	
Deferred Inflows - Pension	(1,387,531)	
Net Pension Liability	(4,835,285)	
Deferred Outflows - OPEB	596,501	
Deferred Inflows - OPEB	(578,497)	
Net OPEB Liability	(1,902,015)	
Total		(7,050,762)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Loan Payable	(70,373)	
Compensated absences	(410,457)	
Total		(480,830)

**Net Position of Governmental Activities** \$ 19,295,371

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Property Taxes	\$ 291,407	\$ 570,536	\$ 861,943
Municipal Income Taxes	5,744,630	-	5,744,630
Intergovernmental	299,932	946,867	1,246,799
Interest	98,470	9,564	108,034
Fees, Licenses, and Permits	61,585	-	61,585
Fines and Forfeitures	133,447	19,284	152,731
Charges for Services	8,434	201,047	209,481
Contributions and Donations	-	3,025	3,025
All Other Revenues	7,860	6,358	14,218
<b>Total Revenues</b>	<b>6,645,765</b>	<b>1,756,681</b>	<b>8,402,446</b>
<b>EXPENDITURES</b>			
General Government:			
Legislative and Executive	1,824,272	166,631	1,990,903
Judicial	328,517	9,037	337,554
Security of Persons and Property	2,050,105	472,257	2,522,362
Public Health and Welfare	-	62,541	62,541
Transportation	-	831,565	831,565
Community Environment	140,910	28,229	169,139
Leisure Time Activities	-	444,462	444,462
Capital Outlay	-	1,182,660	1,182,660
Debt Service:			
Principal Retirement	-	32,597	32,597
Interest and Fiscal Charges	-	1,824	1,824
<b>Total Expenditures</b>	<b>4,343,804</b>	<b>3,231,803</b>	<b>7,575,607</b>
Excess of Revenues (Under) Expenditures	2,301,961	(1,475,122)	826,839
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	1,370,726	1,370,726
Transfers Out	(1,370,726)	-	(1,370,726)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,370,726)</b>	<b>1,370,726</b>	<b>-</b>
Net Change in Fund Balances	931,235	(104,396)	826,839
Fund Balances - Beginning of Year	5,080,187	3,614,276	8,694,463
(Decrease) in Inventory	-	(7,691)	(7,691)
<b>Fund Balances - End of Year</b>	<b>\$ 6,011,422</b>	<b>\$ 3,502,189</b>	<b>\$ 9,513,611</b>

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**Net Change in Fund Balances -Total Governmental Funds** \$ 826,839

*Amounts reported for Governmental Activities in the Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	\$ 1,141,466	
Depreciation	<u>(1,095,429)</u>	
Total		46,037

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (108,201)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Municipal income taxes	49,147	
Delinquent property taxes	(5,497)	
Intergovernmental	41,956	
Charges for services	<u>(4,256)</u>	
Total		81,350

Repayment of loan principal is an expenditure in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 32,597

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension		460,700
OPEB		5,701

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability and net pension asset are reported as pension/OPEB expense in the statement of activities.

Pension		(613,588)
OPEB		(222,344)

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	(79,283)	
Change in inventory	<u>(7,691)</u>	
Total		(86,974)

The Internal Service fund is used by management to charge costs to certain activities, such as insurance to individual funds. The net revenue (expense) of Internal Service funds are reported in the Governmental Activities. 21,604

**Change in Net Position of Governmental Activities** \$ 443,721

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL -  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 288,976	\$ 288,976	\$ 291,407	\$ 2,431
Municipal Income Taxes	5,615,000	5,615,000	5,694,030	79,030
Intergovernmental	293,500	293,500	335,270	41,770
Interest	200,000	200,000	98,470	(101,530)
Fees, Licenses, and Permits	57,700	57,700	61,585	3,885
Fines and Forfeitures	166,200	166,200	142,590	(23,610)
Charges for Services	850	850	8,434	7,584
All Other Revenues	14,250	14,250	13,018	(1,232)
<b>Total Revenues</b>	<u>6,636,476</u>	<u>6,636,476</u>	<u>6,644,804</u>	<u>8,328</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Legislative and Executive	2,178,340	2,188,340	1,755,974	432,366
Judicial	415,679	415,679	326,313	89,366
Security of Persons and Property	2,630,794	2,630,794	2,075,263	555,531
Community Environment	175,800	175,800	141,054	34,746
<b>Total Expenditures</b>	<u>5,400,613</u>	<u>5,410,613</u>	<u>4,298,604</u>	<u>1,112,009</u>
Excess of Revenues Over (Under) Expenditures	1,235,863	1,225,863	2,346,200	1,120,337
<b>Other Financing (Uses)</b>				
Transfers Out	<u>(1,615,000)</u>	<u>(1,795,000)</u>	<u>(1,370,726)</u>	<u>424,274</u>
Net Change in Fund Balance	(379,137)	(569,137)	975,474	1,544,611
Fund Balance - Beginning of Year	4,158,163	4,158,163	4,158,163	-
Prior Year Encumbrances Appropriated	57,028	57,028	57,028	-
<b>Fund Balance - End of Year</b>	<u>\$ 3,836,054</u>	<u>\$ 3,646,054</u>	<u>\$ 5,190,665</u>	<u>\$ 1,544,611</u>

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF FUND NET POSITION -  
PROPRIETARY FUNDS  
DECEMBER 31, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Wastewater Pollution Fund</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,743,630	\$ 7,353,673	\$ 9,097,303	\$ -
Cash and Cash Equivalents:				
With Fiscal Agents	-	-	-	1,265,408
Materials and Supplies Inventory	329,159	40,218	369,377	-
Accounts Receivable	464,179	492,871	957,050	-
<b>Total Current Assets</b>	<b>2,536,968</b>	<b>7,886,762</b>	<b>10,423,730</b>	<b>1,265,408</b>
<b>Noncurrent Assets:</b>				
Capital Assets:				
Land	1,781,297	418,915	2,200,212	-
Construction in Progress	1,438,499	26,750	1,465,249	-
Depreciable Assets, Net of Depreciation	11,311,252	11,480,661	22,791,913	-
Net Pension Asset	6,135	5,771	11,906	-
<b>Total Noncurrent Assets</b>	<b>14,537,183</b>	<b>11,932,097</b>	<b>26,469,280</b>	<b>-</b>
<b>Total Assets</b>	<b>17,074,151</b>	<b>19,818,859</b>	<b>36,893,010</b>	<b>1,265,408</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	121,027	112,732	233,759	-
OPEB	79,907	75,164	155,071	-
<b>Total Deferred Outflows of Resources</b>	<b>200,934</b>	<b>187,896</b>	<b>388,830</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	66,344	18,318	84,662	-
Accrued Wages and Benefits	25,021	20,583	45,604	-
Intergovernmental Payable	13,668	9,928	23,596	-
Accrued Interest Payable	11,263	39,984	51,247	-
Compensated Absences Payable	44,625	47,919	92,544	-
Claims Payable	-	-	-	65,263
OWDA Loans Payable	186,140	416,954	603,094	-
Capital Leases Payable	40,812	40,812	81,624	-
<b>Total Current Liabilities</b>	<b>387,873</b>	<b>594,498</b>	<b>982,371</b>	<b>65,263</b>
<b>Noncurrent Liabilities:</b>				
Compensated Absences Payable	58,727	62,141	120,868	-
OWDA Loans Payable	636,977	2,487,974	3,124,951	-
Capital Leases Payable	145,949	145,260	291,209	-
Net Pension Liability	754,276	709,506	1,463,782	-
Net OPEB Liability	504,315	474,381	978,696	-
<b>Total Noncurrent Liabilities</b>	<b>2,100,244</b>	<b>3,879,262</b>	<b>5,979,506</b>	<b>-</b>
<b>Total Liabilities</b>	<b>2,488,117</b>	<b>4,473,760</b>	<b>6,961,877</b>	<b>65,263</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	444,881	184,650	629,531	-
OPEB	229,480	86,831	316,311	-
<b>Total Deferred Inflows of Resources</b>	<b>674,361</b>	<b>271,481</b>	<b>945,842</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	13,521,170	8,835,326	22,356,496	-
Unrestricted	591,437	6,426,188	7,017,625	1,200,145
<b>Total Net Position</b>	<b>\$ 14,112,607</b>	<b>\$ 15,261,514</b>	<b>\$ 29,374,121</b>	<b>\$ 1,200,145</b>

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

(3,367)  
\$ 29,370,754

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION -  
PROPRIETARY FUNDS  
DECEMBER 31, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Wastewater Pollution Fund</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 3,289,723	\$ 3,456,705	\$ 6,746,428	\$ 963,873
Miscellaneous	-	1,367	1,367	-
<b>Total Operating Revenues</b>	<u>3,289,723</u>	<u>3,458,072</u>	<u>6,747,795</u>	<u>963,873</u>
<b>OPERATING EXPENSES</b>				
Salaries	679,070	787,169	1,466,239	-
Materials and Supplies	857,849	159,152	1,017,001	-
Contractual Services	777,298	482,284	1,259,582	62,554
Depreciation	361,654	460,886	822,540	-
Claims	-	-	-	911,073
<b>Total Operating Expense</b>	<u>2,675,871</u>	<u>1,889,491</u>	<u>4,565,362</u>	<u>973,627</u>
Operating Income (Loss)	<u>613,852</u>	<u>1,568,581</u>	<u>2,182,433</u>	<u>(9,754)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Loss on Sale of Capital Assets	(10,660)	(10,659)	(21,319)	-
Interest	-	-	-	27,991
Interest and Fiscal Charges	(19,684)	(78,876)	(98,560)	-
Tap-In Fees	3,400	300	3,700	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(26,944)</u>	<u>(89,235)</u>	<u>(116,179)</u>	<u>27,991</u>
Capital Contributions from Grants	194,923	94,447	289,370	-
Change in Net Position	781,831	1,573,793	2,355,624	18,237
Net Position - Beginning of Year, Restated	<u>13,330,776</u>	<u>13,687,721</u>		<u>1,181,908</u>
<b>Net Position - End of Year</b>	<u>\$ 14,112,607</u>	<u>\$ 15,261,514</u>		<u>\$ 1,200,145</u>

