





**CITY OF BELLEVUE  
HURON COUNTY  
DECEMBER 31, 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellevue, Huron County, Ohio (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note 22 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

**Required Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 24, 2023

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**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
UNAUDITED**

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The discussion and analysis of the City of Bellevue's (the City) financial performance provides an overall view of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2021 are as follows:

- The City's net position increased \$6,127,834 as a result of this year's operations. The net position of the City's governmental activities increased by \$3,085,988, and net position for the City's business-type activities increased by \$3,041,846.
- During the year, the City had expenses for governmental activities in the amount of \$6,318,706, and program and general revenues of \$9,404,694. Business-type activities had expenses in the amount of \$4,092,634, and program revenues of \$7,134,480.

**Using this Annual Financial Report**

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

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

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

*Statement of Net Position and the Statement of Activities*

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

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

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

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

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

*Fund Financial Statements*

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

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

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

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

**The City as a Whole**

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

**Table 1 - Net Position**

	Governmental Activities 2021	Business-Type Activities 2021	Total 2021	Total 2020
<b><u>Assets</u></b>				
Current and Other Assets	\$ 15,422,358	\$ 11,949,852	\$ 27,372,210	\$ 23,565,855
Capital Assets	14,906,744	26,182,298	41,089,042	41,470,428
Net Pension Asset	6,659	6,539	13,198	30,497
Net OPEB Asset	168,167	155,153	323,320	-
<b>Total Assets</b>	<b>30,503,928</b>	<b>38,293,842</b>	<b>68,797,770</b>	<b>65,066,780</b>
<b><u>Deferred Outflows of Resources</u></b>				
Pension	979,476	448,968	1,428,444	1,271,233
OPEB	422,212	213,337	635,549	751,572
<b>Total Deferred Outflows of Resources</b>	<b>1,401,688</b>	<b>662,305</b>	<b>2,063,993</b>	<b>2,022,805</b>
<b><u>Liabilities</u></b>				
Other Liabilities	632,713	276,520	909,233	619,282
Net Pension Liability	4,441,450	1,370,558	5,812,008	6,299,067
Net OPEB Liability	445,665	-	445,665	2,880,711
Long-Term Liabilities	489,259	3,659,628	4,148,887	4,795,120
<b>Total Liabilities</b>	<b>6,009,087</b>	<b>5,306,706</b>	<b>11,315,793</b>	<b>14,594,180</b>
<b><u>Deferred Inflows of Resources</u></b>				
Property Taxes	1,048,405	-	1,048,405	917,410
Pension	1,505,886	698,383	2,204,269	2,017,062
OPEB	960,879	538,458	1,499,337	894,808
<b>Total Deferred Inflows of Resources</b>	<b>3,515,170</b>	<b>1,236,841</b>	<b>4,752,011</b>	<b>3,829,280</b>
<b><u>Net Position</u></b>				
Net Investment in Capital Assets	14,870,629	22,754,554	37,625,183	37,299,177
Restricted	2,841,573	-	2,841,573	2,589,804
Unrestricted	4,669,157	9,658,046	14,327,203	8,777,144
<b>Total Net Position</b>	<b>\$ 22,381,359</b>	<b>\$ 32,412,600</b>	<b>\$ 54,793,959</b>	<b>\$ 48,666,125</b>

Current and Other Assets increased mainly due to the increase in equity in pooled cash and cash equivalents. The changes in deferred outflows of resources for Pension and OPEB, Net Pension Liability, Net OPEB Liability, Net Pension Asset, Net OPEB Asset, and Deferred Inflows of Resources for Pension and OPEB are due to the recording of GASB 68 and 75 as described on the next page.

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Long-Term Liabilities (other than pension and OPEB) decreased by \$646,233, mainly due to principal payment.

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

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

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

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

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

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

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

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

Table 2 shows the changes in net position for the year 2021 compared to 2020:

**Table 2 - Changes in Net Position**

	Governmental Activities 2021	Business-Type Activities 2021	Total 2021	Total 2020
<b><u>Revenues</u></b>				
Program Revenues:				
Charges for Services	\$ 732,547	\$ 7,134,480	\$ 7,867,027	\$ 7,171,036
Operating Grants and Contributions	672,197	-	672,197	823,295
Capital Grants and Contributions	105,000	-	105,000	394,370
General Revenues:				
Municipal Income Taxes	6,447,990	-	6,447,990	5,793,777
Property Taxes	936,274	-	936,274	856,446
Grants and Entitlements	457,829	-	457,829	363,485
Investment Income	30,245	-	30,245	136,025
All Other Revenues	22,612	-	22,612	14,218
<b>Total Revenues</b>	<b>9,404,694</b>	<b>7,134,480</b>	<b>16,539,174</b>	<b>15,552,652</b>
<b><u>Program Expenses</u></b>				
General Government -Legislative and Executive	1,358,509	-	1,358,509	2,332,438
General Government -Judicial	136,287	-	136,287	401,740
Security of Persons and Property	2,448,741	-	2,448,741	2,723,823
Public Health and Welfare	22,173	-	22,173	58,691
Transportation	1,416,892	-	1,416,892	1,714,207
Community Environment	119,228	-	119,228	185,858
Leisure Time Activities	815,073	-	815,073	649,485
Interest and Fiscal Charges	1,803	-	1,803	1,824
Water	-	2,381,064	2,381,064	2,708,047
Wastewater Pollution	-	1,711,570	1,711,570	1,980,561
<b>Total Expenses</b>	<b>6,318,706</b>	<b>4,092,634</b>	<b>10,411,340</b>	<b>12,756,674</b>
<b>Increase in Net Position</b>	<b>\$ 3,085,988</b>	<b>\$ 3,041,846</b>	<b>\$ 6,127,834</b>	<b>\$ 2,795,978</b>

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*Governmental Activities*

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

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

Thus, the City depends on municipal income taxes due to the lack of property tax revenue growth. Municipal income and property taxes made up 78.52 percent of total revenues for governmental activities in calendar year 2021.

Total revenues increased by \$892,907 in 2021. This was mainly due to an increase in municipal income taxes and charges for services, which was offset by a decrease in operating grants and contributions. Operating grants and contributions decreased due to COVID-19 monies received and spent in 2020. Charges for services increased due to the increase of more recreational activities in 2021. Municipal income taxes increased due to an increase in cash collections and accruals for 2021.

Security of Persons and Property comprise 38.75 percent; General Government – Legislative, Executive, and Judicial comprise 23.66 percent; Leisure Time Activities comprise 12.90 percent; and Transportation comprised 22.42 percent of governmental program expenses.

Governmental activities programs expenses totaled \$6,318,706 which is a \$1,749,360 decrease as compared to 2020. Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$2,448,741 of the total expenses of the City. The decrease as compared to 2020 is due to a 2021 reduction of expenditures in GASB 68 & GASB 75 calculation. These expenses were partially funded by \$1,216 in direct charges to users of the services, \$17,279 in operating grants, and \$105,000 capital grants. Transportation expenses totaled \$1,416,892 and were funded by \$23,900 in direct charges to users of these services, and \$584,881 in operating grants and contributions.

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

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**Table 3 - Governmental Activities**

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020
General Government - Legislative and Executive	\$ 1,358,509	\$ 1,234,660	\$ 2,332,438
General Government - Judicial	136,287	(39,545)	401,740
Security of Persons and Property	2,448,741	2,325,246	2,723,823
Public Health and Welfare	22,173	18,548	58,691
Transportation	1,416,892	808,111	1,714,207
Community Environment	119,228	98,282	185,858
Leisure Time Activities	815,073	361,857	649,485
Interest and Fiscal Charges	1,803	1,803	1,824
<b>Total Expenses</b>	<b>\$ 6,318,706</b>	<b>\$ 4,808,962</b>	<b>\$ 8,068,066</b>

***Business-Type Activities***

Business-type activities include the Water and Wastewater Pollution funds. These programs had total revenues of \$7,134,480 and total expenses of \$4,092,634 for the year 2021 for an increase in net position of \$3,041,846. The majority of the increase in net position is due to the increase in net position of the Wastewater Pollution fund due to revenues exceeding expenses. Business-type activities receive no support from tax revenues. Total revenues increased by \$93,615, or 1.33 percent, in 2021 whereas total expenses decreased by \$595,974, or 12.71 percent.

**The City's Funds**

Information about the City's major funds, which are the General Fund and Capital Improvement Fund. All governmental funds had total revenues (including other financing sources) of \$11,024,988 and expenditures (including other financing uses) of \$8,998,662. The General Fund, which is always a major fund, had a net increase in fund balance of \$1,520,539 due to revenues exceeding expenditures during 2021. The Capital Improvement Fund had a decrease in fund balance of \$107,534 due to capital outlay exceeding the transfers in from the General Fund.

***General Fund Budgeting Highlights***

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

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

For the General Fund, original and final budget basis revenue was \$6,267,239, plus a beginning unobligated cash balance of \$5,190,665. This estimate was applied to the final budgeted amount of expenditures and prior year encumbrances of \$7,788,251, for a budget unobligated balance of \$3,669,653. The City's General Fund actual ending unobligated cash balance was \$6,264,745, for a favorable variance of \$2,546,051. The favorable variance was mainly due to conservative budgeting and the fluctuation of expenses due to salaries and benefits and withholding of capital improvements due to pandemic issues.

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**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2021, the City had \$41,089,042 invested in land and land improvements, buildings and improvements, furniture, fixtures, and equipment, vehicles, infrastructure, and construction in progress. \$14,906,744 is reported in the governmental activities while \$26,182,298 is reported in the business-type activities. Table 4 shows the 2021 balances compared to 2020.

