



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF CANFIELD
MAHONING COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Independent Auditor's Report | 1 |
| Prepared by Management: | |
| Management's Discussion and Analysis..... | 3 |
| Statement of Net Position | 19 |
| Statement of Activities..... | 20 |
| Balance Sheet - Governmental Funds..... | 22 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities | 23 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 24 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 25 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) - General Fund | 26 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Street Construction, Maintenance and Repair Fund..... | 27 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Police Department Operating Levy Fund..... | 28 |
| Statement of Net Position – Proprietary Funds..... | 29 |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds..... | 30 |
| Statement of Cash Flows – Proprietary Funds | 31 |
| Statement of Fiduciary Net Position – Fiduciary Funds..... | 32 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds | 33 |
| Notes to the Basic Financial Statements | 35 |

TABLE OF CONTENTS
(Continued)

| TITLE | PAGE |
|--|-------------|
| Schedule of the City's Proportionate Share of the Net Pension Liability/Net Pension Asset (OPERS) | 88 |
| Schedule of the City's Proportionate Share of the Net Pension Liability (OP&F) | 90 |
| Schedule of City Pension Contributions (OPERS) | 92 |
| Schedule of City Pension Contributions (OP&F) | 94 |
| Schedule of the City's Proportionate Share of the Net OPEB Liability (OPERS) | 96 |
| Schedule of the City's Proportionate Share of the Net OPEB Liability (OP&F) | 97 |
| Schedule of the City's OPEB Contributions (OPERS) | 98 |
| Schedule of the City's OPEB Contributions (OP&F) | 100 |
| Notes to the Required Supplementary Information | 102 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 105 |

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

City of Canfield
Mahoning County
104 Lisbon Street
Canfield, Ohio 44406

To the Members of 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 Canfield, Mahoning 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 respective budgetary comparisons for the General, the Street Construction, Maintenance and Repair and the Police Department Operating Levy funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 29, 2021

CITY OF CANFIELD, OHIO

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

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

Financial Highlights

Key financial highlights for 2020 are as follows:

- The total net position of the City decreased \$512,082. Net position of governmental activities decreased \$265,683 or 1.75% from 2019’s net position. Net position of business-type activities decreased \$246,399 or 1.64% from 2019’s net position.
- General revenues accounted for \$5,336,878 of total governmental activities revenue. Program specific revenues accounted for \$2,111,095 or 28.34% of total governmental activities revenue.
- The City had \$7,713,656 in expenses related to governmental activities; \$2,111,095 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$5,602,561 were offset by general revenues (primarily taxes and unrestricted grants and entitlements) of \$5,336,878.
- The general fund had revenues and other financing sources of \$5,275,546 in 2020. This represents an increase of \$921,359 from 2019. The expenditures and other financing uses of the general fund, which totaled \$4,620,112 in 2020, increased \$282,178 from 2019. The net increase in fund balance for the general fund was \$655,434 or 54.91%.
- The street construction maintenance and repair fund had revenues of \$1,157,439 in 2020. The expenditures of the street construction maintenance and repair fund totaled \$763,547 in 2020. The net increase in fund balance for the street construction maintenance and repair fund was \$393,892 or 41.96%.
- The police department operating levy fund had revenues of \$769,573 in 2020. The expenditures of the police department operating levy fund totaled \$629,766 in 2020. The net increase in fund balance was \$139,807 or 71.37%.
- Net position for the business-type activities, which are made up of the Sewer, Water and Storm enterprise funds decreased in 2020 by \$246,399 from the prior year.

Using this Annual Financial Report

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

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

CITY OF CANFIELD, OHIO

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, parks, recreation, cemeteries, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's sewer, water and storm water operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CITY OF CANFIELD, OHIO

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the street construction maintenance and repair fund, and the police department operating levy fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water and storm water management functions. All of the City's enterprise funds are considered major funds. The internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial and private-purpose trust funds are the City's fiduciary fund types.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension/OPEB assets and liabilities.

THIS SPACE INTENTIONALLY LEFT BLANK

CITY OF CANFIELD, OHIO

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

Government-Wide Financial Analysis

The table below provides a summary of the City's net position for 2020 and 2019.

| | Net Position | | | | | |
|-----------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| <u>Assets:</u> | | | | | | |
| Current and Other Assets | \$ 7,109,416 | \$ 5,728,348 | \$ 3,218,692 | \$ 3,310,406 | \$ 10,328,108 | \$ 9,038,754 |
| Capital Assets | 17,253,877 | 17,671,932 | 13,615,343 | 13,407,830 | 30,869,220 | 31,079,762 |
| Total Assets | <u>24,363,293</u> | <u>23,400,280</u> | <u>16,834,035</u> | <u>16,718,236</u> | <u>41,197,328</u> | <u>40,118,516</u> |
| <u>Deferred Outflows:</u> | | | | | | |
| Pension | 1,222,472 | 2,131,530 | 178,256 | 285,976 | 1,400,728 | 2,417,506 |
| OPEB | 752,620 | 628,853 | 109,863 | 63,542 | 862,483 | 692,395 |
| Total Deferred Outflows | <u>1,975,092</u> | <u>2,760,383</u> | <u>288,119</u> | <u>349,518</u> | <u>2,263,211</u> | <u>3,109,901</u> |
| <u>Liabilities:</u> | | | | | | |
| Long-term Liabilities Outstanding | 1,273,724 | 941,153 | 934,477 | 744,009 | 2,208,201 | 1,685,162 |
| Net Pension Liability | 5,448,479 | 6,587,806 | 616,512 | 749,010 | 6,064,991 | 7,336,816 |
| Net OPEB Liability | 1,767,928 | 1,618,828 | 432,777 | 368,572 | 2,200,705 | 1,987,400 |
| Other Liabilities | 415,472 | 211,239 | 156,141 | 124,155 | 571,613 | 335,394 |
| Total Liabilities | <u>8,905,603</u> | <u>9,359,026</u> | <u>2,139,907</u> | <u>1,985,746</u> | <u>11,045,510</u> | <u>11,344,772</u> |
| <u>Deferred Inflows:</u> | | | | | | |
| Property taxes | 1,269,392 | 1,216,747 | - | - | 1,269,392 | 1,216,747 |
| Pension | 860,526 | 228,869 | 133,559 | 33,289 | 994,085 | 262,158 |
| OPEB | 374,740 | 162,214 | 62,920 | 16,552 | 437,660 | 178,766 |
| Total Deferred Inflows | <u>2,504,658</u> | <u>1,607,830</u> | <u>196,479</u> | <u>49,841</u> | <u>2,701,137</u> | <u>1,657,671</u> |
| <u>Net Position:</u> | | | | | | |
| Net investment in capital assets | 16,224,271 | 16,992,198 | 12,665,040 | 12,692,627 | 28,889,311 | 29,684,825 |
| Restricted | 1,592,420 | 1,192,935 | - | - | 1,592,420 | 1,192,935 |
| Unrestricted | <u>(2,888,567)</u> | <u>(2,991,326)</u> | <u>2,120,728</u> | <u>2,339,540</u> | <u>(767,839)</u> | <u>(651,786)</u> |
| Total Net Position | <u>\$ 14,928,124</u> | <u>\$ 15,193,807</u> | <u>\$ 14,785,768</u> | <u>\$ 15,032,167</u> | <u>\$ 29,713,892</u> | <u>\$ 30,225,974</u> |

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

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

CITY OF CANFIELD, OHIO

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2020, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$29,713,892. At year-end, net position was \$14,928,124 and \$14,785,768 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 74.93% of total assets. Capital assets include land, buildings, land improvements, equipment, infrastructure and construction in progress. Net investment in capital assets at December 31, 2020, was \$16,224,271 and \$12,665,040 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$1,592,420, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is a deficit of \$2,888,567.

CITY OF CANFIELD, OHIO

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

The table below shows the changes in net position for fiscal year 2020 and 2019.

| | Change in Net Position | | | | | |
|--------------------------------------|-------------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 766,441 | \$ 623,019 | \$ 4,135,354 | \$ 3,641,543 | \$ 4,901,795 | \$ 4,264,562 |
| Operating grants and contributions | 1,306,903 | 1,058,535 | 18,429 | 7,821 | 1,325,332 | 1,066,356 |
| Capital grants and contributions | 37,751 | 300,281 | - | - | 37,751 | 300,281 |
| Total program revenues | <u>2,111,095</u> | <u>1,981,835</u> | <u>4,153,783</u> | <u>3,649,364</u> | <u>6,264,878</u> | <u>5,631,199</u> |
| General revenues: | | | | | | |
| Property taxes | 1,260,622 | 1,336,496 | - | - | 1,260,622 | 1,336,496 |
| Income taxes | 3,476,420 | 3,534,899 | - | - | 3,476,420 | 3,534,899 |
| Unrestricted grants and entitlements | 102,205 | 166,611 | - | - | 102,205 | 166,611 |
| Investment earnings | 27,997 | 59,513 | - | - | 27,997 | 59,513 |
| Miscellaneous | 469,634 | 55,475 | 722 | 5,069 | 470,356 | 60,544 |
| Total general revenues | <u>5,336,878</u> | <u>5,152,994</u> | <u>722</u> | <u>5,069</u> | <u>5,337,600</u> | <u>5,158,063</u> |
| Total revenues | <u>7,447,973</u> | <u>7,134,829</u> | <u>4,154,505</u> | <u>3,654,433</u> | <u>11,602,478</u> | <u>10,789,262</u> |
| Expenses: | | | | | | |
| General government | 1,918,195 | 1,695,863 | - | - | 1,918,195 | 1,695,863 |
| Security of persons and property | 4,148,975 | 1,700,133 | - | - | 4,148,975 | 1,700,133 |
| Public health and welfare | 104,557 | 103,447 | - | - | 104,557 | 103,447 |
| Transportation | 1,318,390 | 1,328,946 | - | - | 1,318,390 | 1,328,946 |
| Community environment | 121,448 | 109,218 | - | - | 121,448 | 109,218 |
| Leisure time activity | 76,370 | 93,953 | - | - | 76,370 | 93,953 |
| Other | 663 | - | - | - | 663 | - |
| Interest and fiscal charges | 25,058 | 24,990 | - | - | 25,058 | 24,990 |
| Water | - | - | 2,223,392 | 2,708,884 | 2,223,392 | 2,708,884 |
| Sewer | - | - | 1,792,779 | 1,786,352 | 1,792,779 | 1,786,352 |
| Storm | - | - | 384,733 | 329,764 | 384,733 | 329,764 |
| Total expenses | <u>7,713,656</u> | <u>5,056,550</u> | <u>4,400,904</u> | <u>4,825,000</u> | <u>12,114,560</u> | <u>9,881,550</u> |
| Change in net position | (265,683) | 2,078,279 | (246,399) | (1,170,567) | (512,082) | 907,712 |
| Net position at beginning of year | 15,193,807 | 13,115,528 | 15,032,167 | 16,202,734 | 30,225,974 | 29,318,262 |
| Net position at end of year | <u>\$ 14,928,124</u> | <u>\$ 15,193,807</u> | <u>\$ 14,785,768</u> | <u>\$ 15,032,167</u> | <u>\$ 29,713,892</u> | <u>\$ 30,225,974</u> |

CITY OF CANFIELD, OHIO

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

Governmental Activities

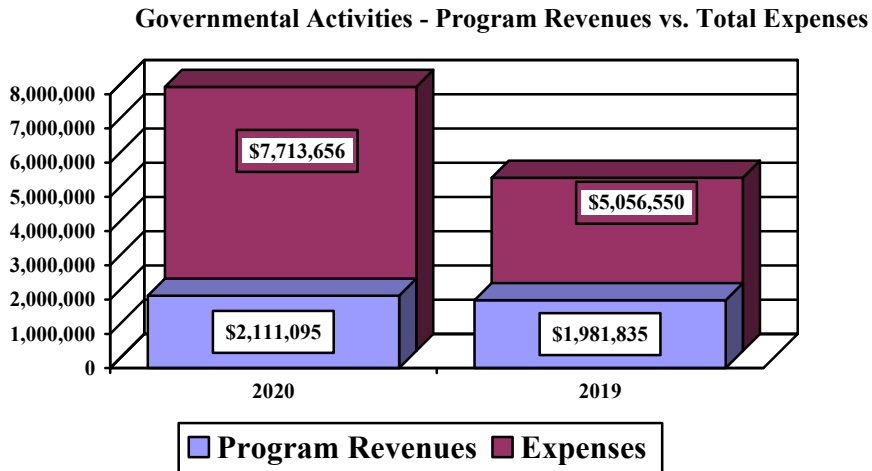
Governmental activities net position decreased \$265,683 in 2020.

Security of persons and property which primarily supports the operations of the police department and streetlights accounted for \$4,148,975 or 53.79% of the total expenses of the City. Security of persons and property expenses were partially funded by \$535,045 in direct charges to users of the services and \$247,923 in operating grants and contributions. General government expenses totaled \$1,918,195 or 24.87% of the total expenses of the City. General government expenses were partially funded by \$181,943 in direct charges to users of the services and \$361,853 in operating grants and contributions.

The state and federal government contributed to the City a total of \$1,306,903 in operating grants and contributions and \$37,751 in capital grants and contributions. These revenues are restricted to a particular program or purpose. The City received \$694,048 in operating and capital grants and contributions that were used to subsidize transportation programs.

General revenues totaled \$5,336,878 and amounted to 71.66% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$4,737,042. The other primary source of general revenues is grants and entitlements not restricted to specific programs, making up \$102,205. Unrestricted grants and entitlements increased during 2020 as a result of greater collections of JEDD revenue and local government revenue. Miscellaneous revenues increased in 2020 due to a large reimbursement from the Bureau of Workers’ Compensation received during 2020.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table 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 grants and entitlements. As can be seen in the graph below, the City is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities. As program revenues are not sufficient to cover total governmental expenses.



CITY OF CANFIELD, OHIO

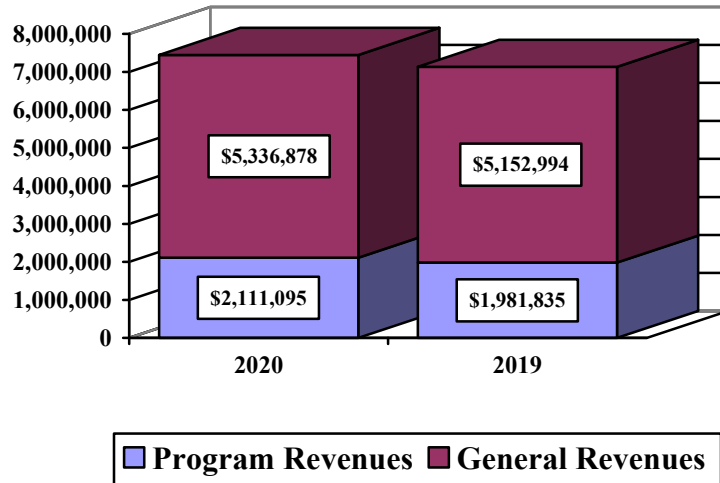
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Governmental Activities

| | Total Cost of Services <u>2020</u> | Net Cost of Services <u>2020</u> | Total Cost of Services <u>2019</u> | Net Cost of Services <u>2019</u> |
|----------------------------------|--|--|--|--|
| Program Expenses: | | | | |
| General government | \$ 1,918,195 | \$ 1,374,399 | \$ 1,695,863 | \$ 1,492,647 |
| Security of persons and property | 4,148,975 | 3,366,007 | 1,700,133 | 1,015,822 |
| Public health and welfare | 104,557 | 69,538 | 103,447 | 80,301 |
| Transportation | 1,318,390 | 624,342 | 1,328,946 | 292,289 |
| Community environment | 121,448 | 116,048 | 109,218 | 108,068 |
| Leisure time activity | 76,370 | 37,001 | 93,953 | 60,598 |
| Other | 663 | 663 | - | - |
| Interest and fiscal charges | 25,058 | 14,563 | 24,990 | 24,990 |
| Total | <u>\$ 7,713,656</u> | <u>\$ 5,602,561</u> | <u>\$ 5,056,550</u> | <u>\$ 3,074,715</u> |

The dependence upon general revenues for governmental activities is apparent, with 72.63% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2020 and 2019.