Some amounts reported for business-type activities in the statement of net position are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

(3,367)  
\$ 2,352,257

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
DECEMBER 31, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Wastewater Pollution Fund</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Charges for Services	\$ 3,270,598	\$ 3,433,591	\$ 6,704,189	\$ 963,873
Cash Payments to Employees for Services	(777,719)	(731,463)	(1,509,182)	-
Cash Payments for Goods and Services	(1,689,275)	(645,068)	(2,334,343)	-
Cash Payments for Claims	-	-	-	(916,869)
Cash Payments for Contract Services	-	-	-	(62,554)
Net Cash Provided by (Used in) Operating Activities	<u>803,604</u>	<u>2,057,060</u>	<u>2,860,664</u>	<u>(15,550)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Tap-In Fees	3,400	300	3,700	-
Net Cash Provided by Noncapital Financing Activities	<u>3,400</u>	<u>300</u>	<u>3,700</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Grants Received	289,370	-	289,370	-
Issuance of Loan	820,932	-	820,932	-
Principal Paid on Debt	(134,981)	(449,443)	(584,424)	-
Interest Paid on Debt	(8,648)	(80,515)	(89,163)	-
Payments for Capital Acquisitions	(1,352,073)	(165,941)	(1,518,014)	-
Net Cash Used in Capital and Related Financing Activities	<u>(385,400)</u>	<u>(695,899)</u>	<u>(1,081,299)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	-	-	-	27,991
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,991</u>
Net Increase in Cash and Cash Equivalents	421,604	1,361,461	1,783,065	12,441
Cash and Cash Equivalents - Beginning of Year, Restated	1,322,026	5,992,212	7,314,238	1,252,967
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 1,743,630</u>	<u>\$ 7,353,673</u>	<u>\$ 9,097,303</u>	<u>\$ 1,265,408</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 613,852	\$ 1,568,581	\$ 2,182,433	\$ (9,754)
Adjustments:				
Depreciation	361,654	460,886	822,540	-
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts Receivable	(29,635)	(24,481)	(54,116)	-
Materials and Supplies Inventory	(13,449)	(317)	(13,766)	-
Net Pension Asset	(1,282)	(2,650)	(3,932)	-
Deferred Outflows of Resources - Pension	401,688	192,410	594,098	-
Deferred Outflows of Resources - OPEB	(19,869)	(38,490)	(58,359)	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts Payable	(18,619)	8,235	(10,384)	-
Accrued Wages and Benefits	2,319	4,902	7,221	-
Intergovernmental Payable	(2,066)	217	(1,849)	-
Claims Payable	(13,512)	(10,954)	(24,466)	(5,796)
Compensated Absences Payable	62	11,503	11,565	-
Net Pension Liability	(843,263)	(317,674)	(1,160,937)	-
Net OPEB Liability	(222,119)	7,301	(214,818)	-
Deferred Inflows of Resources - Pension	386,502	128,854	515,356	-
Deferred Inflows of Resources - OPEB	201,341	68,737	270,078	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 803,604</u>	<u>\$ 2,057,060</u>	<u>\$ 2,860,664</u>	<u>\$ (15,550)</u>
<b>Schedule of Noncash Investing, Capital and Financing Activities:</b>				
Capital lease obligations were incurred when the City entered into a lease for equipment.	\$ 125,262	\$ 125,261	\$ 250,523	\$ -
Net impact of payables on capital outlay	\$ 18,045	\$ 50,127	\$ 68,172	\$ -

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
DECEMBER 31, 2020**

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 112,255	\$ 39,185	\$ 151,440
Cash and Cash Equivalents in Segregated Accounts	-	2,997	2,997
Accounts Receivable	-	902	902
<b>Total Assets</b>	<u>112,255</u>	<u>43,084</u>	<u>155,339</u>
<b>LIABILITIES</b>			
Accounts Payable	-	913	913
<b>Total Liabilities</b>	<u>-</u>	<u>913</u>	<u>913</u>
<b>NET POSITION</b>			
Restricted For:			
Individuals, Organizations, and Other Governments	112,255	42,171	154,426
<b>Total Net Position</b>	<u>\$ 112,255</u>	<u>\$ 42,171</u>	<u>\$ 154,426</u>

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>	<u>Total</u>
<b>ADDITIONS</b>			
Interest, Dividends, and Other	\$ 205	\$ -	\$ 205
Fines and Forfeitures for Other Governments	-	635,036	635,036
Miscellaneous	300	-	300
<b>Total Additions</b>	<u>505</u>	<u>635,036</u>	<u>635,541</u>
<b>DEDUCTIONS</b>			
Fines and Forefeitures Distributions to Other Governments	-	631,420	631,420
<b>Total Deductions</b>	<u>-</u>	<u>631,420</u>	<u>631,420</u>
Net Increase in Fiduciary Net Position	505	3,616	4,121
Net Position - Beginning of Year	111,750	38,555	150,305
<b>Net Position - End of Year</b>	<u>\$ 112,255</u>	<u>\$ 42,171</u>	<u>\$ 154,426</u>

The notes to the basic financial statements are an integral part of this statement

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**NOTE 1: DESCRIPTION OF THE ENTITY AND REPORTING ENTITY**

The City of Bellevue (the City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a council-mayor government. The City provides police protection within its boundaries and fire protection to its citizens and adjacent townships. The City provides basic utilities in the form of water and wastewater treatment. The City constructs and maintains streets and sidewalks within the City. The City also operates and maintains parks.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financials are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) or the City is obligated for the debt of the organization. Components units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt, or the levying of their taxes. The City has no component units.

The City has not included the Bellevue City School District in its financial statements, as the City has no control over the District's operations and the District is an autonomous entity.

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.

The City is associated with one insurance pool that is further described in Note 18 and one jointly governed organization as described in Note 24.

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

**A. Basis of Presentation**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**B. Basis of Presentation** (Continued)

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except the fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

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

**C. Fund Accounting**

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**B. Fund Accounting (Continued)**

Funds are classified into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, and liabilities and deferred inflows of resources is reported as fund balance. The following is the City's major governmental fund:

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

The other governmental funds of the City account for grants and other resources, debt service, and capital projects whose uses are restricted, committed, or assigned to a particular purpose.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds focus on the determination of the changes in net position, financial position, and cash flows, and are classified as either enterprise or internal service.

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

*Water Fund* - This fund accounts for the financial transactions related to water operations of the City.

*Wastewater Pollution Fund* - This fund accounts for the financial transactions related to the water treatment service operations of the City.

Internal Service Fund

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is used to account for the self-insurance program for medical, prescription, dental and vision benefits. Contrary to Ohio law, the City had not established the required fund.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**B. Fund Accounting** (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's fiduciary funds are custodial funds and private-purpose trust funds. The City's private purpose trust funds are for monies set aside for certain cemetery lots and the Community Center. Custodial funds are used to account for the State Highway Patrol Transfer Fund, the Municipal Court Agency Fund, and the DUI/Indigent Drivers Alcohol Fund.

**C. Measurement Focus**

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position.

Fund Financial Statements

All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets, and current liabilities and deferred inflows of resources, and a Statement of Revenues, Expenditures, and Changes in Fund Balances, which reports on the sources (i.e., revenues and others financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**C. Measurement Focus** (Continued)

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the year for which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used of the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**D. Basis of Accounting** (Continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, state levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, grants, fees, rentals, and miscellaneous account revenue.

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 include pension and OPEB reported in the government-wide Statement of Net Position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

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, OPEB and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance year 2021 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds' balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental grants, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amount became available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund. The deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position and are explained in Notes 14 and 15.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**E. Budget**

An annual appropriated budget is legally required to be prepared for all funds of the City other than Custodial funds. Council passes appropriations at the fund, department, and object level. Line item appropriations may be transferred between the accounts with the approval of the City Auditor. Council must approve any revisions in the budget that alter total fund appropriations. The following are the procedures used by the City in establishing the budgetary data reported in the basic financial statements:

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, for the period January 1 to December 31 of the following year. This requirement was waived by the Sandusky County Auditor for calendar year 2020. All City funds are legally required to be budgeted. The purpose of the tax budget is to reflect the need for existing or increased tax rate.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2020.

Annual Budget

The City Auditor submits a temporary budget in November and an annual “permanent” budget to Council in February. The annual budget contains an estimate of the revenues and expenditures of each fund and department of the City for the next fiscal year. As part of the process, Council holds public meetings throughout its review. The annual budget serves as the basis for appropriations (the appropriated budget) in each fund.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, department, and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**E. Budget** (Continued)

The budget figures, which appear in the statement of budgetary comparisons, present the original and final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to constrain that portion of the applicable appropriation and to determine and maintain legal compliance.

Lapsing of Appropriations

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

**F. Equity in Pooled Cash and Cash Equivalents and Investments**

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

During 2020, investments were limited to STAR Ohio, the State Treasurer's investment pool. The City's investment in State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The city measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during year 2020 amounted to \$98,470, which included \$33,866 assigned from other funds of the City.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**F. Equity in Pooled Cash and Cash Equivalents and Investments** (Continued)

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City's treasury.