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

	Governmental Activities 2021	Business-Type Activities 2021	Total 2021	Total 2020
Land and Land Improvements	\$ 1,470,344	\$ 2,796,359	\$ 4,266,703	\$ 4,235,795
Buildings and Improvements	7,033,409	18,315,462	25,348,871	23,810,219
Furniture, Fixtures, and Equipment	2,625,773	3,134,931	5,760,704	5,629,905
Vehicles	3,494,709	1,335,661	4,830,370	4,566,505
Infrastructure	18,290,776	20,536,725	38,827,501	38,476,178
Construction in Progress	57,000	75,078	132,078	1,465,249
<b>Total Capital Assets</b>	<b>32,972,011</b>	<b>46,194,216</b>	<b>79,166,227</b>	<b>78,183,851</b>
Accumulated Depreciation	(18,065,267)	(20,011,918)	(38,077,185)	(36,713,423)
<b>Totals</b>	<b>\$ 14,906,744</b>	<b>\$ 26,182,298</b>	<b>\$ 41,089,042</b>	<b>\$ 41,470,428</b>

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

***Debt***

At December 31, 2021, the City had \$3,463,859 in loans, and capital leases outstanding with \$35,656 due within one year. Table 5 summarizes bond and loans outstanding.

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

	Governmental Activities 2021	Business-Type Activities 2021	Total 2021	Total 2020
Capital Lease	\$ -	\$ 296,646	\$ 296,646	\$ 372,833
Loan Payable	36,115	-	36,115	70,373
O.W.D.A. Loans	-	3,131,098	3,131,098	3,728,045
<b>Total</b>	<b>\$ 36,115</b>	<b>\$ 3,427,744</b>	<b>\$ 3,463,859</b>	<b>\$ 4,171,251</b>

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



**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
UNAUDITED**

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**For the Future**

The City is not aware of any decisions or conditions, supportable by objective information, that are expected to significantly affect equity or results of operations.

**Contacting the City's Financial Management**

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

## **Basic Financial Statements**

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 10,718,812	\$ 10,607,281	\$ 21,326,093
Cash and Cash Equivalents:			
In Segregated Accounts	2,682	-	2,682
With Fiscal Agents	1,203,149	-	1,203,149
Materials and Supplies Inventory	53,289	381,555	434,844
Accounts Receivable	75,628	981,688	1,057,316
Intergovernmental Receivable	425,313	-	425,313
Internal Balances	20,672	(20,672)	-
Municipal Income Taxes Receivable	1,824,455	-	1,824,455
Property Taxes Receivable	1,065,674	-	1,065,674
Restricted Assets:			
Deposits	32,684	-	32,684
Nondepreciable Capital Assets	1,275,482	2,275,290	3,550,772
Depreciable Capital Assets	13,631,262	23,907,008	37,538,270
Net Pension Asset	6,659	6,539	13,198
Net OPEB Asset	168,167	155,153	323,320
<b>Total Assets</b>	<b>30,503,928</b>	<b>38,293,842</b>	<b>68,797,770</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	979,476	448,968	1,428,444
OPEB	422,212	213,337	635,549
<b>Total Deferred Outflows of Resources</b>	<b>1,401,688</b>	<b>662,305</b>	<b>2,063,993</b>
<b>LIABILITIES</b>			
Accounts Payable	67,382	159,551	226,933
Accrued Wages and Benefits	110,376	51,928	162,304
Intergovernmental Payable	61,713	24,364	86,077
Accrued Interest Payable	-	40,677	40,677
Claims Payable	43,167	-	43,167
Unearned Revenue	350,075	-	350,075
Long-term Liabilities:			
Due within one year	205,520	809,948	1,015,468
Due in more than one year:			
Net Pension Liability	4,441,450	1,370,558	5,812,008
Net OPEB Liability	445,665	-	445,665
Other Amounts	283,739	2,849,680	3,133,419
<b>Total Liabilities</b>	<b>6,009,087</b>	<b>5,306,706</b>	<b>11,315,793</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	1,048,405	-	1,048,405
Pension	1,505,886	698,383	2,204,269
OPEB	960,879	538,458	1,499,337
<b>Total Deferred Inflows of Resources</b>	<b>3,515,170</b>	<b>1,236,841</b>	<b>4,752,011</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	14,870,629	22,754,554	37,625,183
Restricted for:			
Capital Projects	142,724	-	142,724
Debt Service	23,376	-	23,376
Community Development	475,197	-	475,197
Streets and Highways	655,031	-	655,031
Police and Fire	746,779	-	746,779
Recreation	429,096	-	429,096
Other Purposes	369,370	-	369,370
Unrestricted	4,669,157	9,658,046	14,327,203
<b>Total Net Position</b>	<b>\$ 22,381,359</b>	<b>\$ 32,412,600</b>	<b>\$ 54,793,959</b>

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General Government:							
Legislative and Executive	\$ 1,358,509	\$ 60,599	\$ 63,250	\$ -	\$ (1,234,660)	\$ -	\$ (1,234,660)
Judicial	136,287	175,832	-	-	39,545	-	39,545
Security of Persons and Property	2,448,741	1,216	17,279	105,000	(2,325,246)	-	(2,325,246)
Public Health and Welfare	22,173	3,625	-	-	(18,548)	-	(18,548)
Transportation	1,416,892	23,900	584,881	-	(808,111)	-	(808,111)
Community Environment	119,228	20,946	-	-	(98,282)	-	(98,282)
Leisure Time Activities	815,073	446,429	6,787	-	(361,857)	-	(361,857)
Interest and Fiscal Charges	1,803	-	-	-	(1,803)	-	(1,803)
<b>Total Governmental activities</b>	<b>6,318,706</b>	<b>732,547</b>	<b>672,197</b>	<b>105,000</b>	<b>(4,808,962)</b>	<b>-</b>	<b>(4,808,962)</b>
<b>Business-type activities:</b>							
Water	2,381,064	3,606,512	-	-	-	1,225,448	1,225,448
Wastewater Pollution	1,711,570	3,527,968	-	-	-	1,816,398	1,816,398
<b>Total Business-type activities</b>	<b>4,092,634</b>	<b>7,134,480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,041,846</b>	<b>3,041,846</b>
<b>Totals</b>	<b>\$ 10,411,340</b>	<b>\$ 7,867,027</b>	<b>\$ 672,197</b>	<b>\$ 105,000</b>	<b>(4,808,962)</b>	<b>3,041,846</b>	<b>(1,767,116)</b>
<b>General Revenues:</b>							
Property Taxes levied for:							
General Purposes					313,284	-	313,284
Other Purposes					622,990	-	622,990
Municipal Income Taxes levied for:							
General Purposes					6,447,990	-	6,447,990
Grants & Entitlements not restricted to specific programs					457,829	-	457,829
Investment Income					30,245	-	30,245
All Other Revenues					22,612	-	22,612
Total General Revenues					7,894,950	-	7,894,950
Change in Net Position					3,085,988	3,041,846	6,127,834
Net Position - Beginning of Year					19,295,371	29,370,754	48,666,125
<b>Net Position - End of Year</b>					<b>\$ 22,381,359</b>	<b>\$ 32,412,600</b>	<b>\$ 54,793,959</b>

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 6,448,613	\$ 274,730	\$ 3,995,469	\$ 10,718,812
Cash and Cash Equivalents:				
In Segregated Accounts	2,682	-	-	2,682
Materials and Supplies Inventory	-	-	53,289	53,289
Accounts Receivable	72,632	-	2,996	75,628
Intergovernmental Receivable	139,762	-	285,551	425,313
Restricted Assets:				
Deposits	-	32,684	-	32,684
Municipal Income Taxes Receivable	1,824,455	-	-	1,824,455
Property Taxes Receivable	376,924	-	688,750	1,065,674
<b>Total Assets</b>	<u>\$ 8,865,068</u>	<u>\$ 307,414</u>	<u>\$ 5,026,055</u>	<u>\$ 14,198,537</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 40,835	\$ -	\$ 26,547	\$ 67,382
Accrued Wages and Benefits	90,906	-	19,470	110,376
Intergovernmental Payable	30,099	-	31,614	61,713
Unearned Revenue	-	-	350,075	350,075
<i>Total Liabilities</i>	<u>161,840</u>	<u>-</u>	<u>427,706</u>	<u>589,546</u>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	370,543	-	677,862	1,048,405
Unavailable Revenue - Delinquent Property Taxes	6,381	-	10,888	17,269
Unavailable Revenue - Municipal Income Taxes	640,797	-	-	640,797
Unavailable Revenue - Other	153,546	-	196,481	350,027
<i>Total Deferred Inflows of Resources</i>	<u>1,171,267</u>	<u>-</u>	<u>885,231</u>	<u>2,056,498</u>
<b>Fund Balances:</b>				
Nonspendable	300	-	53,289	53,589
Restricted	35,888	-	2,642,759	2,678,647
Assigned	863,092	307,414	1,017,070	2,187,576
Unassigned	6,632,681	-	-	6,632,681
<i>Total Fund Balances</i>	<u>7,531,961</u>	<u>307,414</u>	<u>3,713,118</u>	<u>11,552,493</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 8,865,068</u>	<u>\$ 307,414</u>	<u>\$ 5,026,055</u>	<u>\$ 14,198,537</u>

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2021**

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**Total Governmental Funds Balance** \$ 11,552,493

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

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds 14,906,744

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

Municipal income taxes	640,797	
Delinquent property taxes	17,269	
Intergovernmental	290,838	
Charges for services	59,189	
Total	1,008,093	1,008,093

Internal Service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service funds are included in Governmental Activities in the Statement of Net Position. 1,180,654

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

Net Pension Asset	6,659	
Net OPEB Asset	168,167	
Deferred Outflows - Pension	979,476	
Deferred Inflows - Pension	(1,505,886)	
Net Pension Liability	(4,441,450)	
Deferred Outflows - OPEB	422,212	
Deferred Inflows - OPEB	(960,879)	
Net OPEB Liability	(445,665)	
Total	(5,777,366)	(5,777,366)

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

Loan Payable	(36,115)	
Compensated absences	(453,144)	
Total	(489,259)	(489,259)