Governmental Activities – General and Program Revenues

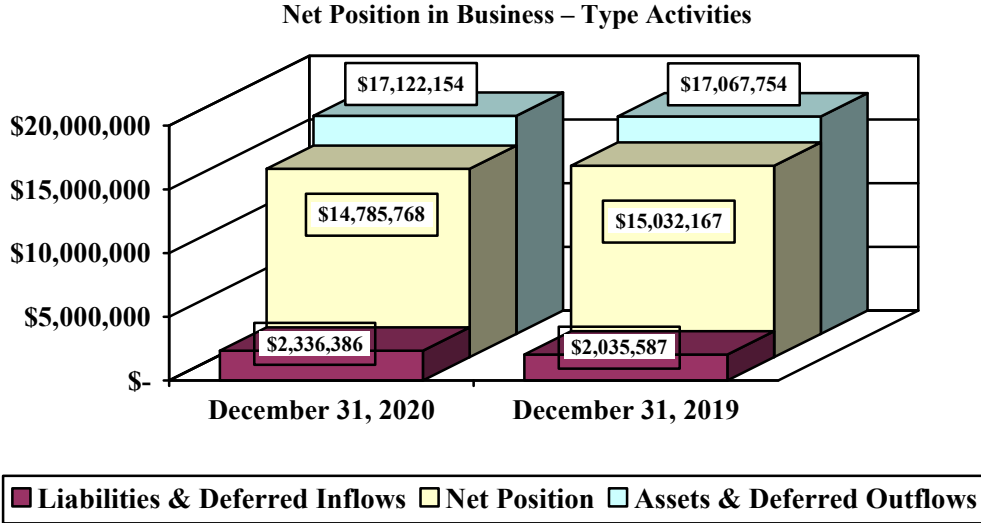


CITY OF CANFIELD, OHIO

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

Business-Type Activities

Business-type activities include the sewer, water and storm water enterprise funds. These funds had program revenues of \$4,153,783, general revenues of \$722 and expenses of \$4,400,904 for 2020. The graph below shows the business-type activities assets, liabilities and net position at year-end.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds reported a combined fund balance of \$4,575,755 which is an increase of \$1,312,696 from last year's total of \$3,263,059.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2020 for all major and non-major governmental funds.

| | Fund Balances 12/31/20 | Fund Balances 12/31/19 | Increase (Decrease) | Percentage Change |
|---|---------------------------|---------------------------|------------------------|----------------------|
| Major Funds: | | | | |
| General | \$ 1,849,135 | \$ 1,193,701 | \$ 655,434 | 54.91% |
| Street Construction, Maintenance and Repair | 1,332,584 | 938,692 | 393,892 | 41.96% |
| Police Department Operating Levy Fund | 335,689 | 195,882 | 139,807 | 71.37% |
| Other Nonmajor Governmental Funds | 1,058,347 | 934,784 | 123,563 | 13.22% |
| Total | \$ 4,575,755 | \$ 3,263,059 | \$ 1,312,696 | 40.23% |

The increase in fund balance of the street construction, maintenance and repair fund is primarily due to less expenditures on capital outlay during fiscal year 2020. The increase in fund balance of the police department operating levy is also primarily due to the decrease in capital outlay expenditures during fiscal year 2020.

CITY OF CANFIELD, OHIO

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

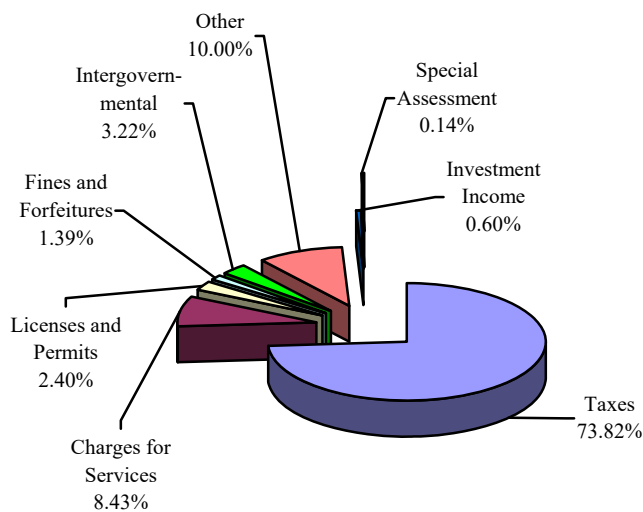
General Fund

The City's general fund balance increased \$655,434. The table that follows assists in illustrating the revenues of the general fund.

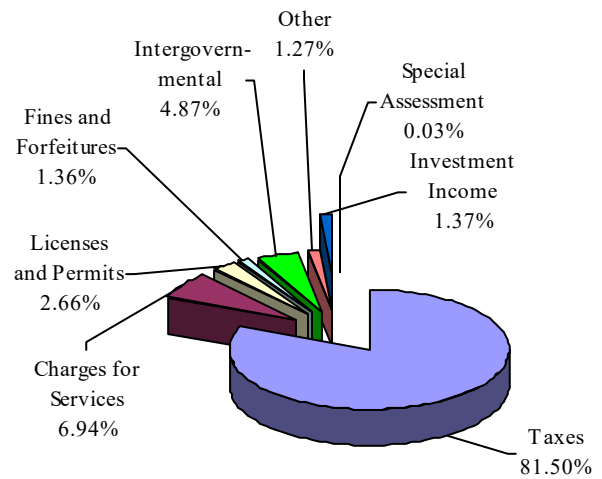
| | <u>2020</u> <u>Amount</u> | <u>2019</u> <u>Amount</u> | <u>Increase</u> <u>(Decrease)</u> | <u>Percentage</u> <u>Change</u> |
|-----------------------|------------------------------|------------------------------|--------------------------------------|------------------------------------|
| Revenues | | | | |
| Income Taxes | \$ 3,466,441 | \$ 3,548,578 | \$ (82,137) | (2.31%) |
| Special Assessments | 6,742 | 1,471 | 5,271 | 358.33% |
| Charges for Services | 395,695 | 301,984 | 93,711 | 31.03% |
| Licenses and Permits | 112,515 | 115,955 | (3,440) | (2.97%) |
| Fines and Forfeitures | 65,224 | 59,149 | 6,075 | 10.27% |
| Intergovernmental | 151,298 | 212,062 | (60,764) | (28.65%) |
| Investment income | 27,997 | 59,513 | (31,516) | (52.96%) |
| Other | 469,634 | 55,475 | 414,159 | 746.57% |
| Total | \$ 4,695,546 | \$ 4,354,187 | \$ 341,359 | 7.84% |

Revenues in the general fund increased \$341,359 or 7.84% in 2020. Income tax revenue represents 73.82% of all 2020 general fund revenue. Income tax revenue decreased 2.31% over the prior year. Intergovernmental revenue decreased \$60,764 or 28.65% due to a decrease in federal grants and state local government revenue. Revenues from charges for services increased \$93,711 or 31.03% compared to 2019. Investment income decreased by \$31,516 or 52.96% due to a decrease in earnings from the City's general checking account. Other revenue increased by \$414,159 or 746.57% due to a large reimbursement from the Bureau of Workers' Compensation being received in fiscal year 2020.

Revenues –2020



Revenues – 2019



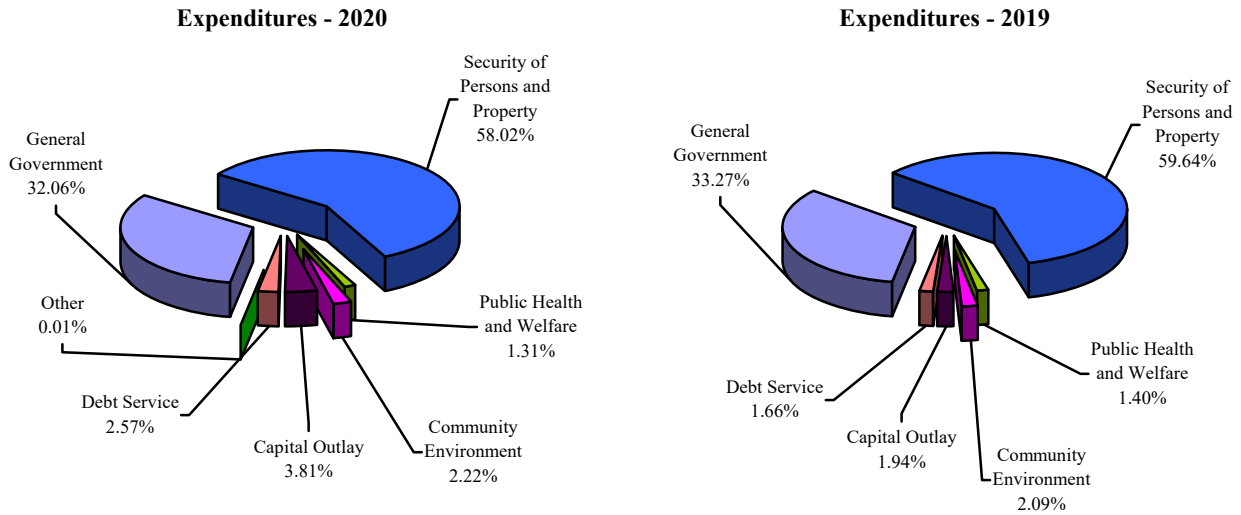
CITY OF CANFIELD, OHIO

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

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

| | 2020 | 2019 | Increase | Percentage |
|----------------------------------|----------------------------|----------------------------|--------------------------|---------------|
| | <u>Amount</u> | <u>Amount</u> | <u>(Decrease)</u> | <u>Change</u> |
| <u>Expenditures</u> | | | | |
| General Government | \$ 1,451,485 | \$ 1,420,620 | \$ 30,865 | 2.17% |
| Security of Persons and Property | 2,626,361 | 2,546,471 | 79,890 | 3.14% |
| Public Health and Welfare | 59,243 | 59,578 | (335) | (0.56%) |
| Community Environment | 100,773 | 89,153 | 11,620 | 13.03% |
| Other | 663 | - | 663 | N/A |
| Capital Outlay | 172,720 | 82,717 | 90,003 | 108.81% |
| Debt service | <u>116,367</u> | <u>70,895</u> | <u>45,472</u> | 64.14% |
| Total | <u><u>\$ 4,527,612</u></u> | <u><u>\$ 4,269,434</u></u> | <u><u>\$ 258,178</u></u> | 6.05% |

The City’s total general fund expenditures increased \$258,178 or 6.05% in 2020. The greatest increases were in security of person and property as well as, capital outlay. Capital outlay is a category that can fluctuate significantly depending on what is being replaced or purchased. Security of persons and property expenditure function increased due to greater expenditures for the police department in fiscal year 2020.



Budgeting Highlights

The City’s budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City’s appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City’s plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, the street construction maintenance and repair fund, and the police department operating levy fund. In the general fund, the actual revenues and other financing sources came in \$46,226 greater than they were in the final budget and actual expenditures and other financing uses were \$352,004 less than the amount in the final budgeted appropriations. Budgeted expenditures and other financing uses were increased \$741,018 from the original to the final budget. Budgeted revenues and other financing sources increased \$631,372 from the original to the final budget.

CITY OF CANFIELD, OHIO

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

Street Construction Maintenance and Repair Fund

The street construction maintenance and repair fund had revenues of \$1,157,439 in 2020. The expenditures of the street construction, maintenance and repair fund, totaled \$763,547 and fund balance increased \$393,892 or 41.96% during 2020. The decrease in intergovernmental revenue and capital outlay expenditures was a result of grants that were received in 2019 for the resurfacing project and other road improvement projects within the City.

Police Department Operating Levy Fund

The police department operating levy fund had revenues of \$769,573 in 2020. The expenditures totaled \$629,766, the increase in fund balance and fund balance at years end were \$139,807 and \$335,689, respectively. The increase in fund balance is primarily due to a decrease in capital outlay expenditures of \$138,975.

Proprietary Funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. All of the City's enterprise funds are considered major funds. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements, as well as internal balances between the governmental and business-type funds due to the allocation of the internal service fund (reported as internal balances) which are not reported on the proprietary statements.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2020, the City had \$30,869,220 (net of accumulated depreciation) invested in land, buildings, land improvements, equipment, infrastructure, and construction in progress (CIP). Of this total, \$17,253,877 was reported in governmental activities and \$13,615,343 was reported in business-type activities. The following table shows fiscal 2020 balances compared to 2019. See Note 9 to the basic financial statements for details on the City's capital assets.

**Capital Assets at December 31
(Net of Depreciation)**

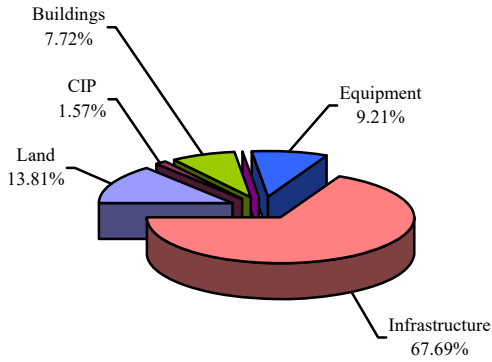
| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Land | \$ 2,383,608 | \$ 2,383,608 | \$ 21,297 | \$ 21,297 | \$ 2,404,905 | \$ 2,404,905 |
| Construction in progress | 270,465 | 503,802 | 440,194 | 84,200 | 710,659 | 588,002 |
| Buildings | 1,331,689 | 1,406,969 | 902,175 | 948,646 | 2,233,864 | 2,355,615 |
| Equipment | 1,589,135 | 1,687,170 | 546,230 | 211,938 | 2,135,365 | 1,899,108 |
| Infrastructure | 11,678,980 | 11,690,383 | 11,705,447 | 12,141,749 | 23,384,427 | 23,832,132 |
| Totals | \$ 17,253,877 | \$ 17,671,932 | \$ 13,615,343 | \$ 13,407,830 | \$ 30,869,220 | \$ 31,079,762 |

CITY OF CANFIELD, OHIO

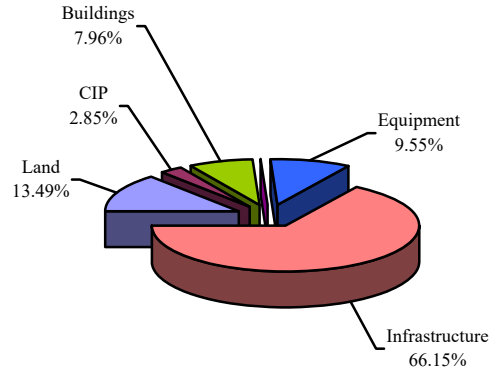
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

The graphs below show the breakdown of governmental capital assets by category for 2020 and 2019.

Capital Assets - Governmental Activities 2020



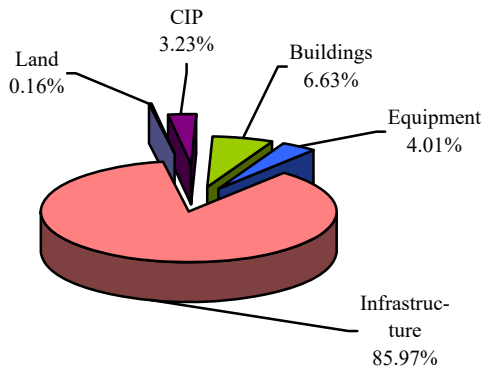
Capital Assets - Governmental Activities 2019



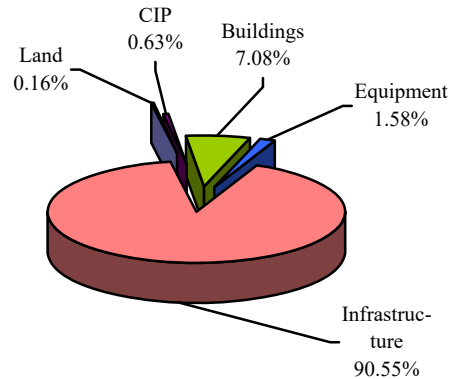
The City's infrastructure is the largest governmental activities capital asset category, which includes bridges and streets. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 67.69% of the City's total governmental capital assets at December 31, 2020.

The following graphs show the breakdown of business-type capital assets by category for 2020 and 2019.

Capital Assets - Business-Type Activities 2020



Capital Assets - Business-Type Activities 2019



The City's largest business-type capital asset category is infrastructure, which include water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 85.97% of the City's total business-type capital assets at December 31, 2020.

CITY OF CANFIELD, OHIO

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

Debt Administration

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

| | Governmental Activities | |
|-----------------------------|--------------------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| General obligation notes | \$ 963,755 | \$ 593,535 |
| Vehicle acquisition bond | 65,851 | 86,199 |
| Special assessment notes | <u>34,784</u> | <u>68,735</u> |
| Total long-term obligations | <u>\$ 1,064,390</u> | <u>\$ 748,469</u> |

| | Business-Type Activities | |
|-----------------------------|---------------------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| OPWC loans | \$ 676,814 | \$ 715,203 |
| General obligation notes | <u>227,403</u> | <u>-</u> |
| Total long-term obligations | <u>\$ 904,217</u> | <u>\$ 715,203</u> |

All of the City's long-term obligations are considered direct borrowings. Further detail on the City's long-term obligations can be found in Note 11 to the financial statements.