For purposes of the Statement of Cash Flows and for presentation on the 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.

**G. Inventories**

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used.

Inventories of governmental and proprietary funds are stated at cost. For all funds, cost is determined on a first in, first out basis. Inventory in governmental funds consist of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$7,500. The City's infrastructure consists of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. Improvements are capitalized; and the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful life of the related capital assets.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**H. Capital Assets** (Continued)

Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	15 years	15 years
Buildings and Improvements	40 years	40 years
Furniture, Fixtures, and Equipment	10 years	10 years
Vehicles	5 years	5 years
Infrastructure	80 years	80 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Presently, there are no interfund receivables or payables.

**J. Compensated Absences**

Compensated absences of the City consist of vacation leave, holiday, personal, compensatory, and sick leave to the extent that payment to the employee for these absences are attributed to services already rendered and are not contingent on a specific event that is outside the control of the City.

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to payment are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement.

Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The City records a liability for all accumulated unused vacation time when earned for all employees. The entire compensated absence liability is reported on the government-wide financial statements.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

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

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.

However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund statements only to the extent they will be paid with current, expendable, available resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

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

**M. Fund Balance**

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

***Non-spendable:*** The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**M. Fund Balance** (Continued)

***Restricted:*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

***Committed:*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purpose with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned:*** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

***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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**N. Net Position**

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are water and wastewater treatment charges for services and charges to other funds for insurance. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

**P. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Q. Interfund Activity**

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

**R. Estimates**

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

**NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION**

**A. Changes in Accounting Principles**

During the year, the City implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). These changes were incorporated in the City's 2020 financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the City's 2020 financial statements; however, there was no effect on the beginning net position/fund balance.

**B. Restatement of Net Position**

The City determined an Internal Service Fund was needed to properly account for self-insurance activity in accordance with Ohio Revised Code Section 9.833. The restatement had the following effects on Net Position:

	Governmental Activities	Internal Service Fund
Net Position December 31, 2019	\$ 17,669,742	\$ -
Adjustment:		
Addition of Internal Service Fund	1,181,908	1,181,908
Restated Net Position December 31, 2019	<u>\$ 18,851,650</u>	<u>\$ 1,181,908</u>

The Cash and Cash Equivalents, Beginning of year for the Internal Service Fund on the Statement of Cash Flows was restated to \$1,252,967.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 4: BUDGET BASIS OF ACCOUNTING**

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

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Encumbrances are treated as expenditures (budget basis) rather than as a part of restricted, committed, or assigned fund balances (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

<b>Net Change in Fund Balance</b>	
	General
GAAP Basis	\$ 931,235
Increase (Decrease) Due to:	
Revenue Accruals	(961)
Expenditure Accruals	94,241
Outstanding Encumbrances	(49,041)
Budgetary Basis	\$ 975,474

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 5: DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United State Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 5: DEPOSITS AND INVESTMENTS** (Continued)

6. The State Treasurer's investment pool (STAR Ohio);
7. Securities lending agreements in which the City lends securities and the eligible institution agrees to exchange either securities described in division (A) or (B) or cash or both securities and cash, equal value for equal value;
8. High grade commercial paper in an amount not to exceed five percent of the City's total average portfolio;
9. Bankers' acceptances and commercial paper notes in an amount not to exceed two hundred and seventy days and in an amount not to exceed ten percent of the City's total average portfolio; and
10. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies.

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, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

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 the delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Cash On Hand**

At year-end, \$1,055 was on hand throughout the City in the form of drawer change and petty cash.

**Cash with Fiscal Agent**

The City utilizes a self-insurance third party administrator to review and pay claims. Money held by the administrator is presented as "cash with fiscal agent." The amount held by the fiscal agent at December 31, 2020 was \$1,265,408.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 5: DEPOSITS AND INVESTMENTS** (Continued)

**Deposits**

At December 31, 2020, the carrying amount of the City’s deposits was \$4,332,671 (including \$5,708 in cash in segregated accounts of the court and payroll). Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2020, \$252,140 of the City’s bank balance of \$4,769,701 was covered by Federal Depository Insurance and \$4,517,561 was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the City’s name.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover the deposits. Although all statutory requirements for the deposit of money have been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

1. Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For Custodial Credit risk that “Contrary to Ohio law, the City’s depository maintained a collateral pool outside of the OPCS until December, 2020.”

**Investments**

Statutes authorize the City to invest in obligations of U.S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, and repurchase agreements. STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. 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 following table identify the City’s recurring fair value measurement as of December 31, 2020. As previously discussed, Star Ohio is reported at its net asset value.

<u>Investment Type</u>	<u>Investment Maturity (In Years)</u>	<u>Credit Rating</u>	<u>Net Asset Value</u>
STAR Ohio	< 3 months	AAAm	<u>\$13,627,340</u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 5: DEPOSITS AND INVESTMENTS** (Continued)

*Credit Risk:* Standard and Poor's has assigned STAR Ohio an AAAM rating. The City does not have a formal policy limiting credit risk.

*Concentration of Credit Risk:* Credit risk also can arise in the wake of a failure to adequately diversify investments. The City places no limit on the amount that may be invested in any one issuer.

	<u>Reconciliation to the Statement of Net Position</u>
City's Deposits	\$4,332,671
Petty Cash and Drawer Change	1,055
Cash with Fiscal Agent	1,265,408
Investments	<u>13,627,340</u>
<b>Total</b>	<b><u><u>\$19,226,474</u></u></b>
Per Statement of Net Position	
Government-wide Statement of Net Position:	
Equity in Pooled Cash and Cash Equivalents	\$17,803,918
Cash and Cash Equivalents in Segregated Accounts	2,711
Cash and Cash Equivalents with Fiscal Agent	1,265,408
Statement of Fiduciary Net Position:	
Equity in Pooled Cash and Cash Equivalents	151,440
Cash and Cash Equivalents in Segregated Accounts	<u>2,997</u>
<b>Total</b>	<b><u><u>\$19,226,474</u></u></b>

**NOTE 6: RECEIVABLES**

Receivables at December 31, 2020, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements, shared revenues, accounts, and notes receivable. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

**Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2020 for real and public utility property taxes represents collections of the 2019 taxes.

2020 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2020, the lien date. State law at 35 percent of appraised market value establishes assessed values. 2020 real property taxes are collected in and intended to finance 2021.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 6: RECEIVABLES** (Continued)

**Property Taxes** (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2020, was \$6.60 per \$1,000 of assessed value. The 2019 assessed values of real estate and public utility property upon which the 2020 property tax receipts were based on are as follows:

	Sandusky County	Huron County	Erie County
Real Estate:			
Residential/Agricultural	\$56,963,930	\$37,569,340	\$197,330
Commercial/Industrial	24,425,050	17,212,810	0
Total Real Estate	<u>81,388,980</u>	<u>54,782,150</u>	<u>197,330</u>
Public Utility:			
Real	15,760	17,046,290	0
Personal	2,573,620	4,483,810	0
Total Public Utility	<u>2,589,380</u>	<u>21,530,100</u>	<u>0</u>
<b>Total Assessed Valuation</b>	<u><u>\$83,978,360</u></u>	<u><u>\$76,312,250</u></u>	<u><u>\$197,330</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the 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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Bellevue. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real property, tangible personal property, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor were they levied to finance 2020 operations.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 6: RECEIVABLES** (Continued)

**Income Taxes**

Early in 2018, voters approved an increase in the income tax rate from 1.5 percent to 2.0 percent effective July 1, 2018. The City levies income tax on substantially all income earned within the City. In addition, City residents employed in municipalities having a lower income tax rate must pay the difference to the City. Additional increases in the income tax rate require voter approval. The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 3 percent.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

The income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service, and other governmental functions when needed, as determined by Council.

**Intergovernmental Receivable**

A summary of intergovernmental receivable follows:

<b><u>Governmental Activities</u></b>	<b><u>Amounts</u></b>
Local Government and Local Government Revenue Assistance	\$ 109,635
Homestead and Rollback	42,133
Gasoline Tax	213,190
Motor Vehicle License Fees	28,374
Permissive Motor Vehicle License Tax	3,036
<b>Total</b>	<b><u><u>\$ 396,368</u></u></b>

**NOTE 7: REVOLVING LOAN PROGRAM**

The revolving loan program offers incentives in the form of low-interest revolving loans, deferred loan payments, and interest and tax abatements which are offered to attract prospective firms. The City loans money for the purchase or improvement of industrial sites. The following notes receivable are secured by mortgages on the property and equipment purchased with loan monies. Balances outstanding at December 31, 2020 were as follows:

	Rate	Beginning Balance	Issuance	Paid	Ending Balance
		2019			2020
Selbro, Inc.	3%	\$ 21,543	\$ -	\$ 11,577	\$ 9,966
A La Chic	3%	11,460	-	11,460	-
		<u>\$ 33,003</u>	<u>\$ -</u>	<u>\$ 23,037</u>	<u>\$ 9,966</u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 8: RISK MANAGEMENT**

The City has elected to provide employee medical, prescription, dental and vision benefits through a self-insurance program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risk loss in this program. The Jefferson Health Plan is the consortium that administers the provision of medical, dental, vision, hospitalization, and prescription drug benefits for all claims incurred during membership in the Jefferson Health Plan. A third-party administrator chosen by the City then provides administrative services to the Jefferson Health Plan in connection with the processing and payment of claims. The City of Bellevue is responsible for the first \$35,000 in claims, the Jefferson Health Plan is responsible for claims from \$50,000 to \$1,500,000 and claims over \$1,500,000 are covered with stop-loss coverage with a carrier chosen by the consortium. Fixed premiums for the calendar year are determined by the Jefferson Health Plan and paid to the third-party administrator.