**Net Position of Governmental Activities** \$ 22,381,359

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>General Fund</b>	<b>Capital Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property Taxes	\$ 312,601	\$ -	\$ 622,759	\$ 935,360
Municipal Income Taxes	6,563,284	-	-	6,563,284
Intergovernmental	405,309	-	797,026	1,202,335
Interest	18,026	-	799	18,825
Fees, Licenses, and Permits	60,161	-	-	60,161
Fines and Forfeitures	153,282	-	55,559	208,841
Charges for Services	13,708	-	450,054	463,762
Contributions and Donations	-	-	6,787	6,787
All Other Revenues	11,051	-	11,561	22,612
<b>Total Revenues</b>	<b>7,537,422</b>	<b>-</b>	<b>1,944,545</b>	<b>9,481,967</b>
<b>EXPENDITURES</b>				
General Government:				
Legislative and Executive	1,681,467	-	68,257	1,749,724
Judicial	354,530	-	9,929	364,459
Security of Persons and Property	2,257,960	-	450,384	2,708,344
Public Health and Welfare	-	-	13,296	13,296
Transportation	-	-	675,588	675,588
Community Environment	179,905	-	23,563	203,468
Leisure Time Activities	-	-	655,718	655,718
Capital Outlay	-	1,005,555	43,428	1,048,983
Debt Service:				
Principal Retirement	-	-	34,258	34,258
Interest and Fiscal Charges	-	-	1,803	1,803
<b>Total Expenditures</b>	<b>4,473,862</b>	<b>1,005,555</b>	<b>1,976,224</b>	<b>7,455,641</b>
Excess of Revenues (Under) Expenditures	3,063,560	(1,005,555)	(31,679)	2,026,326
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	898,021	645,000	1,543,021
Transfers Out	(1,543,021)	-	-	(1,543,021)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,543,021)</b>	<b>898,021</b>	<b>645,000</b>	<b>-</b>
Net Change in Fund Balances	1,520,539	(107,534)	613,321	2,026,326
Fund Balances - Beginning of Year	6,011,422	414,948	3,087,241	9,513,611
Increase in Inventory	-	-	12,556	12,556
<b>Fund Balances - End of Year</b>	<b>\$ 7,531,961</b>	<b>\$ 307,414</b>	<b>\$ 3,713,118</b>	<b>\$ 11,552,493</b>

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**Net Change in Fund Balances-Total Governmental Funds** \$ 2,026,326

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

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

Capital Outlay	\$ 1,063,258	
Depreciation	<u>(1,147,603)</u>	
Total		(84,345)

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (21,965)

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

Municipal income taxes	(115,294)	
Delinquent property taxes	914	
Intergovernmental	18,196	
Charges for services	<u>7,491</u>	
Total		(88,693)

Repayment of loan principal is an expenditure in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 34,258

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

Pension		432,936
OPEB		5,884

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

Pension		(227,386)
OPEB		1,061,962

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated absences	(42,687)	
Change in inventory	<u>12,556</u>	
Total		(30,131)

Internal Service funds are used by management to charge costs to certain activities, such as insurance to individual funds. The net revenue (expense) of Internal Service funds are reported in the Governmental Activities. (22,858)

**Change in Net Position of Governmental Activities** \$ 3,085,988

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



**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL -  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 309,839	\$ 309,839	\$ 312,601	\$ 2,762
Municipal Income Taxes	5,325,000	5,325,000	6,201,877	876,877
Intergovernmental	313,000	313,000	400,394	87,394
Interest	94,000	94,000	18,026	(75,974)
Fees, Licenses, and Permits	60,500	60,500	60,161	(339)
Fines and Forfeitures	150,300	150,300	148,204	(2,096)
Charges for Services	5,350	5,350	13,708	8,358
All Other Revenues	9,250	9,250	11,080	1,830
<b>Total Revenues</b>	<u>6,267,239</u>	<u>6,267,239</u>	<u>7,166,051</u>	<u>898,812</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Legislative and Executive	2,271,617	2,281,617	1,745,407	536,210
Judicial	425,098	425,098	364,812	60,286
Security of Persons and Property	2,767,136	2,767,136	2,289,777	477,359
Community Environment	239,400	239,400	197,995	41,405
<b>Total Expenditures</b>	<u>5,703,251</u>	<u>5,713,251</u>	<u>4,597,991</u>	<u>1,115,260</u>
Excess of Revenues Over (Under) Expenditures	563,988	553,988	2,568,060	2,014,072
<b>Other Financing (Uses)</b>				
Transfers Out	<u>(2,075,000)</u>	<u>(2,075,000)</u>	<u>(1,543,021)</u>	<u>531,979</u>
Net Change in Fund Balance	(1,511,012)	(1,521,012)	1,025,039	2,546,051
Fund Balance - Beginning of Year	5,190,665	5,190,665	5,190,665	-
Prior Year Encumbrances Appropriated	49,041	49,041	49,041	-
<b>Fund Balance - End of Year</b>	<u>\$ 3,728,694</u>	<u>\$ 3,718,694</u>	<u>\$ 6,264,745</u>	<u>\$ 2,546,051</u>

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF FUND NET POSITION -  
PROPRIETARY FUNDS  
DECEMBER 31, 2021**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Wastewater Pollution Fund</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,217,312	\$ 8,389,969	\$ 10,607,281	\$ -
Cash and Cash Equivalents:				
With Fiscal Agent	-	-	-	1,203,149
Materials and Supplies Inventory	343,401	38,154	381,555	-
Accounts Receivable	488,806	492,882	981,688	-
<b>Total Current Assets</b>	<b>3,049,519</b>	<b>8,921,005</b>	<b>11,970,524</b>	<b>1,203,149</b>
<b>Noncurrent Assets:</b>				
Capital Assets:				
Land	1,781,297	418,915	2,200,212	-
Construction in Progress	75,078	-	75,078	-
Depreciable Assets, Net of Depreciation	12,505,448	11,401,560	23,907,008	-
Net Pension Asset	3,980	2,559	6,539	-
Net OPEB Asset	87,740	67,413	155,153	-
<b>Total Noncurrent Assets</b>	<b>14,453,543</b>	<b>11,890,447</b>	<b>26,343,990</b>	<b>-</b>
<b>Total Assets</b>	<b>17,503,062</b>	<b>20,811,452</b>	<b>38,314,514</b>	<b>1,203,149</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	305,058	143,910	448,968	-
OPEB	150,601	62,736	213,337	-
<b>Total Deferred Outflows of Resources</b>	<b>455,659</b>	<b>206,646</b>	<b>662,305</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	120,908	38,643	159,551	-
Accrued Wages and Benefits	28,724	23,204	51,928	-
Intergovernmental Payable	14,159	10,205	24,364	-
Accrued Interest Payable	7,766	32,911	40,677	-
Compensated Absences Payable	52,671	56,962	109,633	-
Claims Payable	-	-	-	43,167
OWDA Loans Payable	189,412	427,443	616,855	-
Capital Leases Payable	41,730	41,730	83,460	-
<b>Total Current Liabilities</b>	<b>455,370</b>	<b>631,098</b>	<b>1,086,468</b>	<b>43,167</b>
<b>Noncurrent Liabilities:</b>				
Compensated Absences Payable	61,544	60,707	122,251	-
OWDA Loans Payable	453,712	2,060,531	2,514,243	-
Capital Leases Payable	106,938	106,248	213,186	-
Net Pension Liability	775,058	595,500	1,370,558	-
<b>Total Noncurrent Liabilities</b>	<b>1,397,252</b>	<b>2,822,986</b>	<b>4,220,238</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,852,622</b>	<b>3,454,084</b>	<b>5,306,706</b>	<b>43,167</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	430,817	267,566	698,383	-
OPEB	327,682	210,776	538,458	-
<b>Total Deferred Inflows of Resources</b>	<b>758,499</b>	<b>478,342</b>	<b>1,236,841</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	13,570,031	9,184,523	22,754,554	-
Unrestricted	1,777,569	7,901,149	9,678,718	1,159,982
<b>Total Net Position</b>	<b>\$ 15,347,600</b>	<b>\$ 17,085,672</b>	<b>\$ 32,433,272</b>	<b>\$ 1,159,982</b>

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

(20,672)  
\$ 32,412,600

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION -  
PROPRIETARY FUNDS  
DECEMBER 31, 2021**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Total</b>	<b>Internal</b>
	<b>Fund</b>	<b>Pollution</b>		<b>Service</b>
	<b>Fund</b>	<b>Fund</b>		<b>Fund</b>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 3,600,877	\$ 3,522,669	\$ 7,123,546	\$ 966,838
Miscellaneous	4,235	3,539	7,774	-
<b>Total Operating Revenues</b>	<u>3,605,112</u>	<u>3,526,208</u>	<u>7,131,320</u>	<u>966,838</u>
<b>OPERATING EXPENSES</b>				
Salaries	351,731	399,339	751,070	-
Materials and Supplies	949,496	145,772	1,095,268	-
Contractual Services	668,782	615,731	1,284,513	64,495
Depreciation	386,012	475,382	861,394	-
Claims	-	-	-	953,926
<b>Total Operating Expense</b>	<u>2,356,021</u>	<u>1,636,224</u>	<u>3,992,245</u>	<u>1,018,421</u>
Operating Income (Loss)	<u>1,249,091</u>	<u>1,889,984</u>	<u>3,139,075</u>	<u>(51,583)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest	-	-	-	11,420
Interest and Fiscal Charges	(15,498)	(67,586)	(83,084)	-
Tap-In Fees	1,400	1,760	3,160	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(14,098)</u>	<u>(65,826)</u>	<u>(79,924)</u>	<u>11,420</u>
Change in Net Position	1,234,993	1,824,158	3,059,151	(40,163)
Net Position - Beginning of Year	<u>14,112,607</u>	<u>15,261,514</u>		<u>1,200,145</u>
<b>Net Position - End of Year</b>	<u>\$ 15,347,600</u>	<u>\$ 17,085,672</u>		<u>\$ 1,159,982</u>