Economic Conditions and Outlook

Overall the maintenance and operations activities of the City of Canfield in 2020 were impacted, but not disrupted by the COVID-19 Pandemic. A number of planned activities for 2020 were delayed due to the unknown financial impacts of the pandemic, however not a single City service was disrupted, the executive management team made all appropriate adjustments and managed the day-to-day operational changes needed to accomplish the mission of the City of Canfield to "provided excellent municipal services, and enhance the quality of life of our residents".

In the realm of economic development, the momentum from 2019 carried over into 2020 with new residential development occurring through a Planned Unit Development (PUD) on N. Broad St., as well as increased interest in the City of Canfield as a result of the finalization of the Community Reinvestment Area (CRA) tax abatement program. This economic development tool should provide the City of Canfield a needed boost in economic development in the City to allow for greater service offerings to the community, and a more stable tax base. The Canfield Community JEDD (Windsor House) territory was also increased in 2020 to allow for the Windsor House to expand their facilities and service offerings. The Millennial Moments JEDD is expected to break ground and begin development in Spring of 2021.

A number of Capital Improvement Projects had to be cancelled or delayed during 2020 due to the COVID-19 pandemic and the unknown financial impacts. Nonetheless the City of Canfield was able to accomplish our annual resurfacing program without OPWC funding. The 2020 Resurfacing Program included a complete rebuild of Sandstone Lane, as well as resurfacing of Stoneybrook and Northview Dr, and provided for a number of miscellaneous repairs that were needed along N. Broad St. at various locations.

A significant upgrade to the North Main Cemetery drainage was performed in 2020 by replacing the failed 36" stormwater pipe, this allowed for greater conveyance of water that comes from the areas immediately to the west of the cemetery.

CITY OF CANFIELD, OHIO

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

Two (2) major Capital Improvement projects completed this year extended water and sanitary sewer services to the Millennial Moments JEDD territory. These projects were required as part of the commitments the City of Canfield made in the JEDD Agreement with Canfield Township, however both these projects allow for the next phase of infrastructure growth for the City of Canfield in getting water and sanitary sewer to the Red Gate Farm property.

A major grant funded project completed in 2020 was the conversion of the Greasel Park Tennis Courts to Pickleball Courts. Upon the conversion, Greasel Park saw an immediate increase in activity and has now become the “go-to” place to play Pickleball in the area.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Christine Stack-Clayton, Finance Director, 104 Lisbon Street, Canfield, Ohio 44406.

**BASIC
FINANCIAL STATEMENTS**

CITY OF CANFIELD, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2020

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| Assets: | | | |
| Equity in pooled cash and cash equivalents . . . | \$ 4,019,703 | \$ 2,071,835 | \$ 6,091,538 |
| Receivables: | | | |
| Income taxes. | 928,745 | - | 928,745 |
| Real and other taxes | 1,403,993 | - | 1,403,993 |
| Accounts. | 120,296 | 1,148,704 | 1,269,000 |
| Special assessments | 49,315 | - | 49,315 |
| Due from other governments. | 402,646 | - | 402,646 |
| Prepayments | 122,991 | 30,545 | 153,536 |
| Net pension asset. | 21,676 | 7,659 | 29,335 |
| Internal balance | 40,051 | (40,051) | - |
| Capital assets: | | | |
| Land and construction in progress. | 2,654,073 | 461,491 | 3,115,564 |
| Depreciable capital assets, net. | 14,599,804 | 13,153,852 | 27,753,656 |
| Total capital assets, net. | <u>17,253,877</u> | <u>13,615,343</u> | <u>30,869,220</u> |
| Total assets | <u>24,363,293</u> | <u>16,834,035</u> | <u>41,197,328</u> |
| Deferred outflows of resources: | | | |
| Pension | 1,222,472 | 178,256 | 1,400,728 |
| OPEB | <u>752,620</u> | <u>109,863</u> | <u>862,483</u> |
| Total deferred outflows of resources | <u>1,975,092</u> | <u>288,119</u> | <u>2,263,211</u> |
| Liabilities: | | | |
| Accounts payable. | 26,786 | 5,223 | 32,009 |
| Contracts payable. | - | 46,086 | 46,086 |
| Accrued wages payable. | 138,516 | 21,679 | 160,195 |
| Due to other governments | 73,099 | 82,643 | 155,742 |
| Accrued interest payable | 2,477 | 510 | 2,987 |
| Claims payable. | 160,741 | - | 160,741 |
| Deposits held and due to others. | 13,853 | - | 13,853 |
| Long-term liabilities: | | | |
| Due within one year | 514,997 | 163,542 | 678,539 |
| Due in more than one year: | | | |
| Net pension liability. | 5,448,479 | 616,512 | 6,064,991 |
| Net OPEB liability. | 1,767,928 | 432,777 | 2,200,705 |
| Other amounts due in more than one year. | <u>758,727</u> | <u>770,935</u> | <u>1,529,662</u> |
| Total liabilities | <u>8,905,603</u> | <u>2,139,907</u> | <u>11,045,510</u> |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year | 1,269,392 | - | 1,269,392 |
| Pension | 860,526 | 133,559 | 994,085 |
| OPEB | <u>374,740</u> | <u>62,920</u> | <u>437,660</u> |
| Total deferred inflows of resources | <u>2,504,658</u> | <u>196,479</u> | <u>2,701,137</u> |
| Net position: | | | |
| Net investment in capital assets | 16,224,271 | 12,665,040 | 28,889,311 |
| Restricted for: | | | |
| Debt service | 35,966 | - | 35,966 |
| Capital projects | 4,828 | - | 4,828 |
| Transportation projects | 1,164,306 | - | 1,164,306 |
| Security of persons and property. | 204,337 | - | 204,337 |
| Permanent fund - expendable | 110,583 | - | 110,583 |
| Permanent fund - nonexpendable | 72,400 | - | 72,400 |
| Unrestricted (deficit) | <u>(2,888,567)</u> | <u>2,120,728</u> | <u>(767,839)</u> |
| Total net position. | <u>\$ 14,928,124</u> | <u>\$ 14,785,768</u> | <u>\$ 29,713,892</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Expenses</u> | <u>Program Revenues</u> | | |
|--|----------------------|---|---|---|
| | | <u>Charges for Services and Sales</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Governmental activities: | | | | |
| General government | \$ 1,918,195 | \$ 181,943 | \$ 361,853 | \$ - |
| Security of persons and property . . . | 4,148,975 | 535,045 | 247,923 | - |
| Public health and welfare | 104,557 | 31,323 | 3,696 | - |
| Transportation | 1,318,390 | - | 679,049 | 14,999 |
| Community environment | 121,448 | 5,400 | - | - |
| Leisure time activity | 76,370 | 12,730 | 3,887 | 22,752 |
| Other | 663 | - | - | - |
| Interest and fiscal charges | 25,058 | - | 10,495 | - |
| Total governmental activities | <u>7,713,656</u> | <u>766,441</u> | <u>1,306,903</u> | <u>37,751</u> |
| Business-type activities: | | | | |
| Water | 2,223,392 | 2,057,109 | 8,296 | - |
| Sewer | 1,792,779 | 1,623,073 | 8,692 | - |
| Storm | 384,733 | 455,172 | 1,441 | - |
| Total business-type activities | <u>4,400,904</u> | <u>4,135,354</u> | <u>18,429</u> | <u>-</u> |
| Total primary government | <u>\$ 12,114,560</u> | <u>\$ 4,901,795</u> | <u>\$ 1,325,332</u> | <u>\$ 37,751</u> |

General revenues:

| |
|--|
| Property taxes levied for: |
| Street construction, maintenance and repair . . |
| Police department operating levy |
| Debt retirement |
| Income taxes levied for: |
| General purposes |
| Grants and entitlements not restricted |
| to specific programs |
| Investment earnings |
| Miscellaneous |
| Total general revenues |
| Change in net position |
| Net position at beginning of year |
| Net position at end of year |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|----------------------|
| \$ (1,374,399) | \$ - | \$ (1,374,399) |
| (3,366,007) | - | (3,366,007) |
| (69,538) | - | (69,538) |
| (624,342) | - | (624,342) |
| (116,048) | - | (116,048) |
| (37,001) | - | (37,001) |
| (663) | - | (663) |
| (14,563) | - | (14,563) |
| <u>(5,602,561)</u> | <u>-</u> | <u>(5,602,561)</u> |
| - | (157,987) | (157,987) |
| - | (161,014) | (161,014) |
| - | 71,880 | 71,880 |
| <u>-</u> | <u>(247,121)</u> | <u>(247,121)</u> |
| <u>(5,602,561)</u> | <u>(247,121)</u> | <u>(5,849,682)</u> |
| 479,820 | - | 479,820 |
| 735,080 | - | 735,080 |
| 45,722 | - | 45,722 |
| 3,476,420 | - | 3,476,420 |
| 102,205 | - | 102,205 |
| 27,997 | - | 27,997 |
| 469,634 | 722 | 470,356 |
| <u>5,336,878</u> | <u>722</u> | <u>5,337,600</u> |
| (265,683) | (246,399) | (512,082) |
| <u>15,193,807</u> | <u>15,032,167</u> | <u>30,225,974</u> |
| <u>\$ 14,928,124</u> | <u>\$ 14,785,768</u> | <u>\$ 29,713,892</u> |

CITY OF CANFIELD, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

| | <u>General</u> | <u>Street Construction Maintenance and Repair</u> | <u>Police Department Operating Levy</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---|---|---|---|
| Assets: | | | | | |
| Equity in pooled cash and cash equivalents . . . | \$ 1,460,527 | \$ 1,219,881 | \$ 282,561 | \$ 1,056,734 | \$ 4,019,703 |
| Receivables: | | | | | |
| Income taxes. | 928,745 | - | - | - | 928,745 |
| Real and other taxes | - | 559,197 | 790,465 | 54,331 | 1,403,993 |
| Accounts. | 117,136 | - | - | 3,160 | 120,296 |
| Special assessments | 19,398 | - | - | 29,917 | 49,315 |
| Due from other funds | 59,706 | - | - | - | 59,706 |
| Due from other governments. | 62,928 | 283,234 | 10,597 | 45,887 | 402,646 |
| Prepayments | 90,259 | 24,336 | 6,225 | 2,171 | 122,991 |
| Total assets. | <u>\$ 2,738,699</u> | <u>\$ 2,086,648</u> | <u>\$ 1,089,848</u> | <u>\$ 1,192,200</u> | <u>\$ 7,107,395</u> |
| Liabilities: | | | | | |
| Accounts payable. | \$ 23,435 | \$ 3,145 | \$ - | \$ 206 | \$ 26,786 |
| Accrued wages payable. | 106,621 | 15,613 | 14,483 | 1,799 | 138,516 |
| Due to other funds | - | - | - | 21,540 | 21,540 |
| Due to other governments | 52,507 | 4,587 | 7,614 | 8,391 | 73,099 |
| Deposits held and due to others | 12,953 | - | - | 900 | 13,853 |
| Total liabilities | <u>195,516</u> | <u>23,345</u> | <u>22,097</u> | <u>32,836</u> | <u>273,794</u> |
| Deferred inflows of resources: | | | | | |
| Property taxes levied for the next fiscal year. . . | - | 518,296 | 700,211 | 50,885 | 1,269,392 |
| Delinquent property tax revenue not available. . | - | 15,901 | 21,254 | 1,446 | 38,601 |
| Special assessments revenue not available. . . . | 19,398 | - | - | 29,917 | 49,315 |
| Miscellaneous revenue not available. | 89,726 | - | - | 2,458 | 92,184 |
| Income tax revenue not available | 550,000 | - | - | - | 550,000 |
| Other nonexchange transactions. | 34,924 | 196,522 | 10,597 | 16,311 | 258,354 |
| Total deferred inflows of resources | <u>694,048</u> | <u>730,719</u> | <u>732,062</u> | <u>101,017</u> | <u>2,257,846</u> |
| Fund balances: | | | | | |
| Nonspendable | 96,175 | 24,336 | 6,225 | 74,571 | 201,307 |
| Restricted. | - | 1,308,248 | 329,464 | 470,215 | 2,107,927 |
| Committed | 437,056 | - | - | 520,681 | 957,737 |
| Assigned | 646,942 | - | - | - | 646,942 |
| Unassigned (deficit) | 668,962 | - | - | (7,120) | 661,842 |
| Total fund balances. | <u>1,849,135</u> | <u>1,332,584</u> | <u>335,689</u> | <u>1,058,347</u> | <u>4,575,755</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,738,699</u> | <u>\$ 2,086,648</u> | <u>\$ 1,089,848</u> | <u>\$ 1,192,200</u> | <u>\$ 7,107,395</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

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

| | | | |
|---|----|-------------|-------------|
| Total governmental fund balances | | \$ | 4,575,755 |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i> | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | 17,253,877 |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds. | | | |
| Income taxes receivable | \$ | 550,000 | |
| Real and other taxes receivable | | 38,601 | |
| Accounts receivable | | 92,184 | |
| Intergovernmental receivable | | 258,354 | |
| Special assessments receivable | | 49,315 | |
| Total | | 988,454 | 988,454 |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. | | | (158,856) |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | | | (2,477) |
| The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds. | | | |
| Net pension asset | | 21,676 | |
| Deferred outflows of resources | | 1,222,472 | |
| Deferred inflows of resources | | (860,526) | |
| Net pension liability | | (5,448,479) | |
| Total | | (5,064,857) | (5,064,857) |
| The net OPEB liability is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds. | | | |
| Deferred outflows of resources | | 752,620 | |
| Deferred inflows of resources | | (374,740) | |
| Net OPEB liability | | (1,767,928) | |
| Total | | (1,390,048) | (1,390,048) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | | |
| Compensated absences | | 209,334 | |
| General obligation notes payable | | 963,755 | |
| Vehicle acquisition bond | | 65,851 | |
| Special assessment notes payable | | 34,784 | |
| Total | | (1,273,724) | (1,273,724) |
| Net position of governmental activities | | \$ | 14,928,124 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

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

| | General | Street Construction Maintenance and Repair | Police Department Operating Levy | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---|---|---|---|
| Revenues: | | | | | |
| Income taxes | \$ 3,466,441 | \$ - | \$ - | \$ - | \$ 3,466,441 |
| Real and other taxes | - | 486,663 | 732,312 | 44,276 | 1,263,251 |
| Other local taxes | - | 61,209 | - | - | 61,209 |
| Special assessments | 6,742 | - | - | 61,219 | 67,961 |
| Charges for services | 395,695 | - | - | 42,453 | 438,148 |
| Licenses and permits | 112,515 | - | - | 1,281 | 113,796 |
| Fines and forfeitures | 65,224 | - | - | 250 | 65,474 |
| Intergovernmental | 151,298 | 580,348 | 21,252 | 662,100 | 1,414,998 |
| Investment income | 27,997 | 7,811 | 1,991 | 4,840 | 42,639 |
| Other | 469,634 | 21,408 | 14,018 | 38,291 | 543,351 |
| Total revenues | 4,695,546 | 1,157,439 | 769,573 | 854,710 | 7,477,268 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 1,451,485 | - | - | 207,733 | 1,659,218 |
| Security of persons and property | 2,626,361 | - | 578,186 | 244,292 | 3,448,839 |
| Public health and welfare | 59,243 | - | - | 33,714 | 92,957 |
| Leisure time activity | - | - | - | 48,050 | 48,050 |
| Community environment | 100,773 | - | - | - | 100,773 |
| Transportation | - | 594,714 | - | 38,295 | 633,009 |
| Other | 663 | - | - | - | 663 |
| Capital outlay | 172,720 | 145,407 | 19,000 | 135,485 | 472,612 |
| Debt service: | | | | | |
| Principal retirement | 106,296 | 20,348 | 30,670 | 106,765 | 264,079 |
| Interest and fiscal charges | 10,071 | 3,078 | 1,910 | 9,313 | 24,372 |
| Total expenditures | 4,527,612 | 763,547 | 629,766 | 823,647 | 6,744,572 |
| Excess of revenues over expenditures | 167,934 | 393,892 | 139,807 | 31,063 | 732,696 |
| Other financing sources (uses): | | | | | |
| Note issuance | 580,000 | - | - | - | 580,000 |
| Transfers in | - | - | - | 92,500 | 92,500 |
| Transfers (out) | (92,500) | - | - | - | (92,500) |
| Total other financing sources (uses) | 487,500 | - | - | 92,500 | 580,000 |
| Net change in fund balances | 655,434 | 393,892 | 139,807 | 123,563 | 1,312,696 |
| Fund balances at beginning of year | 1,193,701 | 938,692 | 195,882 | 934,784 | 3,263,059 |
| Fund balances at end of year | \$ 1,849,135 | \$ 1,332,584 | \$ 335,689 | \$ 1,058,347 | \$ 4,575,755 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