As of June 30, 2020 (most recent information available), the claims liability of \$65,263 reported in the internal service fund is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

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

	<u>Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>End of Year</u>
2019	\$ 114,510	\$ 744,732	\$ (788,183)	\$ 71,059
2020	71,059	911,073	(916,869)	65,263

The City is exposed to various risks of loss related to torts; theft, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2020, the City contracted with USI Insurance Services, LLC. for property, fleet, crime, and liability insurance which are insured through Zurich Insurance Group. Coverage provided is as follows:

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 8: RISK MANAGEMENT** (Continued)

Building and Contents-		
Replacement Cost	\$2,500 Deductible, 90% Co-Insured	\$ 51,813,833
Commercial General Liability:	Aggregate	3,000,000
	Per Occurrence Limit	1,000,000
Public Officials Liability:	Aggregate	2,000,000
	Each Claim	1,000,000
Employment Practices:	Aggregate	2,000,000
	Each Claim	1,000,000
Law Enforcement	Aggregate	2,000,000
	Each Claim (\$5,000 Deductible)	1,000,000
Automobile:		
Comprehensive	\$500 Deductible	1,000,000
Collision	\$500 Deductible	1,000,000
Inland Marine	\$500 Deductible	2,164,926
Public Employee Dishonesty	\$500 Deductible/Per Loss	50,000
Forgery or Alteration	\$250 Deductible/Per Loss	5,000
Theft, Disappearance, and Destruction	\$250 Deductible, Inside and Outside	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from last year.

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**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 9: CAPITAL ASSETS**

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

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<b><u>Governmental Activities</u></b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 1,228,768	\$ -	\$ (41,194)	\$ 1,187,574
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,228,768</u>	<u>-</u>	<u>(41,194)</u>	<u>1,187,574</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	251,862	-	-	251,862
Buildings and Improvements	6,947,293	-	-	6,947,293
Furniture, Fixtures, and Equipment	2,543,551	52,663	-	2,596,214
Vehicles	2,871,925	660,784	-	3,532,709
Infrastructure:				
Street Base	3,979,369	-	-	3,979,369
Street Surface	8,808,467	469,213	(504,129)	8,773,551
Street Storm Sewers	1,369,362	-	-	1,369,362
Street Lighting	2,667,190	-	-	2,667,190
Culverts	63,266	-	-	63,266
Sidewalks	1,207,563	-	-	1,207,563
<i>Total Capital Assets Being Depreciated</i>	<u>30,709,848</u>	<u>1,182,660</u>	<u>(504,129)</u>	<u>31,388,379</u>
<i>Total Capital Assets at Cost</i>	<u>31,938,616</u>	<u>1,182,660</u>	<u>(545,323)</u>	<u>32,575,953</u>
Less: Accumulated Depreciation:				
Land Improvements	(113,624)	(10,484)	-	(124,108)
Buildings and Improvements	(4,455,639)	(157,435)	-	(4,613,074)
Furniture, Fixtures, and Equipment	(1,120,616)	(206,396)	-	(1,327,012)
Vehicles	(2,597,192)	(126,635)	-	(2,723,827)
Infrastructure:				
Street Base	(1,803,732)	(49,742)	-	(1,853,474)
Street Surface	(4,220,283)	(353,217)	395,928	(4,177,572)
Street Storm Sewers	(570,382)	(17,117)	-	(587,499)
Street Lighting	(1,918,784)	(133,360)	-	(2,052,144)
Culverts	(2,768)	(791)	-	(3,559)
Sidewalks	(60,378)	(40,252)	-	(100,630)
<i>Total Accumulated Depreciation</i>	<u>(16,863,398)</u>	<u>(1,095,429)*</u>	<u>395,928</u>	<u>(17,562,899)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>13,846,450</u>	<u>87,231</u>	<u>(108,201)</u>	<u>13,825,480</u>
Total Governmental Activities				
Capital Asset, Net	<u>\$ 15,075,218</u>	<u>\$ 87,231</u>	<u>\$ (149,395)</u>	<u>\$ 15,013,054</u>

\*Depreciation expense was charged to governmental functions as follows:

General Government - Legislative	\$ 165,537
General Government - Judicial	791
Security of Persons and Property	140,476
Public Health and Welfare	1,150
Transportation	629,404
Leisure Time Activities	158,071
Total Depreciation Expense	<u>\$ 1,095,429</u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 9: CAPITAL ASSETS (Continued)**

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<b>Business-Type Activities - Water Fund:</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 1,781,297	\$ -	\$ -	\$ 1,781,297
Construction in Progress	268,706	1,169,793	-	1,438,499
<i>Total Capital Assets Not Being Depreciated</i>	<u>2,050,003</u>	<u>1,169,793</u>	<u>-</u>	<u>3,219,796</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	20,297	-	-	20,297
Buildings and Improvements	8,690,728	-	-	8,690,728
Furniture, Fixtures, and Equipment	827,033	57,642	-	884,675
Vehicles	543,985	231,855	(213,186)	562,654
Infrastructure	11,437,291	-	-	11,437,291
<i>Total Capital Assets Being Depreciated</i>	<u>21,519,334</u>	<u>289,497</u>	<u>(213,186)</u>	<u>21,595,645</u>
<i>Total Capital Assets at Cost</i>	<u>23,569,337</u>	<u>1,459,290</u>	<u>(213,186)</u>	<u>24,815,441</u>
Less: Accumulated Depreciation:				
Land Improvements	(10,148)	(1,353)	-	(11,501)
Buildings and Improvements	(5,790,962)	(126,400)	-	(5,917,362)
Furniture, Fixtures, and Equipment	(379,704)	(64,607)	-	(444,311)
Vehicles	(419,610)	(38,720)	202,526	(255,804)
Infrastructure	(3,524,841)	(130,574)	-	(3,655,415)
<i>Total Accumulated Depreciation</i>	<u>(10,125,265)</u>	<u>(361,654)</u>	<u>202,526</u>	<u>(10,284,393)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>11,394,069</u>	<u>(72,157)</u>	<u>(10,660)</u>	<u>11,311,252</u>
Total Business-Type Activities				
Capital Assets - Water Fund, Net	<u>\$ 13,444,072</u>	<u>\$ 1,097,636</u>	<u>\$ (10,660)</u>	<u>\$ 14,531,048</u>
<b>Business-Type Activities - Wastewater Pollution Fund:</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 418,915	\$ -	\$ -	\$ 418,915
Construction in Progress	26,750	-	-	26,750
<i>Total Capital Assets Not Being Depreciated</i>	<u>445,665</u>	<u>-</u>	<u>-</u>	<u>445,665</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	575,850	-	-	575,850
Buildings and Improvements	8,172,198	-	-	8,172,198
Furniture, Fixtures, and Equipment	2,139,795	9,221	-	2,149,016
Vehicles	452,473	231,854	(213,185)	471,142
Infrastructure	8,978,586	-	-	8,978,586
<i>Total Capital Assets Being Depreciated</i>	<u>20,318,902</u>	<u>241,075</u>	<u>(213,185)</u>	<u>20,346,792</u>
<i>Total Capital Assets at Cost</i>	<u>20,764,567</u>	<u>241,075</u>	<u>(213,185)</u>	<u>20,792,457</u>
Less: Accumulated Depreciation:				
Land Improvements	(186,929)	(15,767)	-	(202,696)
Buildings and Improvements	(3,131,833)	(197,674)	-	(3,329,507)
Furniture, Fixtures, and Equipment	(1,466,472)	(103,663)	-	(1,570,135)
Vehicles	(337,727)	(31,524)	202,526	(166,725)
Infrastructure	(3,484,810)	(112,258)	-	(3,597,068)
<i>Total Accumulated Depreciation</i>	<u>(8,607,771)</u>	<u>(460,886)</u>	<u>202,526</u>	<u>(8,866,131)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>11,711,131</u>	<u>(219,811)</u>	<u>(10,659)</u>	<u>11,480,661</u>
Total Business-Type Activities				
Capital Assets - Wastewater Pollution, Net	<u>\$ 12,156,796</u>	<u>\$ (219,811)</u>	<u>\$ (10,659)</u>	<u>\$ 11,926,326</u>
Business-type Activities Capital Assets, Net	<u>\$ 25,600,868</u>	<u>\$ 877,825</u>	<u>\$ (21,319)</u>	<u>\$ 26,457,374</u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 10: COMPENSATED ABSENCES**

The City accrues unpaid vacation as it is earned and certain portions of sick leave pay as payment becomes probable. Sick leave accumulates at various rates as defined by City policy and union contracts. Up to three times a year, employees may choose to convert sick leave to cash to be paid at various rates of pay and various percentages of current pay, subject to City policy and union contracts, provided the total accrued and unused sick leave hours does not fall below a certain minimum hour specified in the union contract. Employees who have one year of service, are entitled to receive pay for all accrued but unused sick leave upon resignation or retirement paid at various rates of pay and various percentages of current pay, subject to City policy and union contracts. At December 31, 2020, a liability has been recognized in the accompanying financial statements for sick leave for employees in the amount \$397,378.

A liability for accrued compensatory time, holiday, personal leave, and vacation for \$226,491 has been recognized. City employees earn vacation at varying rates depending on the length of service as defined by City policy and union contracts. Vacation leave may be accumulated up to a maximum of three times the employee's annual vacation allowance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation.