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

(17,305)  
\$ 3,041,846

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
DECEMBER 31, 2021**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Wastewater Pollution Fund	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Charges for Services	\$ 3,580,485	\$ 3,526,197	\$ 7,106,682	\$ 966,838
Cash Payments to Employees for Services	(1,086,873)	(864,073)	(1,950,946)	-
Cash Payments for Goods and Services	(1,589,854)	(735,423)	(2,325,277)	-
Cash Payments for Claims	-	-	-	(976,022)
Cash Payments for Contract Services	-	-	-	(64,495)
Net Cash Provided by (Used in) Operating Activities	<u>903,758</u>	<u>1,926,701</u>	<u>2,830,459</u>	<u>(73,679)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Tap-In Fees	1,400	1,760	3,160	-
Net Cash Provided by Noncapital Financing Activities	<u>1,400</u>	<u>1,760</u>	<u>3,160</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Contributions from Tap In Fees	6,961	-	6,961	-
Principal Paid on Debt	(227,766)	(457,766)	(685,532)	-
Interest Paid on Debt	(12,779)	(64,868)	(77,647)	-
Payments for Capital Acquisitions	(197,892)	(369,531)	(567,423)	-
Net Cash Used in Capital and Related Financing Activities	<u>(431,476)</u>	<u>(892,165)</u>	<u>(1,323,641)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	-	-	-	11,420
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,420</u>
Net Increase (Decrease) in Cash and Cash Equivalents	473,682	1,036,296	1,509,978	(62,259)
Cash and Cash Equivalents - Beginning of Year	1,743,630	7,353,673	9,097,303	1,265,408
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 2,217,312</u>	<u>\$ 8,389,969</u>	<u>\$ 10,607,281</u>	<u>\$ 1,203,149</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 1,249,091	\$ 1,889,984	\$ 3,139,075	\$ (51,583)
Adjustments:				
Depreciation	386,012	475,382	861,394	-
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts Receivable	(24,627)	(11)	(24,638)	-
Materials and Supplies Inventory	(14,242)	2,064	(12,178)	-
Net Pension Asset	2,155	3,212	5,367	-
Net OPEB Asset	(87,740)	(67,413)	(155,153)	-
Deferred Outflows of Resources - Pension	(184,031)	(31,178)	(215,209)	-
Deferred Outflows of Resources - OPEB	(70,694)	12,428	(58,266)	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts Payable	35,669	20,325	55,994	-
Accrued Wages and Benefits	3,703	2,621	6,324	-
Accrued Interest Payable	(3,497)	(7,073)	(10,570)	-
Intergovernmental Payable	491	277	768	-
Claims Payable	-	-	-	(22,096)
Compensated Absences Payable	10,863	7,609	18,472	-
Net Pension Liability	20,782	(114,006)	(93,224)	-
Net OPEB Liability	(504,315)	(474,381)	(978,696)	-
Deferred Inflows of Resources - Pension	(14,064)	82,916	68,852	-
Deferred Inflows of Resources - OPEB	98,202	123,945	222,147	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 903,758</u>	<u>\$ 1,926,701</u>	<u>\$ 2,830,459</u>	<u>\$ (73,679)</u>
<b>Schedule of Noncash Investing, Capital and Financing Activities:</b>				
Capital lease obligations were incurred when the City entered into a lease for equipment.	\$ 2,719	\$ 2,718	\$ 5,437	\$ -
Net impact of payables on capital outlay	\$ (18,895)	\$ -	\$ (18,895)	\$ -

See accompanying notes to the basic financial statements.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
DECEMBER 31, 2021**

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 112,424	\$ 47,225	\$ 159,649
Cash and Cash Equivalents in Segregated Accounts	-	3,775	3,775
Accounts Receivable	-	1,105	1,105
<b>Total Assets</b>	<u>112,424</u>	<u>52,105</u>	<u>164,529</u>
<b>LIABILITIES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted For:			
Individuals, Organizations, and Other Governments	112,424	52,105	164,529
<b>Total Net Position</b>	<u>\$ 112,424</u>	<u>\$ 52,105</u>	<u>\$ 164,529</u>

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>	<u>Total</u>
<b>ADDITIONS</b>			
Interest, Dividends, and Other	\$ 49	\$ -	\$ 49
Fines and Forfeitures for Other Governments	-	738,283	738,283
Miscellaneous	120	-	120
<b>Total Additions</b>	<u>169</u>	<u>738,283</u>	<u>738,452</u>
<b>DEDUCTIONS</b>			
Fines and Forefeitures Distributions to Other Governments	-	728,349	728,349
<b>Total Deductions</b>	<u>-</u>	<u>728,349</u>	<u>728,349</u>
Net Increase in Fiduciary Net Position	169	9,934	10,103
Net Position - Beginning of Year	112,255	42,171	154,426
<b>Net Position - End of Year</b>	<u>\$ 112,424</u>	<u>\$ 52,105</u>	<u>\$ 164,529</u>

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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

**Reporting Entity**

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

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

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

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

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

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

**A. Basis of Presentation**

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

**B. Fund Accounting**

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

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



**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

**B. Fund Accounting** (Continued)

Governmental Funds

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

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

*Capital Improvement* - The Capital Improvement fund is used to account for capital improvements throughout the City.

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

Proprietary Funds

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

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

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

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

Internal Service Fund

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is used to account for the self-insurance program for medical, prescription, dental and vision benefits.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

**B. Fund Accounting** (Continued)

Fiduciary Funds

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

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

**C. Measurement Focus**

Government-wide Financial Statements

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

Fund Financial Statements

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

**C. Measurement Focus (Continued)**

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

**D. Basis of Accounting**

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

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

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. The City recorded unearned revenue related to building deposits and unspent moneys from ARPA funds.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include pension and OPEB reported in the government-wide Statement of Net Position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance year 2022 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds' balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental grants, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amount became available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund. The deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position and are explained in Notes 14 and 15.

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

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

Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budget**

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

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, for the period January 1 to December 31 of the following year. This requirement was waived by the Sandusky County Auditor for calendar year 2021. All City funds are legally required to be budgeted. The purpose of the tax budget is to reflect the need for existing or increased tax rate.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2021.

Annual Budget

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

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

**E. Budget** (Continued)

The appropriation resolution fixes spending authority at the fund, department, and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council.

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

**Encumbrances**

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

**Lapsing of Appropriations**

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

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

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

During 2021, investments were limited to STAR Ohio, the State Treasurer's investment pool. The City's investment in State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The city measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during year 2021 amounted to \$18,026, which included \$7,842 assigned from other funds of the City.

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

For purposes of the Statement of Cash Flows and for presentation on the balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents.

**G. Inventories**

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

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$7,500. The City's infrastructure consists of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

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

**H. Capital Assets** (Continued)

Improvements are capitalized; and the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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



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

**J. Compensated Absences** (Continued)

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

The City records a liability for all accumulated unused vacation time when earned for all employees. The entire compensated absence liability is reported on the government-wide financial statements.

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

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

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

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

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Fund Balance**

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

The classifications are as follows:

***Non-spendable:*** The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

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

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

**M. Fund Balance** (Continued)

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

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

**N. Net Position**

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

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

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

**O. Operating Revenues and Expenses**

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

**P. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
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(CONTINUED)**

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

**P. Interfund Balances** (Continued)

These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Q. Interfund Activity**

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

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

**R. Estimates**

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

**NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES**

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. These changes were incorporated in the City's financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this Statement is to establish the term annual comprehensive financial report and its acronym *ACFR*. These changes were incorporated in the City's financial statements; however, there was no effect on the beginning net position/fund balance.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

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**NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES** (Continued)

GASB Implementation Guide 2019-1, *Update*. These changes were incorporated in the City's financial statements; however, there was no effect on the beginning net position/fund balance.

**NOTE 4: BUDGET BASIS OF ACCOUNTING**

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

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

The major differences between the budget basis and the GAAP basis are that:

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

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

<b>Net Change in Fund Balance</b>	
	General
GAAP Basis	\$ 1,520,539
Increase (Decrease) Due to:	
Revenue Accruals	(371,371)
Expenditure Accruals	59,414
Outstanding Encumbrances	(183,543)
Budgetary Basis	\$ 1,025,039

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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**NOTE 5: DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution.

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

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

**Cash On Hand**

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

**Cash with Fiscal Agent**

The City utilizes a self-insurance third party administrator to review and pay claims. Money held by the administrator is presented as "cash with fiscal agent." The amount held by the fiscal agent at December 31, 2021 was \$1,203,149.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

**Deposits**

At December 31, 2021, the carrying amount of the City's deposits was \$4,850,525 (including \$6,457 in cash in segregated accounts of the court and payroll). Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2021, \$249,119 of the City's bank balance of \$5,204,268 was covered by Federal Depository Insurance and \$4,955,149 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

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

Ohio law requires that deposits either be insured or protected by:

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

**Investments**

Statutes authorize the City to invest in obligations of U.S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, and repurchase agreements. STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The following table identify the City's recurring fair value measurement as of December 31, 2021. As previously discussed, Star Ohio is reported at its net asset value.



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HURON COUNTY, OHIO  
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(CONTINUED)**

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

Investment Type	Investment Maturity (In Years)	Credit Rating	Net Asset Value
STAR Ohio	< 3 months	AAAm	\$16,640,619

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

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

	Reconciliation to the Statement of Net Position
City's Deposits	\$4,850,525
Petty Cash and Drawer Change	1,055
Cash with Fiscal Agent	1,203,149
Investments	16,640,619
<b>Total</b>	<b>\$22,695,348</b>
Per Statement of Net Position	
Government-wide Statement of Net Position:	
Equity in Pooled Cash and Cash Equivalents	\$21,326,093
Cash and Cash Equivalents in Segregated Accounts	2,682
Cash and Cash Equivalents with Fiscal Agent	1,203,149
Statement of Fiduciary Net Position:	
Equity in Pooled Cash and Cash Equivalents	159,649
Cash and Cash Equivalents in Segregated Accounts	3,775
<b>Total</b>	<b>\$22,695,348</b>

**NOTE 6: RECEIVABLES**

Receivables at December 31, 2021, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements, shared revenues, and accounts. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

**Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of the 2020 taxes.

2021 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2021, the lien date. State law at 35 percent of appraised market value establishes assessed values. 2021 real property taxes are collected in and intended to finance 2022.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

**NOTE 6: RECEIVABLES** (Continued)

**Property Taxes** (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2021, was \$6.60 per \$1,000 of assessed value. The 2020 assessed values of real estate and public utility property upon which the 2021 property tax receipts were based on are as follows:

	Sandusky County	Huron County	Erie County
Real Estate:			
Residential/Agricultural	\$57,182,380	\$37,499,970	\$199,100
Commercial/Industrial	24,475,550	17,173,700	0
Total Real Estate	<u>81,657,930</u>	<u>54,673,670</u>	<u>199,100</u>
Public Utility:			
Real	15,620	26,431,610	0
Personal	2,747,120	5,194,610	0
Total Public Utility	<u>2,762,740</u>	<u>31,626,220</u>	<u>0</u>
<b>Total Assessed Valuation</b>	<u><u>\$84,420,670</u></u>	<u><u>\$86,299,890</u></u>	<u><u>\$199,100</u></u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Bellevue. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real property, tangible personal property, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor were they levied to finance 2021 operations.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