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

| | | |
|--|------------------|-------------------------|
| Net change in fund balances - total governmental funds | \$ | 1,312,696 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period. | | |
| Capital asset additions | \$ 472,610 | |
| Current year depreciation | <u>(862,903)</u> | |
| Total | | (390,293) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. | | |
| | | (27,762) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Income taxes | 9,979 | |
| Real and other taxes | (2,629) | |
| Special assessments | (3,378) | |
| Charges for services | 13,535 | |
| Intergovernmental revenues | (47,340) | |
| Other | <u>538</u> | |
| Total | | (29,295) |
| Proceeds of notes are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position. | | |
| | | (580,000) |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. | | |
| | | 264,079 |
| In the statement of activities, interest is accrued on outstanding notes, whereas in governmental funds, an interest expenditure is reported when due. | | |
| | | (686) |
| Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. | | |
| Pension | 474,116 | |
| OPEB | <u>10,260</u> | |
| Total | | 484,376 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities. | | |
| Pension | (875,173) | |
| OPEB | <u>(248,119)</u> | |
| Total | | (1,123,292) |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| | | (16,650) |
| The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | | |
| | | <u>(158,856)</u> |
| Change in net position of governmental activities | \$ | <u>(265,683)</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

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

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Income taxes | \$ 3,790,000 | \$ 3,790,000 | \$ 3,447,826 | \$ (342,174) |
| Special assessments | 2,000 | 2,000 | 6,742 | 4,742 |
| Charges for services. | 485,850 | 485,850 | 419,624 | (66,226) |
| Licenses and permits | 99,325 | 99,325 | 113,460 | 14,135 |
| Fines and forfeitures | 54,100 | 54,100 | 65,676 | 11,576 |
| Intergovernmental. | 115,770 | 167,142 | 170,830 | 3,688 |
| Investment income | 60,755 | 60,755 | 27,997 | (32,758) |
| Other | 16,121 | 16,121 | 18,725 | 2,604 |
| Total revenues | <u>4,623,921</u> | <u>4,675,293</u> | <u>4,270,880</u> | <u>(404,413)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,644,860 | 1,799,871 | 1,632,708 | 167,163 |
| Security of persons and property | 2,857,669 | 2,919,041 | 2,775,543 | 143,498 |
| Public health and welfare. | 60,150 | 60,150 | 59,205 | 945 |
| Community environment | 103,684 | 111,684 | 104,434 | 7,250 |
| Capital outlay. | 34,340 | 504,890 | 472,270 | 32,620 |
| Debt service: | | | | |
| Principal retirement. | 64,638 | 106,638 | 106,296 | 342 |
| Interest and fiscal charges | 6,257 | 10,257 | 10,071 | 186 |
| Total expenditures | <u>4,771,598</u> | <u>5,512,531</u> | <u>5,160,527</u> | <u>352,004</u> |
| Excess of expenditures over revenues. | <u>(147,677)</u> | <u>(837,238)</u> | <u>(889,647)</u> | <u>(52,409)</u> |
| Other financing sources (uses): | | | | |
| Note issuance | - | 580,000 | 580,000 | - |
| Transfers in | - | - | 1,148 | 1,148 |
| Transfers (out). | (92,500) | (92,585) | (92,585) | - |
| Other financing sources | 350 | 350 | 449,841 | 449,491 |
| Total other financing sources (uses) | <u>(92,150)</u> | <u>487,765</u> | <u>938,404</u> | <u>450,639</u> |
| Net change in fund balances | (239,827) | (349,473) | 48,757 | 398,230 |
| Fund balances at beginning of year | 520,453 | 520,453 | 520,453 | - |
| Prior year encumbrances appropriated | 211,942 | 211,942 | 211,942 | - |
| Fund balance at end of year | <u>\$ 492,568</u> | <u>\$ 382,922</u> | <u>\$ 781,152</u> | <u>\$ 398,230</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

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

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Real and other taxes. | \$ 584,592 | \$ 584,592 | \$ 508,663 | \$ (75,929) |
| Other local taxes. | 65,000 | 65,000 | 60,921 | (4,079) |
| Intergovernmental. | 562,900 | 711,476 | 586,678 | (124,798) |
| Investment income. | 15,650 | 15,650 | 7,811 | (7,839) |
| Other. | 500 | 500 | 38 | (462) |
| Total revenues. | <u>1,228,642</u> | <u>1,377,218</u> | <u>1,164,111</u> | <u>(213,107)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | 782,573 | 797,573 | 663,909 | 133,664 |
| Capital outlay | 661,031 | 661,031 | 479,344 | 181,687 |
| Debt service: | | | | |
| Principal retirement. | 20,500 | 20,500 | 20,348 | 152 |
| Interest and fiscal charges | 3,100 | 3,100 | 3,078 | 22 |
| Total expenditures. | <u>1,467,204</u> | <u>1,482,204</u> | <u>1,166,679</u> | <u>315,525</u> |
| Excess of expenditures over revenues. | <u>(238,562)</u> | <u>(104,986)</u> | <u>(2,568)</u> | <u>102,418</u> |
| Other financing sources: | | | | |
| Sale of capital assets. | - | - | 10,956 | 10,956 |
| Other financing sources | - | - | 10,414 | 10,414 |
| Total other financing sources. | <u>-</u> | <u>-</u> | <u>21,370</u> | <u>21,370</u> |
| Net change in fund balances. | (238,562) | (104,986) | 18,802 | 123,788 |
| Fund balances at beginning of year | 696,526 | 696,526 | 696,526 | - |
| Prior year encumbrances appropriated | 107,599 | 107,599 | 107,599 | - |
| Fund balance at end of year | <u>\$ 565,563</u> | <u>\$ 699,139</u> | <u>\$ 822,927</u> | <u>\$ 123,788</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

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

| | <u>Budgeted Amounts</u> | | | Variance with |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Real and other taxes | \$ 784,031 | \$ 784,031 | \$ 764,312 | \$ (19,719) |
| Intergovernmental | - | - | 21,252 | 21,252 |
| Investment income | 2,250 | 2,250 | 1,991 | (259) |
| Total revenues | <u>786,281</u> | <u>786,281</u> | <u>787,555</u> | <u>1,274</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | 635,645 | 684,644 | 648,887 | 35,757 |
| Capital outlay | 80,000 | 99,000 | 99,000 | - |
| Debt service: | | | | |
| Principal retirement | 30,670 | 30,670 | 30,670 | - |
| Interest and fiscal charges | 1,910 | 1,910 | 1,910 | - |
| Total expenditures | <u>748,225</u> | <u>816,224</u> | <u>780,467</u> | <u>35,757</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>38,056</u> | <u>(29,943)</u> | <u>7,088</u> | <u>37,031</u> |
| Other financing sources: | | | | |
| Other financing sources | - | - | 14,018 | 14,018 |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>14,018</u> | <u>14,018</u> |
| Net change in fund balances | 38,056 | (29,943) | 21,106 | 51,049 |
| Fund balances at beginning of year | 84,003 | 84,003 | 84,003 | - |
| Prior year encumbrances appropriated . . . | 27,170 | 27,170 | 27,170 | - |
| Fund balance at end of year | <u>\$ 149,229</u> | <u>\$ 81,230</u> | <u>\$ 132,279</u> | <u>\$ 51,049</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2020

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|---------------------|---------------------|----------------------|---|
| | Water | Sewer | Storm | Total | |
| Assets: | | | | | |
| Current assets: | | | | | |
| Equity in pooled cash and cash equivalents . . . | \$ 664,410 | \$ 816,160 | \$ 591,265 | \$ 2,071,835 | \$ - |
| Receivables: | | | | | |
| Accounts | 569,980 | 456,243 | 122,481 | 1,148,704 | - |
| Prepayments | 17,874 | 10,129 | 2,542 | 30,545 | - |
| Total current assets | <u>1,252,264</u> | <u>1,282,532</u> | <u>716,288</u> | <u>3,251,084</u> | <u>-</u> |
| Noncurrent assets: | | | | | |
| Net pension asset | 3,413 | 3,711 | 535 | 7,659 | - |
| Capital assets: | | | | | |
| Land and construction in progress | 38,024 | 402,681 | 20,786 | 461,491 | - |
| Depreciable capital assets, net | 4,418,713 | 3,193,636 | 5,541,503 | 13,153,852 | - |
| Total capital assets, net | <u>4,456,737</u> | <u>3,596,317</u> | <u>5,562,289</u> | <u>13,615,343</u> | <u>-</u> |
| Total noncurrent assets | <u>4,460,150</u> | <u>3,600,028</u> | <u>5,562,824</u> | <u>13,623,002</u> | <u>-</u> |
| Total assets | <u>5,712,414</u> | <u>4,882,560</u> | <u>6,279,112</u> | <u>16,874,086</u> | <u>-</u> |
| Deferred outflows of resources: | | | | | |
| Pension | 79,488 | 89,719 | 9,049 | 178,256 | - |
| OPEB | 49,138 | 55,302 | 5,423 | 109,863 | - |
| Total deferred outflows of resources | <u>128,626</u> | <u>145,021</u> | <u>14,472</u> | <u>288,119</u> | <u>-</u> |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 2,802 | 226 | 2,195 | 5,223 | - |
| Contracts payable | - | 46,086 | - | 46,086 | - |
| Accrued wages payable | 9,452 | 10,729 | 1,498 | 21,679 | - |
| Due to other funds | - | - | - | - | 38,166 |
| Due to other governments | 3,857 | 78,200 | 586 | 82,643 | - |
| Accrued interest payable | - | 510 | - | 510 | - |
| Compensated absences payable - current | 12,884 | 14,380 | 2,996 | 30,260 | - |
| OPWC loans payable | 21,140 | 61,749 | 17,959 | 100,848 | - |
| Notes payable | - | 32,434 | - | 32,434 | - |
| Claims payable | - | - | - | - | 160,741 |
| Total current liabilities | <u>50,135</u> | <u>244,314</u> | <u>25,234</u> | <u>319,683</u> | <u>198,907</u> |
| Long-term liabilities: | | | | | |
| OPWC loans payable | 345,280 | 57,886 | 172,800 | 575,966 | - |
| Other loans payable | - | 194,969 | - | 194,969 | - |
| Net pension liability | 274,728 | 298,698 | 43,086 | 616,512 | - |
| Net OPEB liability | 192,853 | 209,679 | 30,245 | 432,777 | - |
| Total long-term liabilities | <u>812,861</u> | <u>761,232</u> | <u>246,131</u> | <u>1,820,224</u> | <u>-</u> |
| Total liabilities | <u>862,996</u> | <u>1,005,546</u> | <u>271,365</u> | <u>2,139,907</u> | <u>198,907</u> |
| Deferred inflows of resources: | | | | | |
| Pension | 59,516 | 64,709 | 9,334 | 133,559 | - |
| OPEB | 28,361 | 30,218 | 4,341 | 62,920 | - |
| Total deferred inflows of resources | <u>87,877</u> | <u>94,927</u> | <u>13,675</u> | <u>196,479</u> | <u>-</u> |
| Net position: | | | | | |
| Net investment in capital assets | 4,090,317 | 3,203,193 | 5,371,530 | 12,665,040 | - |
| Unrestricted | 799,850 | 723,915 | 637,014 | 2,160,779 | (198,907) |
| Total net position | <u>\$ 4,890,167</u> | <u>\$ 3,927,108</u> | <u>\$ 6,008,544</u> | <u>14,825,819</u> | <u>\$ (198,907)</u> |
| Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds. | | | | (40,051) | |
| Net position of business-type activities | | | | <u>\$ 14,785,768</u> | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

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

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|---|--|---------------------|---------------------|---------------------|--|
| | Water | Sewer | Storm | Total | |
| Operating revenues: | | | | | |
| Charges for services | \$ 2,057,109 | \$ 1,623,073 | \$ 455,172 | \$ 4,135,354 | \$ 667,856 |
| Other operating revenues | 717 | - | 5 | 722 | - |
| Total operating revenues. | <u>2,057,826</u> | <u>1,623,073</u> | <u>455,177</u> | <u>4,136,076</u> | <u>667,856</u> |
| Operating expenses: | | | | | |
| Personal services | 382,542 | 422,769 | 49,539 | 854,850 | - |
| Contract services | 1,482,496 | 1,164,156 | 113,505 | 2,760,157 | - |
| Materials and supplies. | 59,054 | 9,459 | 40,245 | 108,758 | - |
| Claims expense | - | - | - | - | 866,763 |
| Depreciation. | 207,226 | 160,501 | 180,325 | 548,052 | - |
| Other | - | 4,896 | - | 4,896 | - |
| Total operating expenses. | <u>2,131,318</u> | <u>1,761,781</u> | <u>383,614</u> | <u>4,276,713</u> | <u>866,763</u> |
| Operating income (loss) | <u>(73,492)</u> | <u>(138,708)</u> | <u>71,563</u> | <u>(140,637)</u> | <u>(198,907)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Interest and fiscal charges | - | (2,121) | - | (2,121) | - |
| Loss on disposal of capital assets | (71,672) | (10,169) | (178) | (82,019) | - |
| Intergovernmental | 8,296 | 8,692 | 1,441 | 18,429 | - |
| Total nonoperating revenues (expenses) | <u>(63,376)</u> | <u>(3,598)</u> | <u>1,263</u> | <u>(65,711)</u> | <u>-</u> |
| Change in net position | (136,868) | (142,306) | 72,826 | (206,348) | (198,907) |
| Net position at beginning of year. | <u>5,027,035</u> | <u>4,069,414</u> | <u>5,935,718</u> | <u>15,032,167</u> | <u>-</u> |
| Net position at end of year | <u>\$ 4,890,167</u> | <u>\$ 3,927,108</u> | <u>\$ 6,008,544</u> | <u>14,825,819</u> | <u>\$ (198,907)</u> |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds. | | | | (40,051) | |
| Change in net position of business-type activities. | | | | <u>\$ (246,399)</u> | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

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

| | Business-type Activities - Enterprise Funds | | | | Governmental |
|--|---|-------------------|-------------------|---------------------|--|
| | Water | Sewer | Storm | Total | Activities - Internal Service Fund |
| Cash flows from operating activities: | | | | | |
| Cash received from sales/charges for services | \$ 2,048,443 | \$ 1,530,472 | \$ 456,100 | \$ 4,035,015 | \$ 667,856 |
| Cash received from other operations | 1,053 | - | 5 | 1,058 | - |
| Cash payments for personal services | (329,925) | (345,679) | (42,815) | (718,419) | - |
| Cash payments for contractual services | (1,480,264) | (1,177,759) | (117,455) | (2,775,478) | - |
| Cash payments for materials and supplies | (58,991) | (9,233) | (40,007) | (108,231) | - |
| Cash payments for claims | - | - | - | - | (706,022) |
| Cash payments for other expenses | - | (4,896) | - | (4,896) | - |
| Net cash provided by (used in) operating activities | 180,316 | (7,095) | 255,828 | 429,049 | (38,166) |
| Cash flows from noncapital financing activities: | | | | | |
| Cash received from grants and subsidies | 8,296 | 8,692 | 1,441 | 18,429 | - |
| Cash received from interfund loans | - | - | - | - | 38,166 |
| Net cash provided by noncapital financing activities | 8,296 | 8,692 | 1,441 | 18,429 | 38,166 |
| Cash flows from capital and related financing activities: | | | | | |
| Sale of capital assets | 2,600 | 3,554 | - | 6,154 | - |
| Acquisition of capital assets | (120,136) | (517,293) | (160,223) | (797,652) | - |
| Note issuance | - | 245,000 | - | 245,000 | - |
| Principal retirement on OPWC loans | (7,046) | (38,180) | (10,760) | (55,986) | - |
| Interest and fiscal charges | - | (1,611) | - | (1,611) | - |
| Net cash used in capital and related financing activities | (124,582) | (308,530) | (170,983) | (604,095) | - |
| Net increase (decrease) in cash and cash equivalents | 64,030 | (306,933) | 86,286 | (156,617) | - |
| Cash and cash equivalents at beginning of year | 600,380 | 1,123,093 | 504,979 | 2,228,452 | - |
| Cash and cash equivalents at end of year | \$ 664,410 | \$ 816,160 | \$ 591,265 | \$ 2,071,835 | \$ - |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ (73,492) | \$ (138,708) | \$ 71,563 | \$ (140,637) | \$ (198,907) |
| Adjustments: | | | | | |
| Depreciation | 207,226 | 160,501 | 180,325 | 548,052 | - |
| Changes in assets and liabilities: | | | | | |
| (Increase) decrease in accounts receivable | (8,666) | (92,601) | 928 | (100,339) | - |
| (Increase) in prepayments | (836) | (2,111) | (892) | (3,839) | - |
| (Increase) in net pension asset | (322) | (435) | (19) | (776) | - |
| Decrease in deferred outflows - pension | 51,557 | 47,395 | 8,768 | 107,720 | - |
| (Increase) in deferred outflows - OPEB | (18,902) | (24,291) | (3,128) | (46,321) | - |
| Increase (decrease) in accounts payable | 2,671 | 196 | (2,983) | (116) | - |
| Increase (decrease) in accrued wages payable | (1,331) | 184 | 29 | (1,118) | - |
| Increase (decrease) in intergovernmental payable | (243) | (12,840) | 41 | (13,042) | - |
| (Decrease) in deposits held and due to others | (334) | - | - | (334) | - |
| Increase (decrease) in compensated absences payable | 607 | 911 | (64) | 1,454 | - |
| (Decrease) in net pension liability | (61,641) | (57,780) | (13,077) | (132,498) | - |
| Increase in net OPEB liability | 27,333 | 34,264 | 2,608 | 64,205 | - |
| Increase in deferred inflows - pension | 39,555 | 52,829 | 7,886 | 100,270 | - |
| Increase in deferred inflows - OPEB | 17,134 | 25,391 | 3,843 | 46,368 | - |
| Increase in claims payable | - | - | - | - | 160,741 |
| Net cash provided by (used in) operating activities | \$ 180,316 | \$ (7,095) | \$ 255,828 | \$ 429,049 | \$ (38,166) |

Non-cash Transactions:

The sewer fund purchased \$46,086 in capital assets on account during 2020.