**NOTE 11: LONG-TERM LIABILITIES**

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Due Within One Year
<b>Governmental Activities:</b>					
Loan Payable	\$ 102,970	\$ -	\$ 32,597	\$ 70,373	\$ 34,258
Net Pension Liability					
OPERS	2,672,389	-	386,819	2,285,570	-
OP&F	3,656,537	-	1,106,822	2,549,715	-
Total Net Pension Liability	6,328,926	-	1,493,641	4,835,285	-
Net OPEB Liability					
OPERS	1,215,190	312,962	-	1,528,152	-
OP&F	407,935	-	34,072	373,863	-
Total Net OPEB Liability	1,623,125	312,962	34,072	1,902,015	-
Compensated Absences	331,174	175,053	95,770	410,457	133,947
<b>Total Government Activities</b>	<b>\$ 8,386,195</b>	<b>\$ 488,015</b>	<b>\$ 1,656,080</b>	<b>\$ 7,218,130</b>	<b>\$ 168,205</b>

continued

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 11: LONG-TERM LIABILITIES** (Continued)

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Due Within One Year
<b>Business-Type Activities:</b>					
Direct Borrowings - O.W.D.A Loans:					
\$7,627,918 WWTP Improvement	\$ 3,311,651	\$ -	\$ 406,723	\$ 2,904,928	\$ 416,954
\$959,814 WWTP Basins Rehab	94,447	820,932	92,262	823,117	186,140
<i>Total O.W.D.A Loans</i>	<u>3,406,098</u>	<u>820,932</u>	<u>498,985</u>	<u>3,728,045</u>	<u>603,094</u>
Capital Leases	207,749	250,523	85,439	372,833	81,624
Net Pension Liability - OPERS	2,624,719	-	1,160,937	1,463,782	-
Net OPEB Liability - OPERS	1,193,514	-	214,818	978,696	-
Compensated Absences	201,847	89,919	78,354	213,412	92,544
<b>Total Business-Type Activities</b>	<u>\$ 7,633,927</u>	<u>\$ 1,161,374</u>	<u>\$ 2,038,533</u>	<u>\$ 6,756,768</u>	<u>\$ 777,262</u>

In 2014, The City entered into a loan agreement between the City and the Ohio Water Development Authority for construction of a wastewater treatment facility. This loan will be paid from resources of the Wastewater Pollution Fund.

In 2019, The City entered into a loan agreement between the City and the Ohio Water Development Authority for the rehabilitation of the water filtration plant treatment basins. The project is still outstanding as of December 31, 2020 and the final amortization schedule is not complete.

The City's direct borrowings from OWDA contain a provision that in an event of default the amount of such default shall bear interest at the default rate from the due date until the date of payment. In addition to the in interest, a late charge of one percent on the amount of cash default shall also be paid to OWDA by the City from the pledged revenues for failure to make the payment.

During 2018, the City received \$1,225,000 in donated assets from Bellevue Recreation Club and then entered into a loan agreement in the amount of \$156,735 with Bellevue Recreation Club to make the remaining loan payments on the collateralized and donated assets. This loan will be repaid from the Park and Recreation Fund.

Compensated absences will be paid from the following funds; the General Fund, Street Construction, and Park and Recreation special revenue funds and the Water and Wastewater Pollution funds. There is no repayment schedule for the net pension and net OPEB liability. However, employer pension contributions are made from the following funds; the General Fund, Street Construction, Cemetery, Park and Recreation, the Police Pension, Fire Pension, and Firefighter Grant Special Revenue Funds, and the Water and Wastewater Pollution Funds. See notes 14 and 15 for further information regarding net pension and net OPEB liability and note 12 for further information regarding the capital lease.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 11: LONG TERM LIABILITIES** (Continued)

The annual requirements to amortize all debts outstanding as of December 31, 2020 are as follows:

Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Loan Payable</u>		<u>OWDA Loans</u>	
	Principal	Interest	Principal	Interest
2021	\$ 34,258	\$ 1,803	\$ 416,954	\$ 70,033
2022	35,341	659	427,443	59,544
2023	774	2	438,196	48,792
2024	-	-	449,220	37,768
2025	-	-	460,520	26,467
2026-2027	-	-	712,595	17,889
Totals	<u>\$ 70,373</u>	<u>\$ 2,464</u>	<u>\$ 2,904,928</u>	<u>\$ 260,493</u>

At the end of the year, the City had one outstanding project provided through OWDA loan funding that is not complete and the final amortization schedule is not provided as of year-end.

**NOTE 12: CAPITAL LEASE**

The City entered into lease agreements as lessee for financing the acquisition of a Vactor Truck as collateral. The lease agreement qualified as a capital lease for accounting purposes (title transferable at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The cost of this capital lease is included in the business-type activities. In the event of a default, one or more of the following events may occur: (a) the lessee may declare an amount equal to all amounts due (b) the lessee to request the lessor to return the equipment (c) sell, lease or otherwise dispose of any equipment under the lease (d) demand payment of all out-of-pocket expenses and (e) exercise any other related repossession, safekeeping, storing, repair, reconditioning, or disposition of any equipment. The original costs of the asset acquired under capital lease and included in the governmental activities were \$426,371 in 2015 and \$250,523 in 2020. The following is a schedule of the future minimum lease payments for capital leases and the present value of net minimum lease payments as of December 31, 2020:

<u>Year</u>	<u>Payments</u>
2021	\$ 85,439
2022	85,267
2023	76,294
2024	74,539
2025	72,887
Total Minimum Lease Payments	394,426
Less: Amount Representing Interest	(21,593)
Present Value of Minimum Lease Payments	<u>\$ 372,833</u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 13: CONDUIT DEBT**

To provide for the acquisition, construction, and equipping of a replacement acute care hospital in the City and other hospital facilities, the City issued Hospital Revenue Bonds dated August 26, 2004. These bonds are special limited obligations of the City, payable solely from the revenues, as defined in the Bond Indenture, and other amounts derived from its ownership, leasing, sale, or subleasing of the existing facilities. The bonds do not constitute a debt or pledge of the faith and credit of the City or the State, and accordingly have not been reported in the accompanying financial statements. In February 2012, the City refunded the old issue of \$8,474,000 for refunding bonds of \$8,310,000 for the purpose of reducing the interest that would be paid from 9 percent to 5.75 percent. As of December 31, 2020, Hospital Facilities Revenue Bonds outstanding aggregated \$7,650,000.

**NOTE 14: DEFINED BENEFIT PENSION PLANS**

**Net Pension Liability and Net Pension (Asset)**

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

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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’ Comprehensive Annual Financial Report referenced above for additional information):

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

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

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

\* Member contributions within combined plan are not used to fund the defined benefit retirement allowance

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

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2020 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2019. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contributions was \$391,105 for 2020. Of this amount, \$37,410 is reported as an intergovernmental payable.

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

City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

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 may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving 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 and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the members' base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

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

	Police	Firefighters
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2020 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$222,286 for 2020. Of this amount, \$26,240 is reported as an intergovernmental payable.

**Pension Liabilities, Pension (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Proportion of the Net Pension Liability/Asset					
Prior Measurement Date	0.019341%	0.014392%	0.0297260%	0.0150700%	
Proportion of the Net Pension Liability/Asset					
Current Measurement Date	0.018969%	0.014625%	0.0259568%	0.0118922%	
Change in Proportionate Share	-0.000372%	0.000233%	-0.0037692%	-0.0031778%	
Proportionate Share of the Net Pension					
Liability/(Asset)	\$ 3,749,352	\$ (30,497)	\$ 1,748,591	\$ 801,124	\$ 6,268,570
Pension Expense	\$ 508,623	\$ 3,496	\$ 141,974	\$ 56,761	\$ 710,854

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

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

	OPERS	OP&F Police	OP&F Fire	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$ -	\$ 66,192	\$ 30,324	\$ 96,516
Changes of assumptions	203,405	42,923	19,664	265,992
Changes in proportion and differences between City contributions and proportionate share of contributions	239,823	29,302	26,209	295,334
City contributions subsequent to the measurement date	391,105	153,737	68,549	613,391
Total Deferred Outflows of Resources	<u>\$ 834,333</u>	<u>\$ 292,154</u>	<u>\$ 144,746</u>	<u>\$ 1,271,233</u>
<b>Deferred Inflows of Resources</b>				
Net difference between projected and actual earnings on pension plan investments	\$ 751,866	\$ 84,471	\$ 38,702	\$ 875,039
Differences between expected and actual experience	54,570	90,184	41,316	186,070
Changes in proportion and differences between City contributions and proportionate share of contributions	344,399	393,362	218,192	955,953
Total Deferred Inflows of Resources	<u>\$ 1,150,835</u>	<u>\$ 568,017</u>	<u>\$ 298,210</u>	<u>\$ 2,017,062</u>

\$613,391 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021.