**NOTE 6: RECEIVABLES** (Continued)

**Income Taxes**

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

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

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

**Intergovernmental Receivable**

A summary of intergovernmental receivable follows:

<b><u>Governmental Activities</u></b>	<b><u>Amounts</u></b>
Local Government and Local Government Revenue Assistance	\$ 124,408
Homestead and Rollback	41,691
Gasoline Tax	225,240
Motor Vehicle License Fees	30,366
Permissive Motor Vehicle License Tax	3,608
<b>Total</b>	<b><u><u>\$ 425,313</u></u></b>

**NOTE 7: REVOLVING LOAN PROGRAM**

The revolving loan program offers incentives in the form of low-interest revolving loans, deferred loan payments, and interest and tax abatements which are offered to attract prospective firms. The City loans money for the purchase or improvement of industrial sites. The following notes receivable are secured by mortgages on the property and equipment purchased with loan monies. Balances outstanding at December 31, 2021 were as follows:

	Rate	Beginning Balance 2020	Issuance	Paid	Ending Balance 2021
Selbro, Inc.	3%	<u><u>\$ 9,966</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,966</u></u>	<u><u>\$ -</u></u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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**NOTE 8: RISK MANAGEMENT**

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

As of June 30, 2021 (most recent information available), the claims liability of \$43,167 reported in the internal service fund is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

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

	<u>Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>End of Year</u>
2020	\$ 71,059	\$ 911,073	\$ (916,869)	\$ 65,263
2021	65,263	953,926	(976,022)	43,167

The City is exposed to various risks of loss related to torts; theft, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2021, the City contracted with USI Insurance Services, LLC. for property, fleet, crime, and liability insurance which are insured through Zurich Insurance Group. Coverage provided is as follows:

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(CONTINUED)**

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

Building and Contents-		
Replacement Cost	\$2,500 Deductible, 90% Co-Insured	\$ 61,467,869
Commercial General Liability:	Aggregate	3,000,000
	Per Occurrence Limit	1,000,000
Public Officials Liability:	Aggregate	2,000,000
	Each Claim	1,000,000
Employment Practices:	Aggregate	2,000,000
	Each Claim	1,000,000
Law Enforcement	Aggregate	2,000,000
	Each Claim (\$5,000 Deductible)	1,000,000
Automobile:		
Comprehensive	\$500 Deductible	1,000,000
Collision	\$500 Deductible	1,000,000
Inland Marine	\$500 Deductible	2,164,926
Public Employee Dishonesty	\$500 Deductible/Per Loss	50,000
Forgery or Alteration	\$250 Deductible/Per Loss	5,000
Theft, Disappearance, and Destruction	\$250 Deductible, Inside and Outside	5,000

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

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**CITY OF BELLEVUE  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

**NOTE 9: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<b><u>Governmental Activities</u></b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 1,187,574	\$ 30,908	\$ -	\$ 1,218,482
Construction in Progress	-	57,000	-	57,000
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,187,574</u>	<u>87,908</u>	<u>-</u>	<u>1,275,482</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	251,862	-	-	251,862
Buildings and Improvements	6,947,293	86,116	-	7,033,409
Furniture, Fixtures, and Equipment	2,596,214	84,454	(54,895)	2,625,773
Vehicles	3,532,709	308,302	(346,302)	3,494,709
Infrastructure:				
Street Base	3,979,369	-	-	3,979,369
Street Surface	8,773,551	496,478	(266,003)	9,004,026
Street Storm Sewers	1,369,362	-	-	1,369,362
Street Lighting	2,667,190	-	-	2,667,190
Culverts	63,266	-	-	63,266
Sidewalks	1,207,563	-	-	1,207,563
<i>Total Capital Assets Being Depreciated</i>	<u>31,388,379</u>	<u>975,350</u>	<u>(667,200)</u>	<u>31,696,529</u>
<i>Total Capital Assets at Cost</i>	<u>32,575,953</u>	<u>1,063,258</u>	<u>(667,200)</u>	<u>32,972,011</u>
Less: Accumulated Depreciation:				
Land Improvements	(124,108)	(10,484)	-	(134,592)
Buildings and Improvements	(4,613,074)	(140,658)	-	(4,753,732)
Furniture, Fixtures, and Equipment	(1,327,012)	(211,500)	50,245	(1,488,267)
Vehicles	(2,723,827)	(166,338)	328,987	(2,561,178)
Infrastructure:				
Street Base	(1,853,474)	(49,742)	-	(1,903,216)
Street Surface	(4,177,572)	(377,361)	266,003	(4,288,930)
Street Storm Sewers	(587,499)	(17,117)	-	(604,616)
Street Lighting	(2,052,144)	(133,360)	-	(2,185,504)
Culverts	(3,559)	(791)	-	(4,350)
Sidewalks	(100,630)	(40,252)	-	(140,882)
Total Accumulated Depreciation	<u>(17,562,899)</u>	<u>(1,147,603) *</u>	<u>645,235</u>	<u>(18,065,267)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>13,825,480</u>	<u>(172,253)</u>	<u>(21,965)</u>	<u>13,631,262</u>
Total Governmental Activities				
Capital Asset, Net	<u>\$ 15,013,054</u>	<u>\$ (84,345)</u>	<u>\$ (21,965)</u>	<u>\$ 14,906,744</u>

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

General Government - Legislative	\$ 166,860
General Government - Judicial	396
Security of Persons and Property	171,226
Public Health and Welfare	1,150
Transportation	667,323
Leisure Time Activities	140,648
Total Depreciation Expense	<u>\$ 1,147,603</u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<b><u>Business-Type Activities - Water Fund:</u></b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 1,781,297	\$ -	\$ -	\$ 1,781,297
Construction in Progress	1,438,499	91,622	(1,455,043)	75,078
<i>Total Capital Assets Not Being Depreciated</i>	<u>3,219,796</u>	<u>91,622</u>	<u>(1,455,043)</u>	<u>1,856,375</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	20,297	-	-	20,297
Buildings and Improvements	8,690,728	1,360,597	-	10,051,325
Furniture, Fixtures, and Equipment	884,675	44,360	-	929,035
Vehicles	562,654	119,403	-	682,057
Infrastructure	11,437,291	55,848	-	11,493,139
<i>Total Capital Assets Being Depreciated</i>	<u>21,595,645</u>	<u>1,580,208</u>	<u>-</u>	<u>23,175,853</u>
<i>Total Capital Assets at Cost</i>	<u>24,815,441</u>	<u>1,671,830</u>	<u>(1,455,043)</u>	<u>25,032,228</u>
Less: Accumulated Depreciation:				
Land Improvements	(11,501)	(1,353)	-	(12,854)
Buildings and Improvements	(5,917,362)	(143,408)	-	(6,060,770)
Furniture, Fixtures, and Equipment	(444,311)	(64,163)	-	(508,474)
Vehicles	(255,804)	(46,165)	-	(301,969)
Infrastructure	(3,655,415)	(130,923)	-	(3,786,338)
<i>Total Accumulated Depreciation</i>	<u>(10,284,393)</u>	<u>(386,012)</u>	<u>-</u>	<u>(10,670,405)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>11,311,252</u>	<u>1,194,196</u>	<u>-</u>	<u>12,505,448</u>
Total Business-Type Activities				
Capital Assets - Water Fund, Net	<u>\$ 14,531,048</u>	<u>\$ 1,285,818</u>	<u>\$ (1,455,043)</u>	<u>\$ 14,361,823</u>

Projects that were originally established with the intention that they would result in capital projects was deleted from construction in progress in 2021 in the amount of \$94,447 due to the fact that they would no longer result in capital asset.

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**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<b>Business-Type Activities -</b>				
<b>Wastewater Pollution Fund:</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 418,915	\$ -	\$ -	\$ 418,915
Construction in Progress	26,750	-	(26,750)	-
<i>Total Capital Assets Not Being Depreciated</i>	<u>445,665</u>	<u>-</u>	<u>(26,750)</u>	<u>418,915</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	575,850	-	-	575,850
Buildings and Improvements	8,172,198	91,939	-	8,264,137
Furniture, Fixtures, and Equipment	2,149,016	56,880	-	2,205,896
Vehicles	471,142	182,462	-	653,604
Infrastructure	8,978,586	65,000	-	9,043,586
<i>Total Capital Assets Being Depreciated</i>	<u>20,346,792</u>	<u>396,281</u>	<u>-</u>	<u>20,743,073</u>
<i>Total Capital Assets at Cost</i>	<u>20,792,457</u>	<u>396,281</u>	<u>(26,750)</u>	<u>21,161,988</u>
Less: Accumulated Depreciation:				
Land Improvements	(202,696)	(15,767)	-	(218,463)
Buildings and Improvements	(3,329,507)	(198,058)	-	(3,527,565)
Furniture, Fixtures, and Equipment	(1,570,135)	(106,929)	-	(1,677,064)
Vehicles	(166,725)	(41,964)	-	(208,689)
Infrastructure	(3,597,068)	(112,664)	-	(3,709,732)
<i>Total Accumulated Depreciation</i>	<u>(8,866,131)</u>	<u>(475,382)</u>	<u>-</u>	<u>(9,341,513)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>11,480,661</u>	<u>(79,101)</u>	<u>-</u>	<u>11,401,560</u>
Total Business-Type Activities				
Capital Assets - Wastewater Pollution, Net	<u>\$ 11,926,326</u>	<u>\$ (79,101)</u>	<u>\$ (26,750)</u>	<u>\$ 11,820,475</u>
Business-type Activities Capital Assets, Net	<u>\$ 26,457,374</u>	<u>\$ 1,206,717</u>	<u>\$ (1,481,793)</u>	<u>\$ 26,182,298</u>

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**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

**NOTE 10: COMPENSATED ABSENCES**

The City accrues unpaid vacation as it is earned and certain portions of sick leave pay as payment becomes probable. Sick leave accumulates at various rates as defined by City policy and union contracts. Up to three times a year, employees may choose to convert sick leave to cash to be paid at various rates of pay and various percentages of current pay, subject to City policy and union contracts, provided the total accrued and unused sick leave hours does not fall below a certain minimum hour specified in the union contract. Employees who have one year of service, are entitled to receive pay for all accrued but unused sick leave upon resignation or retirement paid at various rates of pay and various percentages of current pay, subject to City policy and union contracts. At December 31, 2021, a liability has been recognized in the accompanying financial statements for sick leave for employees in the amount \$405,216.