CITY OF CANFIELD, OHIO

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2020

| | Private-Purpose Trust | Custodial |
|---|----------------------------------|------------------|
| Assets: | | |
| Equity in pooled cash and cash equivalents | \$ 27,855 | \$ 2,185 |
| Receivables: | | |
| Income taxes | - | 2,882 |
| | 27,855 | \$ 5,067 |
| Total assets | 27,855 | \$ 5,067 |
| Liabilities: | | |
| Intergovernmental payable. | - | \$ 5,067 |
| | - | \$ 5,067 |
| Total liabilities. | - | \$ 5,067 |
| Net position: | | |
| Held in trust for other purposes. | 27,855 | |
| | 27,855 | |
| Total net position. | \$ 27,855 | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

| | Private-Purpose Trust | Custodial |
|--|----------------------------------|------------------|
| Additions: | | |
| Fines and forfeitures collected for other governments. | \$ - | \$ 15,893 |
| Income taxes collected as fiscal agent. | - | 26,165 |
| Total additions | - | 42,058 |
| Deductions: | | |
| Administrative expenses | - | 262 |
| Fines and forfeitures remitted to other governments. | - | 15,893 |
| Income taxes distributed as fiscal agent. | - | 25,903 |
| Total deductions. | - | 42,058 |
| Change in net position | - | - |
| Net position at beginning of year. | 27,855 | - |
| Net position at end of year | \$ 27,855 | \$ - |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF CANFIELD, OHIO

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

NOTE 1 - DESCRIPTION OF THE CITY

The City of Canfield (the “City”) was incorporated under the laws of the State of Ohio in 1852 and adopted its first charter in 1968. The form of government provided in this Charter is known as the “Council-Manager Plan”. The Charter provides for a council of five members consisting of the Mayor and four other persons elected at large. Council members are elected to terms of 2 years with a maximum of 3 consecutive terms. The Mayor is elected to a term of 4 years with a maximum of 2 consecutive terms. The Mayor does not serve as President of the Council and does not have any veto power over the actions of the Council.

The City Manager is appointed by the Council and is the chief executive, administrative and law enforcement officer of the City. The Director of Finance is appointed by the Manager, with the approval of Council. The Director of Finance is the fiscal officer of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, the City’s BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization’s governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s basic financial statements to be misleading or incomplete.

The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City of Canfield, this includes police protection, street maintenance and repairs, planning and zoning, parks and recreation, water and wastewater. The operation of each of these activities is directly controlled by Council through the budgetary process.

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

Prior to 1990, the Fire Department of Canfield was solely operated by the City. The Cardinal Joint Fire District is a jointly managed organization with the Township of Canfield. The City and Township appoint two each of the five-member board. The fifth board member is selected by the other four members. The Cardinal Joint Fire District is supported by its own millage.

CITY OF CANFIELD, OHIO

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

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

The City is associated with two organizations which are defined as a jointly governed organization. The Canfield Community Joint Economic District was established during 2015. The Millennial Moments Joint Economic District was established during 2019. See Note 16 to the notes to the basic financial statements for detail.

B. Basis of Presentation - Fund Accounting

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service fund are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

General Fund - The general fund is used to account for and report all financial resources not accounted for 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. This includes, but is not limited to, police and fire protection, public health activities, cemetery, and the general administration of City functions.

CITY OF CANFIELD, OHIO

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

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

Street Construction Maintenance and Repair Fund - This fund accounts for revenues generated from license and gasoline taxes to be used on local roads within the City.

Police Department Operating Levy Fund - This fund accounts for property tax collections received through a tax levy to be used for the operations of the police department programs and capital expenditures.

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

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise funds or internal service funds.

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

Water Fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer Fund - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The City's only trust fund is a private-purpose trust fund. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City has two custodial funds. The City's custodial funds primarily account for the mayor's court and a JEDD agreement with Canfield Township.

Private Purpose Trust Fund

Cemetery Endowment Fund - This fund accounts for endowments received by sale of lots and specific bequests. All monies of the fund shall be invested in any qualified investment as determined by the Ohio Revised Code, the City of Canfield's Charter and the Finance Director of the City of Canfield. The corpus of the Endowment Fund shall be used only for additional cemetery land acquisition or improvements necessary to expand the cemetery, and must be approved by a majority vote of Council.

CITY OF CANFIELD, OHIO

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

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

Earnings from the Cemetery Endowment Fund may be transferred to the Cemetery Operating Fund and shall be used first to provide plantings, flowers and/or maintenance to those grave sites requiring same as a condition of a bequest. All other money shall be used for general care of the cemetery. Such care may include but not be limited to: (1) lawn and tree maintenance, replacement and additions; and (2) expenses involved with labor and equipment involved in (1).

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of the City are included on the statement of net position.

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows 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.

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.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds and private purpose trust funds.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds 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 inflows and outflows 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days after year-end.

CITY OF CANFIELD, OHIO

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6).

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 13 and 14 for deferred outflows of resources related the City's net pension liability and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 13 and 14 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

CITY OF CANFIELD, OHIO

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

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget - During the first Council meeting in July, the Manager presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. In accordance with Section 5705.281 of the Ohio Revised Code, the Mahoning County Budget Commission waived the requirement of the City to adopt a tax budget under Section 5705.28 of the Ohio Revised Code for the calendar year.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or before December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Finance Director determines, and the Budget Commission agrees, that an estimate need to be either increased or decreased.

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

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

CITY OF CANFIELD, OHIO

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

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

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized during the year for budget control purposes. Encumbrances outstanding at year-end are reported as expenditures under the City's budgetary basis of accounting. For GAAP reporting purposes, encumbrances outstanding at year-end are reported in restricted, committed, or assigned fund balance for governmental funds since they do not constitute expenditures or liabilities.

H. Cash and Cash Equivalents

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 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 financial statements.

During 2020, investments were limited to a repurchase agreement and investments in State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2020 amounted to \$27,997, which included \$19,097 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City, are considered to be cash equivalents. Investments with maturities greater than three months at the time of purchase are reported as investments.

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

CITY OF CANFIELD, OHIO

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

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000 for all assets other than grants that require the reporting of all assets regardless of cost. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. If interest is incurred during the construction of capital assets, it will be capitalized for the business-type activities.

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

| <u>Description</u> | Governmental Activities <u>Estimated Lives</u> | Business-type Activities <u>Estimated Lives</u> |
|-----------------------------------|--|---|
| Improvements Other Than Buildings | 7-20 years | 7-20 years |
| Buildings | 50 years | 50 years |
| Equipment | 3-20 years | 3-20 years |
| Infrastructure | 50-75 years | - |
| Water and Sewer Lines | - | 50 years |

J. Compensated Absences

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 receive compensation are attributed to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. The City records a liability for accumulated unused sick, comp, and vacation time at year end for all employees eligible to receive comp and vacation. Department heads do not receive payment for comp time. The sick liability is reported after an employee becomes eligible to retire and has ten years of continuous service with the City.

CITY OF CANFIELD, OHIO

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

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

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Notes are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

L. Interfund Balances

Receivables and payables for services provided by one fund to another fund are classified as “due to/from other funds.” 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.

M. Interfund Activity

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

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

N. Prepayments

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

CITY OF CANFIELD, OHIO

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

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

O. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

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

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

P. Estimates

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

CITY OF CANFIELD, OHIO

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

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

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions from grants and other funds are reported as revenue in the proprietary fund financial statements. The City did not have any contributions of capital during fiscal year 2020.

R. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Police Department assets acquired through the trust funds are restricted to law enforcement use.

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

S. 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 charges for services for water, sewer and storm water enterprise funds and charges for services to other departments for the self-insurance internal service fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting these descriptions are reported as nonoperating revenues and expenses.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. The City had no extraordinary or special items during 2020.

U. 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 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.

CITY OF CANFIELD, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2020, the City has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

B. Deficit Fund Balances

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

| <u>Nonmajor fund</u> | <u>Deficit</u> |
|---------------------------------|----------------|
| COPS School Violence Prevention | \$ 7,120 |
| Internal service fund | 198,907 |

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

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund type’s portion of this pool is displayed on the financial statements as “equity in pooled cash and cash equivalents.” Statutes require the classification of monies held by the City into three categories:

Active Monies: those monies required to be kept in a “cash” or “near-cash” status for immediate use by the City. Such monies must by law be maintained either as cash in the City treasury; in depository accounts payable or withdrawable on demand; including negotiable order of withdrawal (NOW) account; or in money market deposit accounts.

Inactive Monies: those monies not required for use within the current five year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies: 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 monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit accounts including passbook accounts.

CITY OF CANFIELD, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the 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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

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

CITY OF CANFIELD, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year-end, the City had \$1,710 in undeposited cash on hand which is included on the financial statements of the City as part of 'equity in pooled cash and cash equivalents.

B. Deposits with Financial Institutions

At December 31, 2020, the carrying amount of all City deposits was (\$47,629), and the bank balance of all City deposits was \$421,877. Of the bank balance, \$250,644 was covered by the FDIC and \$171,233 was covered by the Ohio Pooled Collateral System (OPCS). A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the City's bank accounts.

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

C. Investments

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

| Measurement/ Investment type | Measurement Value | Investment Maturities 6 months or less |
|------------------------------|----------------------|---|
| <i>Cost value:</i> | | |
| Repurchase agreement | \$ 6,165,434 | \$ 6,165,434 |
| <i>Amortized cost:</i> | | |
| STAR Ohio | 2,063 | 2,063 |
| Total | \$ 6,167,497 | \$ 6,167,497 |

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

CITY OF CANFIELD, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The City's federal agency securities that underlie the repurchase agreements were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$6,165,434 investment in a repurchase agreement, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the City. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2020:

| <u>Investment type</u> | Measurement | |
|------------------------|--------------|------------|
| | Value | % to Total |
| Repurchase agreement | \$ 6,165,434 | 99.97% |
| STAR Ohio | 2,063 | 0.03% |
| Total | \$ 6,167,497 | 100.00% |

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

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

| | |
|---|--------------|
| <u>Cash and investments per note</u> | |
| Carrying amount of deposits | \$ (47,629) |
| Investments | 6,167,497 |
| Cash on hand | 1,710 |
| Total | \$ 6,121,578 |
| <u>Cash and investments per statement of net position</u> | |
| Governmental activities | \$ 4,019,703 |
| Business type activities | 2,071,835 |
| Private purpose trust funds | 27,855 |
| Custodial funds | 2,185 |
| Total | \$ 6,121,578 |

CITY OF CANFIELD, OHIO

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

NOTE 5 - INTERFUNDS

- A. Interfund transfers for the year ended December 31, 2020, consisted of the following, as reported on the fund financial statements:

| | <u>Amount</u> |
|--|---------------|
| Transfers to parks fund from general fund | \$ 47,500 |
| Transfers to cemeteries fund from general fund | 25,000 |
| Transfers to recreation fund from general fund | 20,000 |
| Total transfers to nonmajor governmental funds from the General fund | \$ 92,500 |

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

- B. Due to/from other funds at December 31, 2020, as reported on the fund financial statements, consist of the following amounts due to/from other funds:

| <u>Receivable fund</u> | <u>Payable funds</u> | <u>Amount</u> |
|-----------------------------------|---|---------------|
| General fund | Nonmajor special revenue funds: | |
| | OVI task force grant - fiscal year 2021 | \$ 14,420 |
| | Federal COPS school violence prevention | 7,120 |
| | Self-insurance - internal service fund | 38,166 |
| Total due to/due from other funds | | \$ 59,706 |

The primary purpose of the due to/from other funds is to cover the negative cash balance at year-end in the self-insurance internal service fund and OVI task force grant – fiscal year 2021 and Federal COPS School Violence Prevention nonmajor governmental special revenue funds. The interfund balances will be repaid once the anticipated revenues are received.

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CITY OF CANFIELD, OHIO

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

NOTE 6 - PROPERTY TAXES – (Continued)

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

The full tax rate for all City operations for the year ended December 31, 2020 was \$6.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2020 property tax receipts were based are as follows:

| | |
|-------------------------------|------------------------------|
| Real Property | |
| Residential/Agricultural | \$ 181,929,010 |
| Commercial/Industrial/Mineral | 24,207,770 |
| Public Utility | |
| Real | <u>5,403,890</u> |
| Total Assessed Value | <u><u>\$ 211,540,670</u></u> |

NOTE 7 - LOCAL INCOME TAX

Resident - For residents, aged 18 and over, all income, salaries, qualifying wages, commissions, and other compensation from whatever source earned or received by the resident, including the resident’s distributive share of the net profit of pass-through entities owned directly or indirectly by the resident and any net profit of the resident.

Residents who pay another city income tax are given a credit of ½ of 1% of the wage on which the other city tax is paid.

Resident Business - Businesses located within the City must withhold the 1% tax on the gross compensation of all employees 18 years of age and older. Copies of all W-2’s Forms must be provided to the City. They must also provide copies of all 1099 Miscellaneous Income Forms issued since the tax is not withheld on that compensation. Taxes are paid on the net profit of the business.

Non-Resident - Taxes are paid on income and wages earned from a business located in the City. The employer must withhold the City income tax on the wages paid all employees. Income earned while working within the city limits is taxable to the City and the employer (even if located outside of the City) must withhold the city tax on these wages. Independent contractors pay on earnings, payments, bonuses, commissions and/or fees received. Since they are not employees, the tax is not withheld by an employer and they file and pay their own taxes.

Non-Resident Business - The tax is withheld on the individuals working within the City limits. Taxes are paid on the net profit of the portion of the business conducted within the City of Canfield or for the City of Canfield.

Income tax proceeds are received by the general fund.

CITY OF CANFIELD, OHIO

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

NOTE 8 - RECEIVABLES

Receivables at December 31, 2020, consisted of taxes, accounts (billings for user charged services), special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2020.

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

Governmental Activities:

| | |
|----------------------------|------------|
| Income taxes | \$ 928,745 |
| Real and other taxes | 1,403,993 |
| Accounts | 120,296 |
| Special assessments | 49,315 |
| Due from other governments | 402,646 |

Business-type Activities:

| | |
|----------|-----------|
| Accounts | 1,148,704 |
|----------|-----------|

Receivables have been disaggregated on the face of the BFS. The only receivable not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment. The special assessments are for street lighting which is billed and paid every year. The payment is behind by one year, similar to real and other taxes.