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	OP&F Police	OP&F Fire	Total
Year Ending December 31:					
2021	(\$174,335)	(\$1,941)	(\$99,854)	(\$54,034)	(\$330,164)
2022	(259,211)	(1,866)	(108,990)	(51,665)	(\$421,732)
2023	30,970	(762)	(62,829)	(24,425)	(\$57,046)
2024	(296,970)	(2,213)	(132,617)	(73,546)	(\$505,346)
2025	-	(414)	(25,310)	(18,343)	(44,067)
Thereafter	-	(865)	-	-	(865)
Total	<u>(\$699,546)</u>	<u>(\$8,061)</u>	<u>(\$429,600)</u>	<u>(\$222,013)</u>	<u>(\$1,359,220)</u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

**Actuarial Assumptions - OPERS**

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

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

***Discount Rate*** The discount rate used to measure the total pension liability was 7.2 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability(Asset) to Changes in the Discount Rate*** The following table presents the City's proportionate share of the net pension liability(asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

<u>City's proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Traditional Pension Plan	\$ 6,183,894	\$ 3,749,352	\$ 1,560,769
Combined Plan	\$ (18,428)	\$ (30,497)	\$ (39,195)

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

**Changes Between Measurement Date and Report Date**

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

**Actuarial Assumptions – OP&F**

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

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

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple, 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

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. Mortality rates for active members were based on the RP2014 Total employee and Healthy Annuitant Mortality Tables rolled back to 2006, 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 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 expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 year Expected Real Rate of Return **</u>	<u>30 year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	0.00 %	0.10 %	1.00 %
Domestic Equity	16.00	3.90	5.40
International Equity	16.00	4.70	5.80
Core Fixed Income *	23.00	1.10	2.70
U.S. Inflation Linked Bonds *	17.00	0.40	2.50
High Yield Fixed Income	7.00	2.50	4.70
Private Real Estate	12.00	5.40	6.40
Private Markets	8.00	6.10	8.00
Midstream Energy Infrastructure	8.00	5.80	6.60
Private Credit	5.00	4.80	5.50
Real Assets	8.00	6.90	7.40
 Total	 <u>120.00 %</u>		

Note: Assumptions are geometric

\* levered 2x

\*\* numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 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 earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 14: DEFINED BENEFIT PENSION PLANS** (Continued)

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 3,533,816	\$ 2,549,715	\$ 1,726,612

***Changes Between Measurement Date and Report Date***

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of OP&F, including the fair value of OP&F's investment portfolio. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods cannot be determined with half of the fiscal year remaining. In addition, the impact on the OP&F's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 15: DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability**

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

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$323 for 2020.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) that provides various levels of health care to retired, disabled and beneficiaries, as well as their dependents. On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

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.

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

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 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.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

The City's contractually required contribution to OP&F was \$5,504 for 2020. Of this amount, \$656 is reported as an intergovernmental payable.

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

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

The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.018475%	0.0447959%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.018149%</u>	<u>0.0378491%</u>	
Change in Proportionate Share	<u>-0.000326%</u>	<u>-0.0069468%</u>	
Proportionate Share of the Net OPEB			
Liability	\$ 2,506,848	\$ 373,863	\$ 2,880,711
OPEB Expense	\$ 220,395	\$ (1,024)	\$ 219,371

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 67	\$ -	\$ 67
Changes of assumptions	396,809	218,574	615,383
Changes in proportion and differences between City contributions and proportionate share of contributions	130,295	-	130,295
City contributions subsequent to the measurement date	<u>323</u>	<u>5,504</u>	<u>5,827</u>
Total Deferred Outflows of Resources	<u>\$ 527,494</u>	<u>\$ 224,078</u>	<u>\$ 751,572</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 229,263	\$ 40,206	\$ 269,469
Changes of assumptions	-	79,676	79,676
Net difference between projected and actual earnings on OPEB plan investments	127,649	17,205	144,854
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>196,691</u>	<u>204,118</u>	<u>400,809</u>
Total Deferred Inflows of Resources	<u>\$ 553,603</u>	<u>\$ 341,205</u>	<u>\$ 894,808</u>

\$5,827 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2021	\$ 10,163	\$ (24,535)	\$ (14,372)
2022	17,851	(24,535)	(6,684)
2023	101	(21,008)	(20,907)
2024	(54,547)	(26,571)	(81,118)
2025	-	(22,929)	(22,929)
Thereafter	<u>-</u>	<u>(3,053)</u>	<u>(3,053)</u>
Total	<u>\$ (26,432)</u>	<u>\$ (122,631)</u>	<u>\$ (149,063)</u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

**Actuarial Assumptions - OPERS**

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

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.75 percent
Health Care Cost Trend Rate	10.5 percent, initial 3.25 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

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

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the net OPEB liability	\$ 3,280,613	\$ 2,506,848	\$ 1,887,315

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

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

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$2,432,873	\$2,506,848	\$2,579,880

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

**Actuarial Assumptions – OP&F**

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.56 percent
Prior measurement date	4.66 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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.

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

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

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 year Expected Real Rate of Return **</u>	<u>30 year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	0.00 %	0.10 %	1.00 %
Domestic Equity	16.00	3.90	5.40
Non-US Equity	16.00	4.70	5.80
Core Fixed Income *	23.00	1.10	2.70
U.S. Inflation Linked Bonds *	17.00	0.40	2.50
High Yield Fixed Income	7.00	2.50	4.70
Real Estate	12.00	6.90	7.40
Private Markets	8.00	6.10	8.00
Master Limited Partnerships	8.00	5.80	6.60
Private Credit	5.00	4.80	5.50
Real Assets	8.00	6.90	7.40
Total	<u>120.00 %</u>		

Note: Assumptions are geometric

\* levered 2x

\*\* numbers are net of expected inflation

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 15: DEFINED BENEFIT OPEB PLANS** (Continued)

**Discount Rate** 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 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City's proportionate share of the net OPEB liability	\$ 463,566	\$ 373,863	\$ 299,326

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Net OPEB liability is sensitive to changes in the health care cost trend rate because it 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.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 16: COMMITMENTS**

The City’s encumbrance policy is for fiscal year end individual encumbrances exceeding \$100 to be considered significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund, or as Restricted or Committed Fund Balance in the non-general funds.

Significant encumbrances as of December 31, 20 were:

<b>Fund</b>	<b>Oustanding Encumbrances</b>
Major Governmental Funds:	
General	\$ 26,370
Non-major Governmental Funds	106,980
	<b>\$ 133,350</b>

**NOTE 17: CONTINGENT LIABILITIES**

**A. Federal and State Grants**

The City participates in several federally and state assisted programs. These programs are subject to financial and compliance audits by grantor agencies or their representative. 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.

**B. Litigation**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Law Director, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**NOTE 18: INSURANCE POOL**

**Ohio Rural Water Association Workers’ Compensation Group Rating Plan**

The City participates in a group-rating plan for workers’ compensation as established under §4123.29 of the Ohio Revised Code. The Ohio Rural Water Association Workers’ Compensation Group Rating Plan was established through the Ohio Rural Water Association (ORWA) as an insurance purchasing pool.

Sedgwick Claims Management Services, Inc. serves as the Third Party Administrator for the Plan. Each year, the participating members pay an enrollment fee to Sedgwick Claims Management to cover the costs of administering the program, as well as a fee to be a member of ORWA. Employee health benefits are provided through the Ohio Bureau of Workers’ Compensation and medical management is provided by Sedgwick Managed Care Ohio.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 19: FUND BALANCES**

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

Fund Balances	General	Other Governmental Funds	Total
<i>Nonspendable</i>			
Inventories	\$ -	\$ 40,733	\$ 40,733
Unclaimed Monies	300	-	300
<i>Total Nonspendable</i>	<u>300</u>	<u>40,733</u>	<u>41,033</u>
<i>Restricted for</i>			
Parks and Recreation	-	329,036	329,036
Police Pension	-	88,820	88,820
Fire Pension	-	44,470	44,470
Firefighter Grant	-	26	26
Law Enforcement	-	45,175	45,175
Street Construction	-	285,317	285,317
State Highway Improvements	-	68,578	68,578
Motor Vehicle License	-	105,841	105,841
Cemetery	-	22,280	22,280
EMS Contract	-	475,195	475,195
Clerk of Court Computer	-	66,625	66,625
Railroad Crossing Improvement	-	54,745	54,745
Revolving Loans	-	485,099	485,099
Street Sweeper	-	42,175	42,175
Elm Street Drainage	-	82,943	82,943
Storm Water Pump Station	-	59,781	59,781
Probation Service	-	47,856	47,856
Bellevue Central Park	-	64,419	64,419
Police Training	-	9,420	9,420
Hotel tax	-	2,001	2,001
Special Assessment Sewer	-	19,349	19,349
Special Assessment Water Main	-	4,027	4,027
K-9 Unit	35,888	-	35,888
Coronavirus	-	5,007	5,007
<i>Total Restricted</i>	<u>35,888</u>	<u>2,408,185</u>	<u>2,444,073</u>
<i>Assigned to</i>			
Capital Improvement	-	414,948	414,948
Special Fire Equipment	-	134,814	134,814
Paving Projects	-	503,509	503,509
Fiscal Year 2021 Appropriations	1,461,971	-	1,461,971
Purchases on Orders:			
Security of Person & Property	10,531	-	10,531
General Government -			
Legislative and Executive	12,781	-	12,781
Judicial	3,058	-	3,058
<i>Total Assigned</i>	<u>1,488,341</u>	<u>1,053,271</u>	<u>2,541,612</u>
<i>Unassigned</i>	4,486,893	-	4,486,893
<b>Total Fund Balances</b>	<u>\$ 6,011,422</u>	<u>\$ 3,502,189</u>	<u>\$ 9,513,611</u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**NOTE 20: INTERFUND TRANSFERS**

The following interfund transfers were made during 2020:

	<u>Transfers Out</u>	<u>Transfers In</u>
<i>Major Funds:</i>		
General Fund	\$ 1,370,726	\$ -
<i>Total Major Funds</i>	1,370,726	-
 <i>Nonmajor Governmental Funds:</i>		
<i>Special Revenue Funds:</i>		
Street Fund	-	175,000
Cemetery Fund	-	25,000
Police Pension Fund	-	125,000
Fire Pension Fund	-	50,000
<i>Total Special Revenue Funds</i>	-	375,000
 <i>Capital Project Funds:</i>		
Capital Improvement Fund	-	735,726
Paving Project Fund	-	250,000
Street Sweeper Fund	-	10,000
<i>Total Capital Project Funds</i>	-	995,726
<i>Total Nonmajor Governmental Funds</i>	-	1,370,726
 <b>Total Transfers</b>	 <b>\$ 1,370,726</b>	 <b>\$ 1,370,726</b>

The General Fund made transfers to other governmental funds to subsidize various activities in those funds.

