



OHIO AUDITOR OF STATE
KEITH FABER



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

City of Beachwood
Cuyahoga County
25325 Fairmount Boulevard
Beachwood, Ohio 44122

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 31, 2020, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

July 31, 2020



THE CITY OF BEACHWOOD OHIO
Comprehensive Annual Financial Report

CAFR

for the year ended
DECEMBER 31, 2019

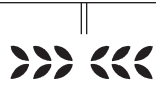
CITY OF
Beachwood

THE CITY OF BEACHWOOD OHIO
Comprehensive Annual Financial Report
for the year ended December 31, 2019



PREPARED BY: *Office of the Finance Director*
Larry A. Heiser, CPA
Finance Director

INTRODUCTORY SECTION



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City of Beachwood, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2019
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July 31, 2020

Members of Beachwood City Council and
The Citizens of Beachwood, Ohio

It is our privilege to present to you the City of Beachwood's (the City) Comprehensive Annual Financial Report (CAFR). This CAFR represents the official report of the City of Beachwood's operations and financial position for the year ended December 31, 2019, and has been developed to accurately detail the status of City finances to Beachwood residents and elected officials, investment banks and underwriters, rating agencies and all other interested parties. This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of year end.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the entire presentation, including all disclosures, rests with the City of Beachwood. We believe the data presented is accurate in all material respects and it is presented in a manner designed to set forth fairly the financial position and results of operations of the City as measured by financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City of Beachwood's activities have been included.

Through the use of a computerized financial accounting and reporting system, the City has implemented a series of strong internal controls which provide a reasonable, but not absolute, assurance with respect to the safeguarding of City assets against losses resulting from unauthorized use or disposal. Such assurances also pertain to the reliability of the financial records utilized to prepare financial statements and maintain accountability of assets. The framework of the City's internal control system was structured using the concept of reasonable assurance, a concept that recognizes that the cost of a control should not exceed the expected benefits likely to be derived from its implementation.

In accordance with Ohio law, independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Auditor of State's Office performed these services for the year 2019. The independent auditor's report is presented in the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's Discussion and Analysis complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Beachwood gained formal status as a City in 1960 with an estimated census of approximately 6,100 residents. Previously, the City was incorporated as a village in 1915. Beachwood is located in the county of Cuyahoga in northeastern Ohio approximately 13.5 miles east of downtown Cleveland.

The City of Beachwood covers approximately 5.25 square miles, and serves a population of 11,953. Due to factors attracting commercial interests to Beachwood it is estimated that approximately 100,000 people come to Beachwood daily to work, shop, or visit.

Voters first adopted the City Charter on November 3, 1959. It was extensively revised and re-adopted in its entirety at the general election of November 8, 1994 and most recently at the general election of November 6, 2018. The Charter governs operations of the City of Beachwood and provides for a Mayor-Council form of municipal government. All legislative authority is vested in a seven-member Council. Council members are elected on an at-large basis at the regular municipal election in November of odd numbered years for a term of four years, and serve staggered terms commencing on the first day of January after the election.

Pursuant to the Charter, the Mayor is to be elected every fourth year. The Mayor is considered to be the Chief Executive Officer of the City, and is responsible for all contracts, conveyances, evidences of indebtedness and other instruments to which the City is a party. The Mayor serves as the official and ceremonial head of the City government.

Beachwood residents receive water services from the City of Cleveland and sewer services from the Northeast Ohio Regional Sewer District. Beachwood safety forces are partners with other local municipalities for joint response fire and police services.

The City has reviewed its reporting entity definition in order to ensure compliance and conformance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34." For financial reporting definition purposes, City management has considered all agencies, departments and organizations comprising the City of Beachwood, the primary government, and its potential component units.

The Beachwood City School District and the (Greater Cleveland) Regional Transit Authority have not been included in the accompanying financial statements. Boards of both entities are not appointed by the City, nor is either fiscally dependent on the City of Beachwood.

The City has contracted with the Regional Income Tax Agency for municipal income tax administration and collection services.

In accordance with State law, all funds, with the exception of agency funds, are legally required to be budgeted and appropriated. The legal level of control has been established by Council at the personal services and other object level within each fund. Modifications or amendments to control levels in the Appropriation Ordinance require Council approval; internal City financial policies permit fund transfers within control levels with approval by the Mayor and Finance Director.

Annual appropriations for the current year are determined by Council action on or before December 31.

Local Economy

City Council and the Administration are committed to protecting the level of services afforded all of the commercial and residential citizenry of the City and to implement projects and programs designed to improve the economic and operational efficiency of the City Government. Through effective financial management, the City is striving to maintain tax rates at current levels, an action that should continue to draw new businesses and homebuyers to the City.

The City currently maintains a Aaa rating with Moody's Investor Service and a AAA rating with Fitch Investors Service, two of the three largest recognized rating agencies of municipal debt. These ratings demonstrate the City's high level of performance as it relates to management and administration of government resources, effective debt management with moderate low levels, vibrant and diverse local economy, and strong finances. The City is very proud of these ratings and will strive to continue at the level of excellence required to maintain them.