A liability for accrued compensatory time, holiday, personal leave, and vacation for \$279,812 has been recognized. City employees earn vacation at varying rates depending on the length of service as defined by City policy and union contracts. Vacation leave may be accumulated up to a maximum of three times the employee's annual vacation allowance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation.

**NOTE 11: LONG-TERM LIABILITIES**

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021	Due Within One Year
<b>Governmental Activities:</b>					
Loan Payable	\$ 70,373	\$ -	\$ 34,258	\$ 36,115	\$ 35,341
Net Pension Liability					
OPERS	2,285,570	-	711,593	1,573,977	-
OP&F	2,549,715	317,758	-	2,867,473	-
Total Net Pension Liability	4,835,285	317,758	711,593	4,441,450	-
Net OPEB Liability					
OPERS	1,528,152	-	1,528,152	-	-
OP&F	373,863	71,802	-	445,665	-
Total Net OPEB Liability	1,902,015	71,802	1,528,152	445,665	-
Compensated Absences	410,457	176,634	133,947	453,144	170,179
<b>Total Government Activities</b>	<b>\$ 7,218,130</b>	<b>\$ 566,194</b>	<b>\$ 2,407,950</b>	<b>\$ 5,376,374</b>	<b>\$ 205,520</b>

continued

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

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

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021	Due Within One Year
<b>Business-Type Activities:</b>					
Direct Borrowings - O.W.D.A Loans:					
\$7,627,918 WWTP Improvement	\$ 2,904,928	\$ -	\$ 416,954	\$ 2,487,974	\$ 427,443
\$959,814 WWTP Basins Rehab	823,117	6,961	186,954	643,124	189,412
<i>Total O.W.D.A Loans</i>	<u>3,728,045</u>	<u>6,961</u>	<u>603,908</u>	<u>3,131,098</u>	<u>616,855</u>
Capital Leases	372,833	5,437	81,624	296,646	83,460
Net Pension Liability - OPERS	1,463,782	-	93,223	1,370,559	-
Net OPEB Liability - OPERS	978,696	-	978,696	-	-
Compensated Absences	213,412	111,016	92,544	231,884	109,633
<b>Total Business-Type Activities</b>	<u>\$ 6,756,768</u>	<u>\$ 123,414</u>	<u>\$ 1,849,995</u>	<u>\$ 5,030,187</u>	<u>\$ 809,948</u>

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

In 2019, The City entered into a loan agreement between the City and the Ohio Water Development Authority for the rehabilitation of the water filtration plant treatment basins. The project is still outstanding as of December 31, 2021 and the final amortization schedule is not complete.

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

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

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

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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

The annual requirements to amortize all debts outstanding as of December 31, 2021 are as follows:

Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Loan Payable</u>		<u>OWDA Loans</u>	
	Principal	Interest	Principal	Interest
2022	\$ 35,341	\$ 659	\$ 427,443	\$ 59,544
2023	774	2	438,196	48,792
2024	-	-	449,220	37,768
2025	-	-	460,520	26,467
2026	-	-	472,105	14,883
2027	-	-	240,490	3,006
Totals	<u>\$ 36,115</u>	<u>\$ 661</u>	<u>\$ 2,487,974</u>	<u>\$ 190,460</u>

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

**NOTE 12: CAPITAL LEASE**

The City entered into lease agreements as lessee for financing the acquisition of a Vactor Truck as collateral. The lease agreement qualified as a capital lease for accounting purposes (title transferable at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The cost of this capital lease is included in the business-type activities. In the event of a default, one or more of the following events may occur: (a) the lessee may declare an amount equal to all amounts due (b) the lessee to request the lessor to return the equipment (c) sell, lease or otherwise dispose of any equipment under the lease (d) demand payment of all out-of-pocket expenses and (e) exercise any other related repossession, safekeeping, storing, repair, reconditioning, or disposition of any equipment. The original costs of the asset acquired under capital lease and included in the governmental activities were \$426,371 in 2015 and \$250,523 in 2020. The following is a schedule of the future minimum lease payments for capital leases and the present value of net minimum lease payments as of December 31, 2021:

<u>Year</u>	<u>Payments</u>
2022	\$ 90,704
2023	76,294
2024	74,539
2025	72,887
Total Minimum Lease Payments	314,424
Less: Amount Representing Interest	(17,778)
Present Value of Minimum Lease Payments	<u>\$ 296,646</u>

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HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

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**NOTE 13: CONDUIT DEBT**

To provide for the acquisition, construction, and equipping of a replacement acute care hospital in the City and other hospital facilities, the City issued Hospital Revenue Bonds dated August 26, 2004. These bonds are special limited obligations of the City, payable solely from the revenues, as defined in the Bond Indenture, and other amounts derived from its ownership, leasing, sale, or subleasing of the existing facilities. The bonds do not constitute a debt or pledge of the faith and credit of the City or the State, and accordingly have not been reported in the accompanying financial statements. In February 2012, the City refunded the old issue of \$8,474,000 for refunding bonds of \$8,310,000 for the purpose of reducing the interest that would be paid from 9 percent to 5.75 percent. As of December 31, 2021, Hospital Facilities Revenue Bonds outstanding aggregated \$7,540,000.

**NOTE 14: DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

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(CONTINUED)**

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

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

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

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

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

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

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

**CITY OF BELLEVUE  
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(CONTINUED)**

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

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

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

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

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

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

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

At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

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

	State and Local
<b>2021 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2021 Actual Contribution Rates</b>	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

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

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

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2021 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2021. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contributions was \$402,881 for 2021. Of this amount, \$36,919 is reported as an intergovernmental payable.

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

City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

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

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

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

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

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

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

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



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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$229,683 for 2021. Of this amount, \$28,457 is reported as an intergovernmental payable.

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

The net pension liability/asset for OPERS was measured as of December 31, 2020, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability/asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Proportion of the Net Pension Liability/Asset					
Prior Measurement Date	0.018969%	0.014625%	0.0259568%	0.0118922%	
Proportion of the Net Pension Liability/Asset					
Current Measurement Date	0.019885%	0.004572%	0.0294523%	0.0126107%	
Change in Proportionate Share	0.000916%	-0.010053%	0.0034955%	0.0007185%	
 Proportionate Share of the Net Pension					
Liability/(Asset)	\$ 2,944,535	\$ (13,198)	\$ 2,007,790	\$ 859,683	\$ 5,798,810
Pension Expense	\$ 46,323	\$ 2,106	\$ 118,522	\$ 30,509	\$ 197,460

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

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F Police	OP&F Fire	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$ -	\$ 83,932	\$ 35,938	\$ 119,870
Changes of assumptions	824	33,672	14,417	48,913
Changes in proportion and differences between City contributions and proportionate share of contributions	365,238	205,448	58,627	629,313
City contributions subsequent to the measurement date	<u>402,881</u>	<u>161,694</u>	<u>65,773</u>	<u>630,348</u>
Total Deferred Outflows of Resources	<u>\$ 768,943</u>	<u>\$ 484,746</u>	<u>\$ 174,755</u>	<u>\$ 1,428,444</u>
<b>Deferred Inflows of Resources</b>				
Net difference between projected and actual earnings on pension plan investments	\$ 1,149,657	\$ 97,392	\$ 41,700	\$ 1,288,749
Differences between expected and actual experience	125,662	78,217	33,491	237,370
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>235,094</u>	<u>282,685</u>	<u>160,371</u>	<u>678,150</u>
Total Deferred Inflows of Resources	<u>\$ 1,510,413</u>	<u>\$ 458,294</u>	<u>\$ 235,562</u>	<u>\$ 2,204,269</u>

\$632,564 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	OP&F Police	OP&F Fire	Total
Year Ending December 31:					
2022	\$ (418,497)	\$ 868	\$ (65,607)	\$ (42,380)	\$ (525,616)
2023	(119,541)	1,213	(14,265)	(14,068)	(146,661)
2024	(467,839)	760	(99,136)	(66,289)	(632,504)
2025	(149,658)	1,321	17,433	(7,613)	(138,517)
2026	-	1,613	26,384	4,941	32,938
Thereafter	-	4,186	-	-	4,186
Total	<u>\$ (1,155,535)</u>	<u>\$ 9,961</u>	<u>\$ (135,191)</u>	<u>\$ (125,409)</u>	<u>\$ (1,406,174)</u>

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

**Actuarial Assumptions - OPERS**

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013, retirees changing it from 1.4 percent simple through 2020 then 2.15 percent simple to .5 percent simple through 2021 then 2.15 percent simple.

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

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

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.7 percent for 2020.

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.

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

The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

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

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

<u>City's proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Traditional Pension Plan	\$ 5,616,717	\$ 2,944,535	\$ 722,621
Combined Plan	\$ (9,190)	\$ (13,198)	\$ (16,185)

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

**Changes Between Measurement Date and Report Date**

Cost-of living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

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

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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, 2020, are presented below:

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple, 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

The most recent experience study was completed December 31, 2016.

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	21.00 %	5.40 %
International Equity	14.00	5.80
Core Fixed Income *	23.00	2.70
U.S. Inflation Linked Bonds *	17.00	2.50
High Yield Fixed Income	7.00	4.70
Private Real Estate	12.00	6.40
Private Markets	8.00	8.00
Midstream Energy Infrastructure	5.00	6.60
Private Credit	5.00	5.50
Real Assets	8.00	7.40
Gold	<u>5.00</u>	1.90
Total	<u>125.00 %</u>	

Note: Assumptions are geometric

\* levered 2x

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

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



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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 3,991,891	\$ 2,867,473	\$ 1,926,450

**NOTE 15: DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/(Asset)**

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

The net OPEB liability/(asset) represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(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 these estimates annually.