THIS SPACE IS INTENTIONALLY LEFT BLANK

CITY OF CANFIELD, OHIO

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

NOTE 9 - CAPITAL ASSETS

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

| <u>Governmental Activities:</u> | Balance 01/01/2020 | Additions | Disposals | Balance 12/31/2020 |
|---|-----------------------|-------------------|---------------------|-----------------------|
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 2,383,608 | \$ - | \$ - | \$ 2,383,608 |
| Construction in progress | 503,802 | 270,465 | (503,802) | 270,465 |
| Total capital assets, not being depreciated | <u>2,887,410</u> | <u>270,465</u> | <u>(503,802)</u> | <u>2,654,073</u> |
| <i>Capital assets, being depreciated:</i> | | | | |
| Buildings | 3,796,718 | - | - | 3,796,718 |
| Land improvements | 39,290 | - | - | 39,290 |
| Equipment | 2,895,702 | 195,719 | (229,693) | 2,861,728 |
| Infrastructure | 20,846,965 | 510,228 | - | 21,357,193 |
| Total capital assets, being depreciated | <u>27,578,675</u> | <u>705,947</u> | <u>(229,693)</u> | <u>28,054,929</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Buildings | (2,389,749) | (75,280) | - | (2,465,029) |
| Land improvements | (39,290) | - | - | (39,290) |
| Equipment | (1,208,532) | (265,992) | 201,931 | (1,272,593) |
| Infrastructure | (9,156,582) | (521,631) | - | (9,678,213) |
| Total accumulated depreciation | <u>(12,794,153)</u> | <u>(862,903)</u> | <u>201,931</u> | <u>(13,455,125)</u> |
| Total capital assets, being depreciated, net | <u>14,784,522</u> | <u>(156,956)</u> | <u>(27,762)</u> | <u>14,599,804</u> |
| Governmental activities capital assets, net | <u>\$ 17,671,932</u> | <u>\$ 113,509</u> | <u>\$ (531,564)</u> | <u>\$ 17,253,877</u> |

Depreciation expense was charged to functions/programs of the City as follows:

| | |
|--|-------------------|
| <u>Governmental activities:</u> | |
| General Government | \$ 71,184 |
| Security of Persons and Property | 173,073 |
| Public Health and Welfare | 6,001 |
| Leisure Time Activities | 17,997 |
| Community Environment | 1,311 |
| Transportation | <u>593,337</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 862,903</u> |

CITY OF CANFIELD, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

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

| <u>Business-type Activities:</u> | Balance 1/1/2020 | Additions | Disposals | Balance 12/31/2020 |
|---|----------------------|-------------------|---------------------|-----------------------|
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 21,297 | \$ - | \$ - | \$ 21,297 |
| Construction in progress | 84,200 | 440,194 | (84,200) | 440,194 |
| Total capital assets, not being depreciated | <u>105,497</u> | <u>440,194</u> | <u>(84,200)</u> | <u>461,491</u> |
| <i>Capital assets, being depreciated:</i> | | | | |
| Buildings | 1,924,526 | - | - | 1,924,526 |
| Equipment | 520,533 | 403,543 | (96,002) | 828,074 |
| Infrastructure | 23,893,665 | 84,200 | (135,455) | 23,842,410 |
| Total capital assets, being depreciated | <u>26,338,724</u> | <u>487,743</u> | <u>(231,457)</u> | <u>26,595,010</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Buildings | (975,880) | (46,471) | - | (1,022,351) |
| Equipment | (308,595) | (54,993) | 81,744 | (281,844) |
| Infrastructure | (11,751,916) | (446,588) | 61,541 | (12,136,963) |
| Total accumulated depreciation | <u>(13,036,391)</u> | <u>(548,052)</u> | <u>143,285</u> | <u>(13,441,158)</u> |
| Total capital assets, being depreciated, net | <u>13,302,333</u> | <u>(60,309)</u> | <u>(88,172)</u> | <u>13,153,852</u> |
| Business-type activities capital assets, net | <u>\$ 13,407,830</u> | <u>\$ 379,885</u> | <u>\$ (172,372)</u> | <u>\$ 13,615,343</u> |

Depreciation expense was charged to functions/programs of the City as follows:

| | |
|---|-------------------|
| <u>Business-type activities:</u> | |
| Water | \$ 207,226 |
| Sewer | 160,501 |
| Storm | 180,325 |
| Total depreciation expense - business-type activities | <u>\$ 548,052</u> |

NOTE 10 - EMPLOYEE BENEFITS

A. Health/Life Insurance

Beginning January 1, 2020, the City provides health care coverage through a self-insured program administered by CareFactor. CareFactor processes and pays the claims. Coverage is provided for all full-time employees. Underwriters have calculated the rate for coverage and the individual funds pay those amounts to the Health Care Self Insurance Fund (an internal service fund). The City also maintains an excess coverage insurance (stop loss) policy. Employees contribute 12% of the calculated cost of coverage. The City issues payments for the administrative fees and claims from the health insurance internal service fund.

Convertible Term life insurance is provided by Standard Insurance Company in the amount of \$35,000 for each full time employee.

CITY OF CANFIELD, OHIO

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

NOTE 10 - EMPLOYEE BENEFITS – (Continued)

Claims payable is based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at December 31, 2020, is estimated by the third party administrator at \$160,741. The changes in the claims liability for 2020 was as follows:

| <u>Year</u> | <u>Beginning Balance</u> | <u>Current-Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Ending Balance</u> |
|-------------|------------------------------|---|----------------------------|---------------------------|
| 2020 | \$ - | \$ 866,763 | \$ (706,022) | \$ 160,741 |

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned unused vacation time up to a maximum of 200 hours is paid upon termination of employment. Employees earn sick leave at a rate of ten (10) hours per month. Sick leave accrual is continuous, up to 2,000 hours. Upon retirement or death, an employee with 10 years of continuous service can be paid an amount equal to one-fourth (1/4) the total number of accumulated, unused sick hours, not to exceed the maximum of 500 hours. As of December 31, 2020, the liability for unpaid compensated absences was \$239,594 for the entire City.

CITY OF CANFIELD, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS

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

| Governmental Activities: | <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Balance 01/01/2020</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance 12/31/2020</u> | <u>Amounts Due in One Year</u> |
|--|----------------------|----------------------|---------------------------|-------------------|-----------------------|---------------------------|--------------------------------|
| <u>General Obligation Notes (direct borrowings):</u> | | | | | | | |
| Red Gate Land Acquisition | 2015 | 2.92% | \$ 264,584 | \$ - | \$ (72,814) | \$ 191,770 | \$ 75,015 |
| Police Department Addition | 2015 | 2.92% | 234,875 | - | (64,638) | 170,237 | 66,592 |
| Radio & Equipment | 2017 | 2.17% | 94,076 | - | (30,670) | 63,406 | 31,356 |
| Police Dispatcher Equipment | 2020 | 2.69% | - | 580,000 | (41,658) | 538,342 | 76,783 |
| Total General Obligation Notes | | | <u>593,535</u> | <u>580,000</u> | <u>(209,780)</u> | <u>963,755</u> | <u>249,746</u> |
| <u>Special Assessment Note (direct borrowing):</u> | | | | | | | |
| Kings Lake Street Lights | 2016 | 2.39% | 68,735 | - | (33,951) | 34,784 | 34,784 |
| <u>Bond (direct borrowing):</u> | | | | | | | |
| Vehicle Acquisition | 2019 | 3.73% | 86,199 | - | (20,348) | 65,851 | 21,133 |
| <u>Other Long-Term Obligations:</u> | | | | | | | |
| Net Pension Liability | | | 6,587,806 | - | (1,139,327) | 5,448,479 | - |
| Net OPEB Liability | | | 1,618,828 | 149,100 | - | 1,767,928 | - |
| Compensated Absences | | | 192,684 | 199,018 | (182,368) | 209,334 | 209,334 |
| Total Long-Term Obligations | | | <u>8,399,318</u> | <u>348,118</u> | <u>(1,321,695)</u> | <u>7,425,741</u> | <u>209,334</u> |
| Total Governmental Activities Long-Term Obligations | | | <u>\$ 9,147,787</u> | <u>\$ 928,118</u> | <u>\$ (1,585,774)</u> | <u>\$ 8,490,131</u> | <u>\$ 514,997</u> |

General Obligation Notes: On June 4, 2015, the City issued general obligation notes in the amount of \$1,070,500 for the purpose of retiring the balance of the 2011 Red Gate Land Acquisition general obligation bonds (\$567,088) and for the purpose of financing improvements to the police building (\$503,412). The notes have an interest rate of 2.92% and mature on June 1, 2023. The principal and interest on the note will be paid out of the red gate debt retirement fund and the general fund.

On February 1, 2017, the City issued a general obligation note in the amount of \$151,527 to purchase radios and ancillary equipment for the City of Canfield Police Department. This note has an interest rate of 2.174% and matures on September 1, 2022. The principal and interest on the note will be paid out of the police department operating levy fund and the general fund.

On September 4, 2020, the City issued a general obligation note in the amount of \$580,000 to assist with installation and renovating of the City's police department dispatch center. This note has an interest rate of 2.69% and matures on June 1, 2027. The principal and interest on the note will be paid out of the general fund.

These general obligation notes are considered direct borrowings that have terms negotiated directly between the City and the creditors and are not offered for public sale. In the event of default, the creditor may declare the full amount of the then unpaid original note amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

CITY OF CANFIELD, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Special Assessment Notes Payable: On September 15, 2016, the City issued special assessment notes in the amount of \$165,000 for the purpose of paying for the installation of street lights in the Kings Lake Subdivision. The special assessment notes will be paid from the proceeds of local taxes or other sources levied against the benefited property owners and collected during calendar years 2017 through 2021. In the event a property owner would fail to pay the assessment, payment would be made by the City.

This special assessment note is considered a direct borrowing that has terms negotiated directly between the City and the creditor and are not offered for public sale. In the event of default, the creditor may declare the full amount of the then unpaid original note amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Vehicle Acquisition Bond: On February 8, 2019, the City issued a vehicle acquisition bond in the amount of \$106,555 for the purpose of acquiring and equipping a utility bucket truck. The bond has an interest rate of 3.73% and matures on December 1st, 2023. Principal and interest related to this bond will be paid from the Street Construction, Maintenance, & Repair fund.

This vehicle acquisition bond is considered a direct borrowing that has terms negotiated directly between the City and the creditor and are not offered for public sale. In the event of default, the creditor may declare the full amount of the then unpaid original bond amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Net Pension Liability and Net OPEB Liability: See Notes 13 and 14 for more details. The City pays obligations related to employee compensation from the fund benefitting from their service which for the City, is primarily the general, Street, and Police funds.

Compensated Absences: Compensated absences are reported in the statement of net position will be paid from the fund from which the employee's salaries are paid. Compensated absences are further described in Note 10.B.

CITY OF CANFIELD, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is the summary of the City's future annual debt service and interest requirements for governmental fund obligations:

| Year Ending December 31, | General Obligation Notes | | | Special Assessment Note | | | Vehicle Acquisition Bond | | |
|-----------------------------|--------------------------|-----------|--------------|-------------------------|----------|-----------|--------------------------|----------|-----------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2021 | \$ 249,746 | \$ 24,536 | \$ 274,282 | \$ 34,784 | \$ 633 | \$ 35,417 | \$ 21,133 | \$ 2,292 | \$ 23,425 |
| 2022 | 256,788 | 17,493 | 274,281 | - | - | - | 21,940 | 1,485 | 23,425 |
| 2023 | 155,612 | 10,710 | 166,322 | - | - | - | 22,778 | 647 | 23,425 |
| 2024 | 83,260 | 7,683 | 90,943 | - | - | - | - | - | - |
| 2025 | 85,570 | 5,374 | 90,944 | - | - | - | - | - | - |
| 2026-2027 | 132,779 | 3,634 | 136,413 | - | - | - | - | - | - |
| Total | \$ 963,755 | \$ 69,430 | \$ 1,033,185 | \$ 34,784 | \$ 633 | \$ 35,417 | \$ 65,851 | \$ 4,424 | \$ 70,275 |

B. During 2020, the following activity occurred in the City's business-type long-term liabilities.

| Business-Type Activities | Date of Issue | Interest Rate | Balance | | | Balance | | Amounts Due in One Year |
|---|------------------|------------------|--------------|------------|--------------|--------------|------------|-------------------------------|
| | | | 1/20/2020 | Additions | Retirements | 12/31/2020 | | |
| <u>OPWC Loans (direct borrowings):</u> | | | | | | | | |
| Sawmill Sanitary Main Replacement | 2002 | 0.00% | \$ 36,023 | \$ - | \$ (9,006) | \$ 27,017 | \$ 27,017 | |
| Sawmill Sanitary Main Lining | 2003 | 0.00% | 104,195 | - | (11,577) | 92,618 | 34,732 | |
| Water Transmission Line Rehabilitation and Replacement | 2015 | 0.00% | 373,466 | - | (7,046) | 366,420 | 21,140 | |
| Court St. Arena Storm Water Improvement | 2000 | 0.00% | 14,319 | - | (7,160) | 7,159 | 7,159 | |
| Fairview Dr. Storm Water Management | 2015 | 0.00% | 187,200 | - | (3,600) | 183,600 | 10,800 | |
| Total OPWC Loans | | | 715,203 | - | (38,389) | 676,814 | 100,848 | |
| <u>Other Long-Term Obligations:</u> | | | | | | | | |
| Sewer to Millennial note - direct borrowing | | | - | 245,000 | (17,597) | 227,403 | 32,434 | |
| Net pension liability | | | 749,010 | - | (132,498) | 616,512 | - | |
| Net OPEB liability | | | 368,572 | 64,205 | - | 432,777 | - | |
| Compensated absences | | | 28,806 | 28,471 | (27,017) | 30,260 | 30,260 | |
| Total Other Long-Term Obligations | | | 1,146,388 | 337,676 | (177,112) | 1,306,952 | 62,694 | |
| Total business-type activities long-term obligations | | | \$ 1,861,591 | \$ 337,676 | \$ (215,501) | \$ 1,983,766 | \$ 163,542 | |

OPWC Loans: User charges and impact fees are used to pay the OPWC loans reported in the enterprise funds.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

CITY OF CANFIELD, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Notes: On September 4, 2020, the City issued a general obligation note in the amount of \$245,000 for the purpose of financing construction and installation of a sanitary sewer project to extend sanitary sewers to the Millennial Moments JEDD. The notes have an interest rate of 2.69% and mature on June 1, 2027. The principal and interest on the note will be paid out of the sewer fund.

Net Pension Liability and Net OPEB Liability: See Notes 13 and 14 for more details. The City pays obligations related to employee compensation from the fund benefitting from their service which for the City, are the water, sewer, and storm funds.

Compensated Absences: Compensated absences are reported in the statement of net position will be paid from the fund from which the employee's salaries are paid. Compensated absences are further described in Note 10.

The following is the summary of the City's future annual debt service and interest requirements for business-type activities obligations:

| Year Ending December 31, | <u>OPWC Loans</u> | | | <u>General Obligation Note</u> | | |
|-----------------------------|-------------------|-----------------|-------------------|--------------------------------|------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2021 | \$ 100,848 | \$ - | \$ 100,848 | \$ 32,434 | \$ 5,981 | \$ 38,415 |
| 2022 | 44,449 | - | 44,449 | 33,325 | 5,091 | 38,416 |
| 2023 | 44,447 | - | 44,447 | 34,240 | 4,176 | 38,416 |
| 2024 | 32,870 | - | 32,870 | 35,170 | 3,007 | 38,177 |
| 2025 | 21,293 | - | 21,293 | 36,146 | 2,270 | 38,416 |
| 2026 - 2030 | 106,465 | - | 106,465 | 56,088 | 1,536 | 57,624 |
| 2031 - 2035 | 106,465 | - | 106,465 | - | - | - |
| 2036 - 2040 | 106,466 | - | 106,466 | - | - | - |
| 2041 - 2044 | 106,464 | - | 106,464 | - | - | - |
| 2045 - 2046 | 7,047 | - | 7,047 | - | - | - |
| Total | <u>\$ 676,814</u> | <u>\$ -</u> | <u>\$ 676,814</u> | <u>\$ 227,403</u> | <u>\$ 22,061</u> | <u>\$ 249,464</u> |

C. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2020, the City's total debt margin was \$21,213,657 and the unvoted debt margin was \$10,636,624.