**NOTE 21: TAX ABATEMENTS**

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area in 1978. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements. Since that time additional land has been added. In 2016, any remaining land not already included in an area was added so that all land within the City was deemed to be a Community Reinvestment Area. The total CRA real property taxes exempted for the 100 active CRA agreements is approximately \$144,406.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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**NOTE 22: COVID-19**

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

**NOTE 23: ASSET RETIREMENT OBLIGATIONS**

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment facilities, requiring the City to record an asset retirement obligation (ARO). There may be additional AROs related to public safety issues; however, these amounts are not reasonably estimable. Currently, there is significant uncertainty as to what items would need to be addressed; therefore, a reliable estimated amount could not be determined.

**NOTE 24: JOINTLY GOVERNED ORGANIZATION**

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2020, the City paid RITA \$164,413 for income tax collection services.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SEVEN YEARS (1)**

<b>Traditional Plan</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's Proportion of the Net Pension Liability	0.018969%	0.019341%	0.020370%	0.020614%	0.020062%	0.019236%	0.019236%
City's Proportionate Share of the Net Pension Liability	\$ 3,749,352	\$ 5,297,108	\$ 3,195,658	\$ 4,681,089	\$ 3,474,990	\$ 2,320,076	\$ 2,267,674
City's Covered Payroll	\$ 2,669,500	\$ 2,630,907	\$ 2,686,200	\$ 2,664,350	\$ 2,496,950	\$ 2,366,150	\$ 2,321,977
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.45%	201.34%	118.97%	175.69%	139.17%	98.05%	97.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
<b>Combined Plan</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's Proportion of the Net Pension (Asset)	0.014625%	0.014392%	0.013912%	0.015706%	0.015380%	0.015611%	0.015611%
City's Proportionate Share of the Net Pension (Asset)	\$ (30,497)	\$ (16,093)	\$ (18,939)	\$ (8,741)	\$ (7,485)	\$ (6,010)	\$ (1,638)
City's Covered Payroll	\$ 65,107	\$ 61,557	\$ 56,977	\$ 61,142	\$ 55,967	\$ 57,492	\$ 56,369
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	46.84%	26.14%	33.24%	14.30%	13.37%	10.45%	2.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
OHIO POLICE AND FIRE PENSION FUND  
LAST SEVEN YEARS (1)**

<b>Police</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's Proportion of the Net Pension Liability	0.0259568%	0.0297260%	0.0321940%	0.0345660%	0.0361180%	0.0331210%	0.0331210%
City's Proportionate Share of the Net Pension Liability	\$ 1,748,591	\$ 2,426,427	\$ 1,975,889	\$ 2,189,405	\$ 2,323,519	\$ 1,715,790	\$ 1,613,082
City's Covered Payroll	\$ 687,989	\$ 745,695	\$ 781,474	\$ 830,584	\$ 818,342	\$ 729,516	\$ 869,453
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	254.16%	325.39%	252.84%	263.60%	283.93%	235.20%	185.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%
<b>Fire</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's Proportion of the Net Pension Liability	0.0118922%	0.0150700%	0.0157143%	0.0149700%	0.0162520%	0.0158640%	0.0158640%
City's Proportionate Share of the Net Pension Liability	\$ 801,124	\$ 1,230,110	\$ 964,458	\$ 948,157	\$ 1,045,523	\$ 821,801	\$ 772,607
City's Covered Payroll	\$ 256,591	\$ 306,723	\$ 311,247	\$ 292,787	\$ 297,596	\$ 282,502	\$ 379,679
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	312.22%	401.05%	309.87%	323.84%	351.32%	290.90%	203.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS - PENSION  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST EIGHT YEARS (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>								
Traditional Plan	\$ 388,284	\$ 373,730	\$ 368,327	\$ 349,206	\$ 319,722	\$ 299,634	\$ 283,938	\$ 301,857
Combined Plan	<u>2,821</u>	<u>9,115</u>	<u>8,618</u>	<u>7,407</u>	<u>7,337</u>	<u>6,716</u>	<u>6,899</u>	<u>7,328</u>
Total Required Contributions	\$ 391,105	\$ 382,845	\$ 376,945	\$ 356,613	\$ 327,059	\$ 306,350	\$ 290,837	\$ 309,185
Contributions in Relation to the Contractually Required Contribution	<u>(391,105)</u>	<u>(382,845)</u>	<u>(376,945)</u>	<u>(356,613)</u>	<u>(327,059)</u>	<u>(306,350)</u>	<u>(290,837)</u>	<u>(309,185)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>							
City's Covered Payroll								
Traditional Plan	\$ 2,773,457	\$ 2,669,500	\$ 2,630,907	\$ 2,686,200	\$ 2,664,350	\$ 2,496,950	\$ 2,366,150	\$ 2,321,977
Combined Plan	\$ 20,150	\$ 65,107	\$ 61,557	\$ 56,977	\$ 61,142	\$ 55,967	\$ 57,492	\$ 56,369
<u>Pension Contributions as a Percentage of Covered Payroll</u>								
Traditional Plan	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS - PENSION  
OHIO POLICE AND FIRE PENSION FUND  
LAST TEN YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Contractually Required Contributions</u>										
Police	\$ 153,737	\$ 130,718	\$ 141,682	\$ 148,480	\$ 157,811	\$ 155,485	\$ 138,608	\$ 136,765	\$ 129,622	\$ 111,015
Fire	<u>68,549</u>	<u>60,299</u>	<u>72,080</u>	<u>73,143</u>	<u>68,805</u>	<u>69,935</u>	<u>66,388</u>	<u>76,809</u>	<u>68,110</u>	<u>71,147</u>
Total Required Contributions	\$ 222,286	\$ 191,017	\$ 213,762	\$ 221,623	\$ 226,616	\$ 225,420	\$ 204,996	\$ 213,574	\$ 197,732	\$ 182,162
Contributions in Relation to the Contractually Required Contribution	<u>(222,286)</u>	<u>(191,017)</u>	<u>(213,762)</u>	<u>(221,623)</u>	<u>(226,616)</u>	<u>(225,420)</u>	<u>(204,996)</u>	<u>(213,574)</u>	<u>(197,732)</u>	<u>(182,162)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>									
<u>City's Covered Payroll</u>										
Police	\$ 809,142	\$ 687,989	\$ 745,695	\$ 781,474	\$ 830,584	\$ 818,342	\$ 729,516	\$ 869,453	\$ 1,016,643	\$ 870,706
Fire	\$ 291,698	\$ 256,591	\$ 306,723	\$ 311,247	\$ 292,787	\$ 297,596	\$ 282,502	\$ 379,679	\$ 394,841	\$ 412,446
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Police	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	[1]	12.75%	12.75%
Fire	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	[1]	17.25%	17.25%

[1] – The portion of the City's contributions to fund pension obligations from January 1, 2013 thru May 31, 2013, for both police officers and firefighters was 14.81 percent and 19.31 percent, respectively. The portion of the City's contributions to fund pension obligations from June 1, 2013 thru December 31, 2013 for both police officers and firefighters was 16.65 percent and 21.15 percent, respectively.

See accompanying notes to the required supplementary information

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FOUR YEARS (1)**

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.018149%	0.018475%	0.019470%	0.019770%
City's Proportionate Share of the Net OPEB Liability	\$ 2,506,848	\$ 2,408,704	\$ 2,114,299	\$ 1,996,837
City's Covered Payroll	\$ 1,957,333	\$ 2,699,721	\$ 2,757,287	\$ 2,732,582
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	128.07%	89.22%	76.68%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
OHIO POLICE AND FIRE PENSION FUND  
LAST FOUR YEARS (1)**

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.0378491%	0.0447959%	0.0479083%	0.0495400%
City's Proportionate Share of the Net OPEB Liability	\$ 373,863	\$ 407,935	\$ 2,714,415	\$ 2,351,552
City's Covered Payroll	\$ 944,580	\$ 1,052,418	\$ 1,092,721	\$ 1,123,371
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.58%	38.76%	248.41%	209.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.08%	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS - OPEB  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SIX YEARS (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 323	\$ 226	\$ 290	\$ 27,877	\$ 54,784	\$ 51,058
Contributions in Relation to the Contractually Required Contribution	<u>(323)</u>	<u>(226)</u>	<u>(290)</u>	<u>(27,877)</u>	<u>(54,784)</u>	<u>(51,058)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 2,801,685	\$ 1,957,333	\$ 2,699,721	\$ 2,757,287	\$ 2,732,582	\$ 2,560,113
Contributions as a Percentage of Covered Payroll	0.01%	0.01%	0.01%	1.01%	2.00%	1.99%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS - OPEB  
OHIO POLICE AND FIRE PENSION FUND  
LAST TEN YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	\$ 5,504	\$ 4,723	\$ 5,262	\$ 5,464	\$ 5,617	\$ 5,580	\$ 5,069	\$ 36,941	\$ 95,275	\$ 86,613
Contributions in Relation to the Contractually Required Contribution	(5,504)	(4,723)	(5,262)	(5,464)	(5,617)	(5,580)	(5,069)	(36,941)	(95,275)	(86,613)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 1,100,840	\$ 944,580	\$ 1,052,418	\$ 1,092,721	\$ 1,123,371	\$ 1,115,938	\$ 1,012,018	\$ 1,249,132	\$ 1,411,484	\$ 1,283,152
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	3.62%	6.75%	6.75%

See accompanying notes to the required supplementary information

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)***

***Net Pension Liability***

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

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple.