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

GASB 75 assumes that any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium.

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

The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

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

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

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' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$356 for 2021.

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

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

A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. As a result of this change, it is expected that the solvency of the Health Care Stabilization Fund (HCSF) will be extended allowing OP&F to provide stipends to eligible participants.

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The City's contractually required contribution to OP&F was \$5,704 for 2021. Of this amount, \$705 is reported as an intergovernmental payable.

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

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

The net OPEB asset and total OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability/asset was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.018149%	0.0378491%	
Proportion of the Net OPEB Liability/Asset			
Current Measurement Date	<u>0.018710%</u>	<u>0.0420630%</u>	
Change in Proportionate Share	<u>0.000561%</u>	<u>0.0042140%</u>	
Proportionate Share of the Net OPEB			
Liability/(Asset)	\$ (323,320)	\$ 445,665	\$ 122,345
OPEB Expense	\$ (2,045,180)	\$ 6,046	\$ (2,039,134)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes of assumptions	\$ 163,871	\$ 246,205	\$ 410,076
Changes in proportion and differences between City contributions and proportionate share of contributions	190,679	28,734	219,413
City contributions subsequent to the measurement date	<u>356</u>	<u>5,704</u>	<u>6,060</u>
Total Deferred Outflows of Resources	<u>\$ 354,906</u>	<u>\$ 280,643</u>	<u>\$ 635,549</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 300,832	\$ 73,511	\$ 374,343
Changes of assumptions	540,100	71,047	611,147
Net difference between projected and actual earnings on OPEB plan investments	177,537	16,562	194,099
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>154,561</u>	<u>165,187</u>	<u>319,748</u>
Total Deferred Inflows of Resources	<u>\$ 1,173,030</u>	<u>\$ 326,307</u>	<u>\$ 1,499,337</u>

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

***OPEB Liabilities/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*** (Continued)

\$6,060 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2022	\$ (429,500)	\$ (11,665)	\$ (441,165)
2023	(310,343)	(7,744)	(318,087)
2024	(77,151)	(13,928)	(91,079)
2025	(1,486)	(21,322)	(22,808)
2026	-	(324)	(324)
Thereafter	-	3,615	3,615
Total	<u>\$ (818,480)</u>	<u>\$ (51,368)</u>	<u>\$ (869,848)</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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

**Actuarial Assumptions – OPERS** (Continued)

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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.

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 10.50 percent for 2020.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table on the next page displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

**Discount Rate** A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 2.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120.



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

As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, 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 Asset to Changes in the Discount Rate*** The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	\$ (82,885)	\$ (323,320)	\$ (539,222)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ (341,458)	\$ (323,320)	\$ (324,244)

**Changes Between Measurement Date and Report Date**

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effect of these changes is unknown.

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

**Actuarial Assumptions – OP&F**

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

Rates for surviving beneficiaries are adjusted by 120 percent.

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return **
Domestic Equity	21.00 %	5.40 %
Non-US Equity	14.00	5.80
Core Fixed Income *	23.00	2.70
U.S. Inflation Linked Bonds *	17.00	2.50
High Yield Fixed Income	7.00	4.70
Private Real Estate	12.00	6.40
Private Markets	8.00	8.00
Midstream Energy Infrastructure	5.00	6.60
Private Credit	5.00	5.50
Real Assets	8.00	7.40
Gold	5.00	1.90
Total	125.00 %	

Note: Assumptions are geometric  
\* levered 2x

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

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

**Discount Rate** The total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$ 555,718	\$ 445,665	\$ 354,883

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Net OPEB liability is sensitive to changes in the health care cost trend rate because it is based on a medical benefit that is a flat dollar amount.

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**NOTE 16: COMMITMENTS**

The City's encumbrance policy is for fiscal year end individual encumbrances exceeding \$100 to be considered significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund, or as Restricted or Committed Fund Balance in the non-general funds. Significant encumbrances as of December 31, 2021 were:

<b>Fund</b>	<b>Oustanding Encumbrances</b>
Major Governmental Funds:	
General	\$ 152,843
Capital Improvement	95,128
Non-major Governmental Funds	121,773
	\$ 369,744

**NOTE 17: CONTINGENT LIABILITIES**

**A. Federal and State Grants**

The City participates in several federally and state assisted programs. These programs are subject to financial and compliance audits by grantor agencies or their representative. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**B. Litigation**

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

**NOTE 18: INSURANCE POOL**

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

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

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

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**NOTE 19: FUND BALANCES**

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

Fund Balances	General	Capital Improvement	Other Governmental Funds	Total
<i>Nonspendable</i>				
Inventories	\$ -	\$ -	\$ 53,289	\$ 53,289
Unclaimed Monies	300	-	-	300
<i>Total Nonspendable</i>	<u>300</u>	<u>-</u>	<u>53,289</u>	<u>53,589</u>
<i>Restricted for</i>				
Parks and Recreation	-	-	422,762	422,762
Police Pension	-	-	6,765	6,765
Fire Pension	-	-	76,432	76,432
Firefighter Grant	-	-	26	26
Law Enforcement	-	-	134,565	134,565
Street Construction	-	-	284,757	284,757
State Highway Improvements	-	-	111,483	111,483
Motor Vehicle License	-	-	120,024	120,024
Cemetery	-	-	32,609	32,609
EMS Contract	-	-	517,931	517,931
Clerk of Court Computer	-	-	67,656	67,656
Railroad Crossing Improvement	-	-	78,645	78,645
Revolving Loans	-	-	475,197	475,197
Elm Street Drainage	-	-	82,943	82,943
Storm Water Pump Station	-	-	59,781	59,781
Drug Fine Trust	-	-	25,038	25,038
Probation Service	-	-	53,680	53,680
Bellevue Central Park	-	-	57,726	57,726
Police Training	-	-	9,420	9,420
Hotel tax	-	-	1,943	1,943
Special Assessment Sewer	-	-	19,349	19,349
Special Assessment Water Main	-	-	4,027	4,027
K-9 Unit	35,888	-	-	35,888
<i>Total Restricted</i>	<u>35,888</u>	<u>-</u>	<u>2,642,759</u>	<u>2,678,647</u>
<i>Assigned to</i>				
Fiscal Year 2022 Appropriations	710,249	-	-	710,249
Purchases on Orders:				
Security of Person & Property	47,387	-	-	47,387
Community Development	17,976	-	-	17,976
General Government -				
Legislative and Executive	83,723	-	-	83,723
Judicial	3,757	-	-	3,757
Capital Improvement	-	307,414	-	307,414
Special Fire Equipment	-	-	196,386	196,386
Street Sweeper	-	-	67,175	67,175
Paving Projects	-	-	753,509	753,509
<i>Total Assigned</i>	<u>863,092</u>	<u>307,414</u>	<u>1,017,070</u>	<u>2,187,576</u>
<i>Unassigned</i>				
	6,632,681	-	-	6,632,681
<i>Total Fund Balances</i>	<u>\$ 7,531,961</u>	<u>\$ 307,414</u>	<u>\$ 3,713,118</u>	<u>\$ 11,552,493</u>

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

**NOTE 20: INTERFUND TRANSFERS**

The following interfund transfers were made during 2021:

	<u>Transfers Out</u>	<u>Transfers In</u>
<i>Major Funds:</i>		
General Fund	\$ 1,543,021	\$ -
Capital Improvement Fund	-	898,021
<i>Total Major Funds</i>	1,543,021	898,021
<i>Nonmajor Governmental Funds:</i>		
<i>Special Revenue Funds:</i>		
Street Fund	-	150,000
Cemetery Fund	-	20,000
Police Pension Fund	-	150,000
Fire Pension Fund	-	50,000
<i>Total Special Revenue Funds</i>	-	370,000
<i>Capital Project Funds:</i>		
Paving Project Fund	-	250,000
Street Sweeper Fund	-	25,000
<i>Total Capital Project Funds</i>	-	275,000
<i>Total Nonmajor Governmental Funds</i>	-	645,000
 <b>Total Transfers</b>	 <b>\$ 1,543,021</b>	 <b>\$ 1,543,021</b>

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

**NOTE 21: TAX ABATEMENTS**

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area in 1978. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements. Since that time additional land has been added. In 2016, any remaining land not already included in an area was added so that all land within the City was deemed to be a Community Reinvestment Area. The total CRA real property taxes exempted for the 100 active CRA agreements is approximately \$147,236.

**CITY OF BELLEVUE  
HURON COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

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**NOTE 22: COVID-19**

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

**NOTE 23: ASSET RETIREMENT OBLIGATIONS**

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

**NOTE 24: JOINTLY GOVERNED ORGANIZATION**

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2021, the City paid RITA \$112,545 for income tax collection services.