CITY OF CANFIELD, OHIO

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

NOTE 12 - RISK MANAGEMENT

A. Property, Liability and Bonds

The City is exposed to various risks of loss related to torts: theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2020, the City contracted with Argonaut Insurance Group purchased through McGowan Governmental Underwriters for various types of insurance as follows:

City of Canfield Insurance Policies:

| <u>Company</u> | <u>Type of Coverage</u> | <u>Deductible</u> |
|---|-------------------------------------|-------------------|
| Argonaut Insurance Company | General Liability | None |
| | Umbrella Liability | None |
| | General Property Insurance | \$ 500 |
| | Commercial Inland Marine | \$ 500 |
| | Commercial Property | \$ 1,000 |
| | Commercial Automobile-Comprehensive | \$ 1,000 |
| | Commercial Automobile-Collision | \$ 1,000 |
| | Commercial Automobile-Liability | None |
| | Employment Practices Liability | \$ 10,000 |
| | Law Enforcement Liability | \$ 10,000 |
| | Public Officials Liability | \$ 10,000 |
| Western Surety/ State Auto Insurance Company | Bond- Employee & Officials | None |

No settlements exceeded the insurance coverage in the last three years. There has been no significant reduction in coverage from the prior year.

B. Workers' Compensation

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

C. Unemployment

The City pays unemployment claims to the State of Ohio as incurred.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

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

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

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

***** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$253,937 for 2020. Of this amount, \$22,791 is reported as due to other governments.

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$286,476 for 2020. Of this amount, \$22,401 is reported as due to other governments.

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

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

Following is information related to the proportionate share and pension expense:

| | <u>OPERS - Traditional</u> | <u>OPERS - Combined</u> | <u>OPERS - Member- Directed</u> | <u>OP&F</u> | <u>Total</u> |
|--|--------------------------------|-----------------------------|---|--------------------|--------------|
| Proportion of the net pension liability/asset prior measurement date | 0.01121600% | 0.02503100% | 0.01044500% | 0.05225000% | |
| Proportion of the net pension liability/asset current measurement date | <u>0.01194700%</u> | <u>0.01385300%</u> | <u>0.01185400%</u> | <u>0.05497760%</u> | |
| Change in proportionate share | <u>0.00073100%</u> | <u>-0.01117800%</u> | <u>0.00140900%</u> | <u>0.00272760%</u> | |
| Proportionate share of the net pension liability | \$ 2,361,406 | \$ - | \$ - | \$ 3,703,585 | \$ 6,064,991 |
| Proportionate share of the net pension asset | - | (28,887) | (448) | - | (29,335) |
| Pension expense | 493,456 | 3,309 | (264) | 519,685 | 1,016,186 |

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

| | OPERS - Traditional | OPERS - Combined | OPERS - Member- Directed | OP&F | Total |
|--|------------------------|---------------------|--------------------------------|-------------------|---------------------|
| Deferred outflows of resources | | | | | |
| Differences between expected and actual experience | \$ - | \$ - | \$ 1,495 | \$ 140,193 | \$ 141,688 |
| Changes of assumptions | 126,127 | 2,979 | 72 | 90,912 | 220,090 |
| Changes in employer's proportionate percentage/difference between employer contributions | 168,888 | - | - | 329,649 | 498,537 |
| Contributions subsequent to the measurement date | 235,632 | 9,099 | 9,206 | 286,476 | 540,413 |
| Total deferred outflows of resources | <u>\$ 530,647</u> | <u>\$ 12,078</u> | <u>\$ 10,773</u> | <u>\$ 847,230</u> | <u>\$ 1,400,728</u> |
| Deferred inflows of resources | | | | | |
| Differences between expected and actual experience | \$ 29,856 | \$ 6,778 | \$ - | \$ 191,007 | \$ 227,641 |
| Net difference between projected and actual earnings on pension plan investments | 471,048 | 3,747 | 140 | 178,911 | 653,846 |
| Changes in employer's proportionate percentage/difference between employer contributions | - | - | - | 112,598 | 112,598 |
| Total deferred inflows of resources | <u>\$ 500,904</u> | <u>\$ 10,525</u> | <u>\$ 140</u> | <u>\$ 482,516</u> | <u>\$ 994,085</u> |

\$540,413 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021.

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 | OPERS - Combined | OPERS - Member- Directed | OP&F | Total |
|--------------------------|------------------------|---------------------|--------------------------------|------------------|---------------------|
| Year Ending December 31: | | | | | |
| 2021 | \$ 76,776 | \$ (1,842) | \$ 177 | \$ 7,576 | \$ 82,687 |
| 2022 | (115,134) | (1,773) | 180 | 31,188 | (85,539) |
| 2023 | 19,505 | (727) | 213 | 160,635 | 179,626 |
| 2024 | (187,036) | (2,092) | 159 | (117,490) | (306,459) |
| 2025 | - | (397) | 192 | (3,671) | (3,876) |
| Thereafter | - | (715) | 506 | - | (209) |
| Total | <u>\$ (205,889)</u> | <u>\$ (7,546)</u> | <u>\$ 1,427</u> | <u>\$ 78,238</u> | <u>\$ (133,770)</u> |

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

| | |
|--|--|
| Wage inflation | 3.25% |
| Future salary increases, including inflation | 3.25% to 10.75% including wage inflation |
| COLA or ad hoc COLA | Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple |
| Investment rate of return | |
| Current measurement date | 7.20% |
| Prior measurement date | 7.20% |
| Actuarial cost method | Individual entry age |

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

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

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

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|----------------------|---|
| Fixed income | 25.00 % | 1.83 % |
| Domestic equities | 19.00 | 5.75 |
| Real estate | 10.00 | 5.20 |
| Private equity | 12.00 | 10.70 |
| International equities | 21.00 | 7.66 |
| Other investments | 13.00 | 4.98 |
| Total | 100.00 % | 5.61 % |

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

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------------------|--------------------|
| City's proportionate share of the net pension liability (asset): | | | |
| Traditional Pension Plan | \$ 3,894,722 | \$ 2,361,406 | \$ 982,999 |
| Combined Plan | (17,455) | (28,887) | (37,126) |
| Member-Directed Plan | (237) | (448) | (593) |

Actuarial Assumptions - OP&F

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

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

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

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

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

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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> |
|------------|---------------|
| 59 or less | 35% |
| 60-69 | 60% |
| 70-79 | 75% |
| 80 and up | 100% |

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

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

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

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return ** |
|-----------------------------|----------------------|--|
| Cash and Cash Equivalents | - % | 1.00 % |
| Domestic Equity | 16.00 | 5.40 |
| Non-US Equity | 16.00 | 5.80 |
| Private Markets | 8.00 | 8.00 |
| Core Fixed Income * | 23.00 | 2.70 |
| High Yield Fixed Income | 7.00 | 4.70 |
| Private Credit | 5.00 | 5.50 |
| U.S. Inflation | | |
| Linked Bonds * | 17.00 | 2.50 |
| Master Limited Partnerships | 8.00 | 6.60 |
| Real Assets | 8.00 | 7.40 |
| Private Real Estate | 12.00 | 6.40 |
| Total | 120.00 % | |

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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

CITY OF CANFIELD, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|--------------|--------------------------|--------------|
| City's proportionate share of the net pension liability | \$ 5,133,040 | \$ 3,703,585 | \$ 2,507,987 |

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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.

CITY OF CANFIELD, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

The City's contractually required contribution was \$3,682 for 2020. Of this amount, \$330 is reported as due to other governments.

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

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

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

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

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

CITY OF CANFIELD, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded.

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

The City’s contractually required contribution to OP&F was \$7,539 for 2020. Of this amount, \$590 is reported as due to other governments.

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

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

Following is information related to the proportionate share and OPEB expense:

| | OPERS | OP&F | Total |
|---|--------------------|--------------------|--------------|
| Proportion of the net OPEB liability | | | |
| prior measurement date | 0.01159400% | 0.05225000% | |
| Proportion of the net OPEB liability | | | |
| current measurement date | <u>0.01200100%</u> | <u>0.05497760%</u> | |
| Change in proportionate share | <u>0.00040700%</u> | <u>0.00272760%</u> | |
| Proportionate share of the net OPEB liability | \$ 1,657,651 | \$ 543,054 | \$ 2,200,705 |
| OPEB expense | \$ 219,068 | \$ 94,264 | \$ 313,332 |

CITY OF CANFIELD, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

| | OPERS | OP&F | Total |
|--|------------|------------|------------|
| Deferred outflows of resources | | | |
| Differences between expected and actual experience | \$ 46 | \$ - | \$ 46 |
| Changes of assumptions | 262,390 | 317,490 | 579,880 |
| Changes in employer's proportionate percentage/difference between employer contributions | 72,539 | 198,797 | 271,336 |
| Contributions subsequent to the measurement date | 3,682 | 7,539 | 11,221 |
| Total deferred outflows of resources | \$ 338,657 | \$ 523,826 | \$ 862,483 |
| | OPERS | OP&F | Total |
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | \$ 151,599 | \$ 58,399 | \$ 209,998 |
| Net difference between projected and actual earnings on OPEB plan investments | 84,408 | 24,989 | 109,397 |
| Changes of assumptions | - | 115,733 | 115,733 |
| Changes in employer's proportionate percentage/difference between employer contributions | 2,532 | - | 2,532 |
| Total deferred inflows of resources | \$ 238,539 | \$ 199,121 | \$ 437,660 |

\$11,221 reported as deferred outflows of resources related to OPEB resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

CITY OF CANFIELD, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

| Year Ending December 31: | OPERS | OP&F | Total |
|--------------------------|-----------|------------|------------|
| 2021 | \$ 98,752 | \$ 60,115 | \$ 158,867 |
| 2022 | 33,685 | 60,115 | 93,800 |
| 2023 | 65 | 65,241 | 65,306 |
| 2024 | (36,066) | 57,162 | 21,096 |
| 2025 | - | 57,695 | 57,695 |
| Thereafter | - | 16,838 | 16,838 |
| Total | \$ 96,436 | \$ 317,166 | \$ 413,602 |

Actuarial Assumptions - OPERS

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

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

| | |
|--|--|
| Wage Inflation | 3.25% |
| Projected Salary Increases, including inflation | 3.25 to 10.75% including wage inflation |
| Single Discount Rate: | |
| Current measurement date | 3.16% |
| Prior Measurement date | 3.96% |
| Investment Rate of Return | |
| Current measurement date | 6.00% |
| Prior Measurement date | 6.00% |
| Municipal Bond Rate | |
| Current measurement date | 2.75% |
| Prior Measurement date | 3.71% |
| Health Care Cost Trend Rate | |
| Current measurement date | 10.00% initial, 3.50% ultimate in 2030 |
| Prior Measurement date | 7.50%, initial 3.25%, ultimate in 2029 |
| Actuarial Cost Method | Individual Entry Age Normal |

CITY OF CANFIELD, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

CITY OF CANFIELD, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|--------------|--------------------------|--------------|
| City's proportionate share of the net OPEB liability | \$ 2,169,301 | \$ 1,657,651 | \$ 1,247,984 |

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

| | 1% Decrease | Current Health Care Trend Rate Assumption | 1% Increase |
|---|--------------|---|--------------|
| City's proportionate share of the net OPEB liability | \$ 1,608,734 | \$ 1,657,651 | \$ 1,705,942 |

Changes between Measurement Date and Reporting Date

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

CITY OF CANFIELD, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

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

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

CITY OF CANFIELD, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return ** |
|-----------------------------|----------------------|--|
| Cash and Cash Equivalents | - % | 1.00 % |
| Domestic Equity | 16.00 | 5.40 |
| Non-US Equity | 16.00 | 5.80 |
| Private Markets | 8.00 | 8.00 |
| Core Fixed Income * | 23.00 | 2.70 |
| High Yield Fixed Income | 7.00 | 4.70 |
| Private Credit | 5.00 | 5.50 |
| U.S. Inflation | | |
| Linked Bonds * | 17.00 | 2.50 |
| Master Limited Partnerships | 8.00 | 6.60 |
| Real Assets | 8.00 | 7.40 |
| Private Real Estate | 12.00 | 6.40 |
| Total | 120.00 % | |

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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

CITY OF CANFIELD, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. For 2018, the total OPEB liability was calculated using the discount rate of 4.66%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.56% for 2019 and 4.66% for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|-------------|--------------------------|-------------|
| City's proportionate share of the net OPEB liability | \$ 673,352 | \$ 543,054 | \$ 434,785 |

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned, restricted or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

CITY OF CANFIELD, OHIO

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
6. Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

| | General | Street Construction Maintenance and Repair | Police Department Operating Levy |
|---|------------|--|--|
| Budget basis | \$ 48,757 | \$ 18,802 | \$ 21,106 |
| Net adjustment for revenue accruals | 424,666 | (6,672) | (17,982) |
| Net adjustment for expenditure accruals | (26,461) | 6,178 | 419 |
| Net adjustment for other sources/uses | (450,904) | (21,370) | (14,018) |
| Funds budgeted elsewhere | (3,187) | - | - |
| Adjustment for encumbrances | 662,563 | 396,954 | 150,282 |
| GAAP basis | \$ 655,434 | \$ 393,892 | \$ 139,807 |

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the self-insurance fund, the subdivision escrow fund, the subdivision deposits fund, and the unclaimed monies fund.

NOTE 16 - JOINTLY GOVERNED ORGANIZATION

Canfield Community Joint Economic Development District (JEDD)

The City of Canfield has entered into a contractual agreement effective April 27, 2015 with Canfield Township to facilitate economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio, the City, the Township and the JEDD. The JEDD is administered by a five-member Board of Directors consisting of one member representing the City, one member representing the Township, one member representing the owners of businesses located in the JEDD, one member representing persons working within the JEDD, and one member who shall serve as the chairperson who selected by the other four members. The initial term of the agreement is for a period of twenty-five years from the effective date. The Board of Directors has entered into an agreement with the City of Canfield to administer, collect and enforce the income tax on behalf of the JEDD. In consideration of its services pertaining to income tax administration and collection, the City shall receive a service fee equal to one percent of gross income tax revenue based upon receipts. The City shall pay one percent of the gross income tax into escrow. Upon termination of the contractual agreement, any property, asset and obligations of the JEDD shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party. The JEDD had income tax revenue of \$26,165 during 2020.

CITY OF CANFIELD, OHIO

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

NOTE 16 - JOINTLY GOVERNED ORGANIZATION – (Continued)

Millennial Moments Joint Economic Development District (JEDD)

The City of Canfield has entered into a contractual agreement effective April 16, 2019 with Canfield Township for the purpose of facilitating economic development and redevelopment, to create or preserve jobs and employment opportunities, and to improve the economic welfare of the people in the State of Ohio and in the respective areas of the contracting parties. The JEDD is administered by a five-member Board of Directors consisting of one member representing the City, one member representing the Township, one member representing the owners of businesses located in the JEDD, one member representing persons working within the JEDD, and one member who shall serve as the chairperson who is selected by the other four members. The municipal member and township member must be an elected official. The initial term of the agreement is for a period of twenty-five years from the effective date. The Board of Directors has entered into an agreement with the City of Canfield to administer, collect and enforce the income tax on behalf of the JEDD. In consideration of its services pertaining to income tax administration and collection, the City shall receive a service fee equal to one percent of gross income tax revenue based upon receipts. The City shall pay one percent of the gross income tax into escrow. Upon termination of the contractual agreement, any property, asset and obligations of the JEDD shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party. The JEDD had no activity during 2020.

THIS SPACE IS INTENTIONALLY LEFT BLANK

CITY OF CANFIELD, OHIO

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

NOTE 17 - FUND BALANCE

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

| Fund balance | General | Street Construction, Maintenance and Repair | Police Department Operating Levy | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------------|---------------------|--|-------------------------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | | |
| Prepays | \$ 90,259 | \$ 24,336 | \$ 6,225 | \$ 2,171 | \$ 122,991 |
| Unclaimed monies | 5,916 | - | - | - | 5,916 |
| Permanent fund | - | - | - | 72,400 | 72,400 |
| Total nonspendable | 96,175 | 24,336 | 6,225 | 74,571 | 201,307 |
| Restricted: | | | | | |
| General government | - | - | - | 104,565 | 104,565 |
| Security of persons and property | - | - | 329,464 | 70,034 | 399,498 |
| Public health and welfare | - | - | - | 17,907 | 17,907 |
| Transportation | - | 1,308,248 | - | 130,805 | 1,439,053 |
| Capital outlay | - | - | - | 4,828 | 4,828 |
| Debt service | - | - | - | 31,493 | 31,493 |
| Permanent fund | - | - | - | 110,583 | 110,583 |
| Total restricted | - | 1,308,248 | 329,464 | 470,215 | 2,107,927 |
| Committed: | | | | | |
| General government | 134,903 | - | - | 253,178 | 388,081 |
| Security of persons and property | 302,153 | - | - | - | 302,153 |
| Leisure time activities | - | - | - | 267,503 | 267,503 |
| Total committed | 437,056 | - | - | 520,681 | 957,737 |
| Assigned: | | | | | |
| General government | 43,650 | - | - | - | 43,650 |
| Security of persons and property | 124,911 | - | - | - | 124,911 |
| Community environment | 4,250 | - | - | - | 4,250 |
| Subsequent year appropriations | 474,131 | - | - | - | 474,131 |
| Total assigned | 646,942 | - | - | - | 646,942 |
| Unassigned (deficit) | 668,962 | - | - | (7,120) | 661,842 |
| Total fund balances | \$ 1,849,135 | \$ 1,332,584 | \$ 335,689 | \$ 1,058,347 | \$ 4,575,755 |

CITY OF CANFIELD, OHIO

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

NOTE 18 - LAND LEASE AGREEMENT

In fiscal year 1993, the City entered into a land lease for the use of land from the Canfield Board of Education for the operation, maintenance, and repair of a water storage tank. The term of the lease is 99 years commencing May 1, 1993 and ending April 30, 2092, unless otherwise terminated or extended as permitted by the agreement. The City shall pay Canfield Board of Education \$3,000 annually with adjustments based on the consumer price index every ten years. The current payment is \$3,000. The Canfield Board of Education retains title to the property.