***Net OPEB Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018-2020.

*Changes in assumptions:* For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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

***Net Pension Liability***

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

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the investment rate of return was reduced from 8.25 percent to 8.00 percent (b) the projected salary increases was reduced from 4.25% to 3.75% (c) the payroll increases was reduced from 3.75% to 3.25% (d) the inflation assumptions was reduced from 3.25% to 2.75% (e) the cost of living adjustments was reduced from 2.60% to 2.20% (f) rates of withdrawal, disability and service retirement were updated to reflect recent experience (g) mortality rates were updated to the RP-2014 Total Employee and Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2016 (h) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2016. For 2019-2020, there have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date.

***Net OPEB Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018 and 2020. For 2019, see below regarding changes to stipend-based model.

*Changes in assumptions:* For 2018, the single discount rate changed from 3.79 percent to 3.24 percent. For 2019, the changes of assumptions were: (a) beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years (b) beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5% (c) the single discount rate changed from 3.24 percent to 4.66 percent. For 2020, the single discount rate changed from 4.66 to 3.56.



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

City of Bellevue  
Huron County  
3000 Seneca Industrial Parkway  
Bellevue, Ohio 44811-8709

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellevue, Huron County, Ohio (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 11, 2022, wherein we noted the City restated its net position in order to properly account for an internal service fund. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2020-002 and 2020-003.

***City's Responses to Findings***

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the City's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

April 11, 2022

CITY OF BELLEVUE  
HURON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020

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

FINDING NUMBER 2020-001

**Material Weakness - Financial Reporting**

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

Other governmental funds restricted fund balance in the amount of \$1,053,271 was reclassified to assigned in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179).

This error was not identified and corrected prior to the City preparing its basic financial statements and notes to the basic financial statements due to deficiencies in the City's internal controls over financial statement monitoring. The failure to adequately monitor financial statements could allow for misstatements to occur and go undetected. The accompanying basic financial statements and notes to the basic financial statements have been adjusted to reflect this change. In addition to the adjustment noted above, we also identified additional misstatements ranging from \$3,367 to \$253,515 that we have brought to the City's attention.

To help ensure the City's basic financial statements and notes to the basic financial statements are complete and accurate, the City should adopt policies and procedures, including a final review of the basic financial statements and notes to the basic financial statements to help identify and correct errors and omissions. The City can refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54:  
<http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

**Officials' Response:**

The City makes every effort to adhere to the Governmental Accounting Standards (GASB) in preparing and fairly presenting its financial statements. The City, as a governmental entity, is also subject to changes in the individuals serving as elected officials. While historical perspective is diminished as a result of these transitions, the City maintains its efforts to monitor and adhere to GASB.

The City has and will continue to review the basic financial statements and notes thereto in order to help identify and, as necessary, correct errors or omissions. The currently identified misstatements have been acknowledged and corrected.

## FINDING NUMBER 2020-002

### Noncompliance Citation and Material Weakness

**Ohio Rev. Code § 9.833** requires self-insured governments to establish a special fund to account for self-insurance activity. It also requires self-insured governments to calculate amounts required to cover health care benefit liabilities. Finally, it requires programs to prepare (or obtain) a report, reflecting reserves and the aggregate of disbursements made to pay self-insured claims, legal, and consultant costs during the preceding year. Management is responsible for establishing control and monitoring procedures over the financial reporting process to ensure all activity is properly included and accounted for.

The City belongs to a "claims servicing pool" for their medical insurance, in which their activity is maintained in separate accounts/funds, but the total "pool's" cash is pooled and invested. No risk is transferred to the "pool" under \$500,000. This is considered self-insurance and requires an Internal Service Fund.

The City accounted for its self-insurance in the General, Other Governmental, Water, and Wastewater Pollution funds rather than in an Internal Service Fund. Errors were noted in the basic financial statements and notes to the basic financial statements resulting in the following audit adjustments to properly account for the City's self-insurance activity:

- Governmental Activities net position - beginning of year was restated to increase the balance in the amount of \$1,181,908;
- Governmental Activities cash and cash equivalents with fiscal agent was understated in the amount of \$1,265,408;
- Governmental Activities unrestricted net position - end of year was understated in the amount of \$1,222,768;
- Internal Service Fund cash and cash equivalents with fiscal agent and claims payable were understated in the amounts of \$1,265,408 and \$65,263, respectively;
- Internal Service Fund net position - beginning of the year, operating revenues, operating expenses, nonoperating revenues, and unrestricted net position - end of year were understated in the amounts of \$1,181,908, \$963,873, \$973,627, \$27,991, and \$1,200,145, respectively; and
- Due to the failure to establish an Internal Service Fund, the Statement of Cash Flows omitted Internal Service Fund activity in amounts ranging from \$5,796 to \$1,265,408.

These errors were the result of inadequate policies and procedures in reviewing self-insurance activity. The failure to adequately monitor financial statements could allow for misstatements to occur and go undetected. The accompanying basic financial statements and notes to the basic financial statements have been adjusted to correct these errors.

To help ensure the City's basic financial statements and notes to the basic financial statements are complete and accurate, the City should adopt policies and procedures, including a final review of the basic financial statements and notes to the basic financial statements to help identify and correct errors and omissions. The City can refer to Auditor of State Bulletin 2001-005 and Auditor of State Bulletin 2011-008 at the following website addresses for information on self-insurance reporting:

<https://ohioauditor.gov/publications/bulletins/2001/2001-005.pdf>

<https://ohioauditor.gov/publications/bulletins/2011/2011-008.pdf>

### Officials' Response:

The City entered into an agreement for servicing the individual self-insurance of its employee health benefits plan in 2007. At that time and henceforth, the City's interpretation of ORC 9.833 was that while the establishment of a separate internal service fund was "*permitted by 5705.13*", the City of Bellevue, being a single municipality individually self-insured, opted not to do so.

**FINDING NUMBER 2020-002  
(Continued)**

The City has and will continue to review the basic financial statements and notes thereto in order to help identify and, as necessary, correct errors or omissions. The Internal Service Fund has been established and the City will, on an ongoing basis, properly account for its self-insurance activity.

**FINDING NUMBER 2020-003**

**Noncompliance Citation**

**Ohio Rev. Code § 135.18(A)** provides that each institution designated as a public depository and awarded public deposits under Ohio Rev. Code § 135.01 to 135.21, except as provided in Ohio Rev. Code § 135.144 or 135.145, shall provide security for the repayment of all public deposits by selecting one of the following methods:

1. Securing all uninsured public deposits of each public depositor separately by pledging to the public depositor eligible securities of aggregate market value at all times equal to at least one hundred five percent of the total amount of the public depositor's uninsured public deposits; and/or
2. Securing all uninsured public deposits of every public depositor pursuant to section 135.181 or 135.182, as applicable, by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor at the public depository.

**Ohio Rev. Code § 135.182(B)(1)** establishes the Ohio Pooled Collateral Program established under the Treasurer of State. Under this program, each institution designated as a public depository that selects the pledging method shall pledge to the treasurer of state a single pool of eligible securities for the benefit of all public depositors at the public depository to secure the repayment of all uninsured public deposits at the public depository, provided that at all times the total market value of the securities so pledged is at least equal to either of the following:

1. One hundred two percent of the total amount of all uninsured public deposits; and/or
2. An amount determined by rules adopted by the Treasurer of State that set forth the criteria for determining the aggregate market value of the pool of eligible securities pledged by a public depository pursuant to division (B) of this section. Such criteria shall include, but are not limited to, prudent capital and liquidity management by the public depository and the safety and soundness of the public depository as determined by a third-party rating organization.

Due to deficiencies in policies and procedures over the monitoring of collateral, one of the City's designated depositories, First National Bank, did not specifically pledge securities to the City to collateralize deposits nor did the bank enroll in the Ohio Pooled Collateral Program (OPCP) and the Auditor did not verify that the bank provided the required allowable collateral prior to December 15, 2020. On December 15, 2020, First National Bank enrolled in the OPCP, although on that day, only a portion of the City's bank balance was covered under the OPCP, leaving an uninsured and uncollateralized balance of \$246,459. This matter was subsequently corrected on December 16, 2020 and remained corrected as of December 31, 2020 in the Ohio Pooled Collateral Program. Prior to December 15, 2020, the City's bank balance that was uninsured and uncollateralized was \$4,450,332. The lack of required pledged securities could put the entire balance at risk in the event of bank failure.

**FINDING NUMBER 2020-003  
(Continued)**

The City Auditor and City Treasurer should monitor any designated depository utilized by the City to ensure they are providing the required specifically pledged collateral or are enrolled in the Ohio Pooled Collateral System.

**Officials' Response:**

The City Auditor and City Treasurer will make every effort to monitor its designated depository and that depository's continued enrollment in the Ohio Pooled Collateral System.

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF BELLEVUE**

**HURON 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 5/5/2022**

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](http://www.ohioauditor.gov)