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

<b>Traditional Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's Proportion of the Net Pension Liability	0.019885%	0.018969%	0.019341%	0.020370%	0.020614%	0.020062%	0.019236%	0.019236%
City's Proportionate Share of the Net Pension Liability	\$ 2,944,535	\$ 3,749,352	\$ 5,297,108	\$ 3,195,658	\$ 4,681,089	\$ 3,474,990	\$ 2,320,076	\$ 2,267,674
City's Covered Payroll	\$ 2,773,457	\$ 2,669,500	\$ 2,630,907	\$ 2,686,200	\$ 2,664,350	\$ 2,496,950	\$ 2,366,150	\$ 2,321,977
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.17%	140.45%	201.34%	118.97%	175.69%	139.17%	98.05%	97.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
<b>Combined Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's Proportion of the Net Pension (Asset)	0.004572%	0.014625%	0.014392%	0.013912%	0.015706%	0.015380%	0.015611%	0.015611%
City's Proportionate Share of the Net Pension (Asset)	\$ (13,198)	\$ (30,497)	\$ (16,093)	\$ (18,939)	\$ (8,741)	\$ (7,485)	\$ (6,010)	\$ (1,638)
City's Covered Payroll	\$ 20,150	\$ 65,107	\$ 61,557	\$ 56,977	\$ 61,142	\$ 55,967	\$ 57,492	\$ 56,369
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	65.50%	46.84%	26.14%	33.24%	14.30%	13.37%	10.45%	2.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Police</b>								
City's Proportion of the Net Pension Liability	0.0294523%	0.0259568%	0.0297260%	0.0321940%	0.0345660%	0.0361180%	0.0331210%	0.0331210%
City's Proportionate Share of the Net Pension Liability	\$ 2,007,790	\$ 1,748,591	\$ 2,426,427	\$ 1,975,889	\$ 2,189,405	\$ 2,323,519	\$ 1,715,790	\$ 1,613,082
City's Covered Payroll	\$ 809,142	\$ 687,989	\$ 745,695	\$ 781,474	\$ 830,584	\$ 818,342	\$ 729,516	\$ 869,453
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	248.14%	254.16%	325.39%	252.84%	263.60%	283.93%	235.20%	185.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%
<b>Fire</b>								
City's Proportion of the Net Pension Liability	0.0126107%	0.0118922%	0.0150700%	0.0157143%	0.0149700%	0.0162520%	0.0158640%	0.0158640%
City's Proportionate Share of the Net Pension Liability	\$ 859,683	\$ 801,124	\$ 1,230,110	\$ 964,458	\$ 948,157	\$ 1,045,523	\$ 821,801	\$ 772,607
City's Covered Payroll	\$ 291,698	\$ 256,591	\$ 306,723	\$ 311,247	\$ 292,787	\$ 297,596	\$ 282,502	\$ 379,679
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	294.72%	312.22%	401.05%	309.87%	323.84%	351.32%	290.90%	203.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

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

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Contractually Required Contributions</u>									
Traditional Plan	\$ 402,881	\$ 388,284	\$ 373,730	\$ 368,327	\$ 349,206	\$ 319,722	\$ 299,634	\$ 283,938	\$ 301,857
Combined Plan	-	2,821	9,115	8,618	7,407	7,337	6,716	6,899	7,328
Total Required Contributions	\$ 402,881	\$ 391,105	\$ 382,845	\$ 376,945	\$ 356,613	\$ 327,059	\$ 306,350	\$ 290,837	\$ 309,185
<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>(402,881)</u>	<u>(391,105)</u>	<u>(382,845)</u>	<u>(376,945)</u>	<u>(356,613)</u>	<u>(327,059)</u>	<u>(306,350)</u>	<u>(290,837)</u>	<u>(309,185)</u>
<u>Contribution Deficiency / (Excess)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>City's Covered Payroll</u>									
Traditional Plan	\$ 2,877,721	\$ 2,773,457	\$ 2,669,500	\$ 2,630,907	\$ 2,686,200	\$ 2,664,350	\$ 2,496,950	\$ 2,366,150	\$ 2,321,977
Combined Plan	\$ -	\$ 20,150	\$ 65,107	\$ 61,557	\$ 56,977	\$ 61,142	\$ 55,967	\$ 57,492	\$ 56,369
<u>Pension Contributions as a Percentage of Covered Payroll</u>									
Traditional Plan	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions										
Police	\$ 162,013	\$ 153,737	\$ 130,718	\$ 141,682	\$ 148,480	\$ 157,811	\$ 155,485	\$ 138,608	\$ 136,765	\$ 129,622
Fire	67,670	68,549	60,299	72,080	73,143	68,805	69,935	66,388	76,809	68,110
Total Required Contributions	\$ 229,683	\$ 222,286	\$ 191,017	\$ 213,762	\$ 221,623	\$ 226,616	\$ 225,420	\$ 204,996	\$ 213,574	\$ 197,732
Contributions in Relation to the Contractually Required Contribution	(229,683)	(222,286)	(191,017)	(213,762)	(221,623)	(226,616)	(225,420)	(204,996)	(213,574)	(197,732)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll										
Police	\$ 852,700	\$ 809,142	\$ 687,989	\$ 745,695	\$ 781,474	\$ 830,584	\$ 818,342	\$ 729,516	\$ 869,453	\$ 1,016,643
Fire	287,957	291,698	256,591	306,723	311,247	292,787	297,596	282,502	379,679	394,841
Pension Contributions as a Percentage of Covered Payroll										
Police	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	[1]	12.75%
Fire	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	[1]	17.25%

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability/Asset	0.018710%	0.018149%	0.018475%	0.019470%	0.019770%
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (323,320)	\$ 2,506,848	\$ 2,408,704	\$ 2,114,299	\$ 1,996,837
City's Covered Payroll	\$ 2,801,685	\$ 1,957,333	\$ 2,699,721	\$ 2,757,287	\$ 2,732,582
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-11.54%	128.07%	89.22%	76.68%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	115.57%	47.80%	46.33%	54.14%	54.04%

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

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.0420630%	0.0378491%	0.0447959%	0.0479083%	0.0495400%
City's Proportionate Share of the Net OPEB Liability	\$ 445,665	\$ 373,863	\$ 407,935	\$ 2,714,415	\$ 2,351,552
City's Covered Payroll	\$ 1,100,840	\$ 944,580	\$ 1,052,418	\$ 1,092,721	\$ 1,123,371
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.48%	39.58%	38.76%	248.41%	209.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	47.08%	46.57%	14.13%	15.96%

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

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 356	\$ 323	\$ 226	\$ 290	\$ 27,877	\$ 54,784	\$ 51,058
Contributions in Relation to the Contractually Required Contribution	<u>(356)</u>	<u>(323)</u>	<u>(226)</u>	<u>(290)</u>	<u>(27,877)</u>	<u>(54,784)</u>	<u>(51,058)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 2,886,621	\$ 2,801,685	\$ 1,957,333	\$ 2,699,721	\$ 2,757,287	\$ 2,732,582	\$ 2,560,113
Contributions as a Percentage of Covered Payroll	0.01%	0.01%	0.01%	0.01%	1.01%	2.00%	1.99%

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 5,704	\$ 5,504	\$ 4,723	\$ 5,262	\$ 5,464	\$ 5,617	\$ 5,580	\$ 5,069	\$ 36,941	\$ 95,275
Contributions in Relation to the Contractually Required Contribution	(5,704)	(5,504)	(4,723)	(5,262)	(5,464)	(5,617)	(5,580)	(5,069)	(36,941)	(95,275)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 1,140,657	\$ 1,100,840	\$ 944,580	\$ 1,052,418	\$ 1,092,721	\$ 1,123,371	\$ 1,115,938	\$ 1,012,018	\$ 1,249,132	\$ 1,411,484
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	3.62%	6.75%

See accompanying notes to the required supplementary information



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

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

***Net Pension Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014-2021.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple.

***Net OPEB Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018-2021.

*Changes in assumptions:* For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035.

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

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

***Net Pension Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014-2021.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the investment rate of return was reduced from 8.25 percent to 8.00 percent (b) the projected salary increases was reduced from 4.25% to 3.75% (c) the payroll increases was reduced from 3.75% to 3.25% (d) the inflation assumptions was reduced from 3.25% to 2.75% (e) the cost of living adjustments was reduced from 2.60% to 2.20% (f) rates of withdrawal, disability and service retirement were updated to reflect recent experience (g) mortality rates were updated to the RP-2014 Total Employee and Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2016 (h) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2016. For 2019-2021, there have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date.

***Net OPEB Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018 and 2020-2021. For 2019, see below regarding changes to stipend-based model.

*Changes in assumptions:* For 2018, the single discount rate changed from 3.79 percent to 3.24 percent. For 2019, the changes of assumptions were: (a) beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years (b) beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5% (c) the single discount rate changed from 3.24 percent to 4.66 percent. For 2020, the single discount rate changed from 4.66 to 3.56. For 2021, the single discount rate changed from 3.56 to 2.96.

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

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

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

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellevue, Huron County, Ohio (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 24, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

### ***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

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

***City's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

January 24, 2023

**CITY OF BELLEVUE  
HURON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Material Weakness - Financial Reporting**

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

The following errors were identified in the accompanying basic financial statements, notes to the basic financial statements, and required supplementary information for the year ended December 31, 2021:

- Business-Type Activities pension expense (\$211,859) and OPEB expense (\$130,826) were overstated and incorrectly allocated, resulting in water and wastewater pollution expenses being overstated in the amounts of \$328,241 and \$14,444, respectively, on the Statement of Activities; and
- Water Fund pension expense (reported as salaries on the Statement of Revenues, Expenses and Change in Net Position - Proprietary Funds) was overstated in the amount of \$214,131.

These errors were not identified and corrected prior to the City preparing its basic financial statements, notes to the basic financial statements, and required supplementary information due to deficiencies in the City's internal controls over financial statement monitoring. The failure to adequately monitor basic financial statements, notes to the basic financial statements, and required supplementary information could allow for misstatements to occur and go undetected. The accompanying basic financial statements, notes to the financial statements, and required supplementary information have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$8,500 to \$398,058 that we have brought to the City's attention.

To help ensure the City's basic financial statements, notes to the basic financial statements, and required supplementary information is complete and accurate, the City should adopt policies and procedures, including a final review of the basic financial statements, notes to the basic financial statements, and required supplementary information to help identify and correct errors and omissions.

**Officials' Response:**

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

**KEVIN G. STRECKER**  
*Mayor*



**RONALD L. SMITH**  
*Council President*

**WILLIAM J. BRUGNONE**  
*Safety-Service Director*

**PATRICK S. SMITH**  
*City Auditor*

**DAVE M. SABO**  
*Economic Development*

**CITY OF BELLEVUE**

**DAVID W. FREITAG**  
*Treasurer*

ENJOY THE 'VUE!

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	Material weakness for errors in financial reporting.	Not corrected and reissued as Finding 2021-001 in this report.	This matter was not corrected due to deficiencies in the City's internal controls. The City, in concert with the accounting firm hired to prepare the financial statements, have and will continue to review the basic financial statements and notes thereto in order to help identify and, as necessary, correct errors or omissions. The currently identified misstatements have been acknowledged and corrected.
2020-002	Material weakness and noncompliance with Ohio Rev. Code § 9.833 for the failure to establish an internal service fund to account for self-insurance activity.	Fully corrected.	
2020-003	Noncompliance with Ohio Rev. Code § 135.18 for the failure to enroll in OPCS or obtain specific pledged collateral.	Fully corrected.	

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF BELLEVUE**

**HURON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/7/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)