NOTE 19 - OTHER COMMITMENTS

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

| <u>Fund</u> | <u>Year-End Encumbrances</u> |
|---|----------------------------------|
| General | \$ 628,736 |
| Street Construction, Maintenance and Repair | 390,079 |
| Police Department Operating Levy | 144,828 |
| Other Governmental | <u>222,784</u> |
| Total | <u>\$ 1,386,427</u> |

NOTE 20 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2020.

B. Litigation

The City is party to two (2) legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City. A description of the pending legal proceedings are as follows:

Mahoning County Common Pleas Case No. 2020 CV 00952, Yuhas v. Hunters Woods Home Owners Assoc., et al. The City is named as a defendant in this matter. The basis of the claim is to recover damages arising out of water and sewer intrusion into the Plaintiffs condominium. Units. This matter was filed on June 8, 2020. Plaintiffs seek damages in excess of \$25,000.00. The case has been referred to the City's liability insurance carrier who has assigned Mazanec Raskin & Ryder Co. Attorney John McLandrich can provide further information and can be reached at 440-248-7906.

Mahoning County Common Pleas Case No. 2020 CV 00953, Connors v. Hunters Woods Home Owners Assoc., et al. The City is named as a defendant in this matter. The basis of the claim is to recover damages arising out of water and sewer intrusion into the Plaintiffs condominium. Units. This matter was filed on June 8, 2020. Plaintiffs seek damages in excess of \$25,000.00. The case has been referred to the City's liability insurance carrier who has assigned Mazanec Raskin & Ryder Co. Attorney John McLandrich can provide further information and can be reached at 440-248-7906.

CITY OF CANFIELD, OHIO

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

NOTE 20 – CONTINGENCIES – (Continued)

Mahoning County Common Pleas Case No. 2020 CV 00954, Pizzula v. Hunters Woods Home Owners Assoc., et al. The City is named as a defendant in this matter. The basis of the claim is to recover damages arising out of water and sewer intrusion into the Plaintiffs condominium. Units. This matter was filed on June 8, 2020. Plaintiffs seek damages in excess of \$25,000.00. The case has been referred to the City’s liability insurance carrier who has assigned Mazanec Raskin & Ryder Co. Attorney John McLandrich can provide further information and can be reached at 440-248-7906.

Mahoning County Common Pleas Case No. 2020 CV 01007, Kellam-Williams v. Hunters Woods Home Owners Assoc., et al. The City is named as a defendant in this matter. The basis of the claim is to recover damages arising out of water and sewer intrusion into the Plaintiffs condominium. Units. This matter was filed on June 18, 2020. Plaintiffs seek damages in excess of \$25,000.00. The case has been referred to the City’s liability insurance carrier who has assigned Mazanec Raskin & Ryder Co. Attorney John McLandrich can provide further information and can be reached at 440-248- 7906.

The above cases have been consolidated as they all seek damages related to water and sanitary intrusion in the same condominium housing development.

Mahoning County Common Pleas Case No. 2020 CV 01084, Alex Geordan v. Charles Colucci et al. This case was filed on July 2, 2020. The complaint alleges that Canfield Police Chief Charles Colucci (and the City of Canfield as his employer) made untrue, defamatory and slanderous statements that resulted in the loss of Mr. Geordan’s employment as Superintendent of Canfield Local Schools, along with other damages. Plaintiff seeks damages in excess of \$500,000.00. The case has been referred to the City’s liability insurance carrier who has assigned Mazanec Raskin & Ryder Co. Attorney John McLandrich can provide further information and can be reached at 440-248-7906.

NOTE 21 - COVID-19

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CANFIELD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SEVEN YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|--------------|--------------|--------------|--------------|
| <i>Traditional Plan:</i> | | | | |
| City's proportion of the net pension liability | 0.011947% | 0.011216% | 0.010017% | 0.010735% |
| City's proportionate share of the net pension liability | \$ 2,361,406 | \$ 3,071,835 | \$ 1,571,472 | \$ 2,437,737 |
| City's covered payroll | \$ 1,680,993 | \$ 1,514,879 | \$ 1,323,738 | \$ 1,387,675 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 140.48% | 202.78% | 118.71% | 175.67% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.17% | 74.70% | 84.66% | 77.25% |
| <i>Combined Plan:</i> | | | | |
| City's proportion of the net pension asset | 0.013853% | 0.025031% | 0.023669% | 0.029751% |
| City's proportionate share of the net pension asset | \$ 28,887 | \$ 27,990 | \$ 32,221 | \$ 16,557 |
| City's covered payroll | \$ 61,671 | \$ 107,057 | \$ 96,938 | \$ 115,808 |
| City's proportionate share of the net pension asset as a percentage of its covered payroll | 46.84% | 26.14% | 33.24% | 14.30% |
| Plan fiduciary net position as a percentage of the total pension asset | 145.28% | 126.64% | 137.28% | 116.55% |
| <i>Member Directed Plan:</i> | | | | |
| City's proportion of the net pension asset | 0.011854% | 0.010445% | 0.011236% | 0.012497% |
| City's proportionate share of the net pension asset | \$ 448 | \$ 238 | \$ 392 | \$ 52 |
| City's covered payroll | \$ 70,460 | \$ 59,710 | \$ 61,580 | \$ 64,874 |
| City's proportionate share of the net pension asset as a percentage of its covered payroll | 0.64% | 0.40% | 0.64% | 0.08% |
| Plan fiduciary net position as a percentage of the total pension asset | 118.84% | 113.42% | 124.46% | 103.40% |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| | 2016 | 2015 | 2014 |
|----|-------------|--------------|--------------|
| | 0.011121% | 0.011088% | 0.011088% |
| \$ | 1,926,297 | \$ 1,337,337 | \$ 1,307,131 |
| \$ | 1,392,950 | \$ 1,354,508 | \$ 1,356,408 |
| | 138.29% | 98.73% | 96.37% |
| | 81.08% | 86.45% | 86.36% |
| | 0.031320% | 0.032328% | 0.032328% |
| \$ | 15,241 | \$ 12,448 | \$ 3,392 |
| \$ | 113,283 | \$ 118,167 | \$ 107,700 |
| | 13.45% | 10.53% | 3.15% |
| | 116.90% | 114.83% | 104.56% |
| | 0.012233% | n/a | n/a |
| \$ | 47 | n/a | n/a |
| \$ | 86,063 | n/a | n/a |
| | 0.05% | n/a | n/a |
| | 103.91% | n/a | n/a |

CITY OF CANFIELD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST SEVEN YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|--------------|--------------|--------------|--------------|
| City's proportion of the net pension liability | 0.05497760% | 0.05225000% | 0.04936500% | 0.04673530% |
| City's proportionate share of the net pension liability | \$ 3,703,585 | \$ 4,264,981 | \$ 3,029,758 | \$ 2,961,289 |
| City's covered payroll | \$ 1,450,879 | \$ 1,312,763 | \$ 1,198,095 | \$ 1,118,963 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 255.26% | 324.89% | 252.88% | 264.65% |
| Plan fiduciary net position as a percentage of the total pension liability | 69.89% | 63.07% | 70.91% | 68.36% |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------|--------------|--------------|
| 0.05274700% | 0.05284500% | 0.05284500% |
| \$ 3,393,261 | \$ 2,737,607 | \$ 2,573,732 |
| \$ 1,190,137 | \$ 1,160,168 | \$ 1,125,595 |
| 285.12% | 235.97% | 228.66% |
| 66.77% | 72.20% | 73.00% |

CITY OF CANFIELD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|------------------|------------------|
| <i>Traditional Plan:</i> | | | | |
| Contractually required contribution | \$ 235,632 | \$ 235,339 | \$ 212,083 | \$ 172,086 |
| Contributions in relation to the contractually required contribution | <u>(235,632)</u> | <u>(235,339)</u> | <u>(212,083)</u> | <u>(172,086)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 1,683,086 | \$ 1,680,993 | \$ 1,514,879 | \$ 1,323,738 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 13.00% |
| <i>Combined Plan:</i> | | | | |
| Contractually required contribution | \$ 9,099 | \$ 8,634 | \$ 14,988 | \$ 12,602 |
| Contributions in relation to the contractually required contribution | <u>(9,099)</u> | <u>(8,634)</u> | <u>(14,988)</u> | <u>(12,602)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 64,993 | \$ 61,671 | \$ 107,057 | \$ 96,938 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 13.00% |
| <i>Member Directed Plan:</i> | | | | |
| Contractually required contribution | \$ 9,206 | \$ 7,046 | \$ 5,971 | \$ 6,158 |
| Contributions in relation to the contractually required contribution | <u>(9,206)</u> | <u>(7,046)</u> | <u>(5,971)</u> | <u>(6,158)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 92,060 | \$ 70,460 | \$ 59,710 | \$ 61,580 |
| Contributions as a percentage of covered payroll | 10.00% | 10.00% | 10.00% | 10.00% |

Note: Information prior to 2015 was not available for the Member Directed Plan. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 166,521 | \$ 167,154 | \$ 162,541 | \$ 176,294 | \$ 140,089 | \$ 183,498 |
| <u>(166,521)</u> | <u>(167,154)</u> | <u>(162,541)</u> | <u>(176,294)</u> | <u>(140,089)</u> | <u>(183,498)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 1,387,675 | \$ 1,392,950 | \$ 1,354,508 | \$ 1,356,108 | \$ 1,400,890 | \$ 1,834,980 |
| 12.00% | 12.00% | 12.00% | 13.00% | 10.00% | 10.00% |
| \$ 13,897 | \$ 13,594 | \$ 14,180 | \$ 14,001 | \$ 4,425 | \$ 3,668 |
| <u>(13,897)</u> | <u>(13,594)</u> | <u>(14,180)</u> | <u>(14,001)</u> | <u>(4,425)</u> | <u>(3,668)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 115,808 | \$ 113,283 | \$ 118,167 | \$ 107,700 | \$ 55,660 | \$ 46,138 |
| 12.00% | 12.00% | 12.00% | 13.00% | 7.95% | 7.95% |
| \$ 6,163 | \$ 8,176 | | | | |
| <u>(6,163)</u> | <u>(8,176)</u> | | | | |
| <u>\$ -</u> | <u>\$ -</u> | | | | |
| \$ 51,358 | \$ 68,133 | | | | |
| 12.00% | 12.00% | | | | |

CITY OF CANFIELD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|------------------|------------------|
| <i>Police:</i> | | | | |
| Contractually required contribution | \$ 286,476 | \$ 275,667 | \$ 249,425 | \$ 227,638 |
| Contributions in relation to the contractually required contribution | <u>(286,476)</u> | <u>(275,667)</u> | <u>(249,425)</u> | <u>(227,638)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 1,507,768 | \$ 1,450,879 | \$ 1,312,763 | \$ 1,198,095 |
| Contributions as a percentage of covered payroll | 19.00% | 19.00% | 19.00% | 19.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 212,603 | \$ 226,126 | \$ 220,432 | \$ 178,782 | \$ 151,456 | \$ 192,923 |
| <u>(212,603)</u> | <u>(226,126)</u> | <u>(220,432)</u> | <u>(178,782)</u> | <u>(151,456)</u> | <u>(192,923)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 1,118,963 | \$ 1,190,137 | \$ 1,387,820 | \$ 1,402,212 | \$ 1,187,890 | \$ 1,513,122 |
| 19.00% | 19.00% | 15.88% | 12.75% | 12.75% | 12.75% |

CITY OF CANFIELD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|--------------|--------------|
| City's proportion of the net OPEB liability | 0.012001% | 0.011594% | 0.010460% | 0.011309% |
| City's proportionate share of the net OPEB liability | \$ 1,657,651 | \$ 1,511,584 | \$ 1,135,879 | \$ 1,142,200 |
| City's covered payroll | \$ 1,813,124 | \$ 1,681,646 | \$ 1,482,256 | \$ 1,568,357 |
| City's proportionate share of the net OPEB liability as a percentage of its covered payroll | 91.43% | 89.89% | 76.63% | 72.83% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 47.80% | 46.33% | 54.14% | 54.05% |

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CANFIELD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FOUR YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|--------------|--------------|
| City's proportion of the net OPEB liability | 0.05497760% | 0.05225000% | 0.04936500% | 0.04675300% |
| City's proportionate share of the net OPEB liability | \$ 543,054 | \$ 475,816 | \$ 2,796,952 | \$ 2,219,260 |
| City's covered payroll | \$ 1,450,879 | \$ 1,312,763 | \$ 1,198,095 | \$ 1,118,963 |
| City's proportionate share of the net OPEB liability as a percentage of its covered payroll | 37.43% | 36.25% | 233.45% | 198.33% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 47.08% | 46.57% | 14.13% | 15.96% |

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CANFIELD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------|----------------|----------------|-----------------|
| Contractually required contribution | \$ 3,682 | \$ 2,819 | \$ 2,388 | \$ 16,669 |
| Contributions in relation to the contractually required contribution | <u>(3,682)</u> | <u>(2,819)</u> | <u>(2,388)</u> | <u>(16,669)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 1,840,139 | \$ 1,813,124 | \$ 1,681,646 | \$ 1,482,256 |
| Contributions as a percentage of covered payroll | 0.20% | 0.16% | 0.14% | 1.12% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 32,989 | \$ 30,125 | \$ 29,462 | \$ 14,632 | \$ 59,403 | \$ 53,149 |
| <u>(32,989)</u> | <u>(30,125)</u> | <u>(29,462)</u> | <u>(14,632)</u> | <u>(59,403)</u> | <u>(53,149)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 1,554,841 | \$ 1,574,366 | \$ 1,472,675 | \$ 1,463,808 | \$ 1,456,550 | \$ 1,881,118 |
| 2.12% | 1.91% | 2.00% | 1.00% | 4.08% | 2.83% |

CITY OF CANFIELD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------|----------------|----------------|----------------|
| <i>Police:</i> | | | | |
| Contractually required contribution | \$ 7,539 | \$ 7,254 | \$ 6,564 | \$ 5,990 |
| Contributions in relation to the contractually required contribution | <u>(7,539)</u> | <u>(7,254)</u> | <u>(6,564)</u> | <u>(5,990)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 1,507,768 | \$ 1,450,879 | \$ 1,312,763 | \$ 1,198,095 |
| Contributions as a percentage of covered payroll | 0.50% | 0.50% | 0.50% | 0.50% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| \$ 5,595 | \$ 6,112 | \$ 5,787 | \$ 40,112 | \$ 80,183 | \$ 66,790 |
| <u>(5,595)</u> | <u>(6,112)</u> | <u>(5,787)</u> | <u>(40,112)</u> | <u>(80,183)</u> | <u>(66,790)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 1,118,963 | \$ 1,190,137 | \$ 1,387,820 | \$ 1,402,212 | \$ 1,187,890 | \$ 1,513,122 |
| 0.50% | 0.50% | 0.50% | 3.62% | 6.75% | 6.75% |

CITY OF CANFIELD, OHIO

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

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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

(Continued)

CITY OF CANFIELD, OHIO

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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

This page intentionally left blank.



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

City of Canfield
Mahoning County
104 Lisbon Street
Canfield, Ohio 44406

To the Members of 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 Canfield, Mahoning County, (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 29, 2021, wherein we 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 29, 2021

OHIO AUDITOR OF STATE KEITH FABER



CITY OF CANFIELD

MAHONING 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 1/18/2022

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