The City has consistently enjoyed the benefits of a strong commercial employment base that has provided for a consistent level of withholding tax collections. This strong commercial base allows the City of Beachwood to be one of the few communities in northeast Ohio that gives a 100 percent income tax credit to its residents. This credit allows residents working in locations outside Beachwood to receive 100 percent credit for all income taxes paid to other taxing districts. This credit, in addition to the low property tax rates levied by the City, has continued to make Beachwood an attractive alternative to new homebuyers and proved to be a factor in the overall stability of the City's residential population. This strong commercial base should provide the City with funds to continue to provide the extraordinary level of services our residents have come to expect for several years to come.

The area of Beachwood known as Chagrin Highlands is the largest area of future commercial development in the City. Commercial development in this area promises to deliver a blend of custom designed corporate headquarters, multi-tenant buildings, hotels, restaurants and business service enterprises that will add to the tax base of the City. Of this 630-acre site, 408.25 acres are located in the City; the remaining acres are located in the following entities: Village of Highland Hills, Village of Orange and City of Warrensville Heights. Chagrin Highlands continues to be a focal point of future economic growth for the City.

The Cleveland Clinic, Eaton Corporation, and University Hospitals are the City's largest employers. These companies should provide the City with a strong core employment base for years to come.

In an effort to provide the highest level of services to its residential and business community the City has spent over \$84,803,400 over the past fifteen years on City streets, facilities and recreational areas. Most of these improvements were financed with existing funds; \$30,625,000 in general obligation debt was issued to finance these improvements and \$14,675,000 is still outstanding. The City issued \$9 million in debt for a new fire station in 2017.

The combination of good government and a superlative public-school system make the City of Beachwood an attractive place to live, work and play. Because of this, the City will be able to continually attract new residents and businesses, which will protect the City's income stream for years to come.

Long-term financial planning and relevant financial policies

The City has remained focused on an extensive Master Plan which continues to be updated to meet the future growth of the City. These initiatives are designed to improve the general level of operations of the City and to enhance the level of services and benefits provided to its residential and commercial residents. Since 2001, residents have benefited from construction of two new fire stations, new recreational facilities, which include tennis courts, the Beachwood Family Aquatic Center, a park with walking/jogging trails, a sledding hill, and a picnic pavilion, the expansion and remodeling of the existing Municipal Building and Community Center, a new Service Center Building and a new dog park.

Additionally, on an annual basis, the City budgets for road improvement projects. These projects are generally funded out of the capital improvement fund. The capital improvement fund is funded by excess reserves accumulated in the general fund that are transferred to the capital improvement fund on a periodic basis.

As an informal policy, the City attempts to maintain a General Fund balance of approximately 50 percent of general fund revenues.

Major initiatives

Lake Health Medical Center opened a two-story surgical building at the corner of Chagrin and Richmond Roads in 2019 with 69,800 square feet and 25 patient beds.

In 2018 the City created a Community Reinvestment Area (CRA) with the boundaries set as Chagrin Blvd on the North, the City boundary line on the South, Richmond road on the east, and Green road on the west. The first company to make a considerable reinvestment in the CRA is Lee-Silsby Pharmacy with the purchase and renovation of a property in Commerce Park. In late 2019 New Leaf Living purchased the property at 23175 Commerce Park with building renovation improvements of \$800,000 dollars.

The City launched a Senior Trash Assistance Program in 2018. The City started 2019 working with a non-profit Group, Village in the Heights, to supply local volunteers to assist senior residents 80 years and older or disabled residents in single family homes with getting their trash and recycling bins to the curb each week. The City Service Department has subsequently taken over this service for residents.

In 2019 the City of Beachwood constructed a new Dog Park for residents on Shaker Blvd. named "Barkwood" with over 400 dogs registered.

AWARDS

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beachwood for its comprehensive annual financial report for the year ended December 31, 2018.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting standards and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

Successful preparation of a report of this scope depends upon the dedicated contribution of many employees. The sincere appreciation of those primarily responsible for its completion is extended to all contributors but especially to those employees in the Department of Finance who have spent their time and energy on various parts of the project and to the Local Government Services section of the Auditor of State's office for their assistance in helping the City prepare this report in conformity with generally accepted accounting principles (GAAP) and the requirements of the Government Finance Officers Association.

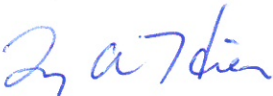
In addition, we would like to thank Beachwood City Council, without whose positive leadership and encouragement, the preparation of this report would not have been possible.

In closing, we would like to thank the residents and taxpayers of the City of Beachwood for entrusting us with the administration of their local government.

Respectfully submitted,



Martin S. Horwitz
Mayor



Larry A. Heiser, CPA
Director of Finance

City of Beachwood, Ohio

City Officials - as of December 31, 2019

ELECTED OFFICIALS

Mayor-Safety DirectorMartin S. Horwitz
President of CouncilBrian Linick

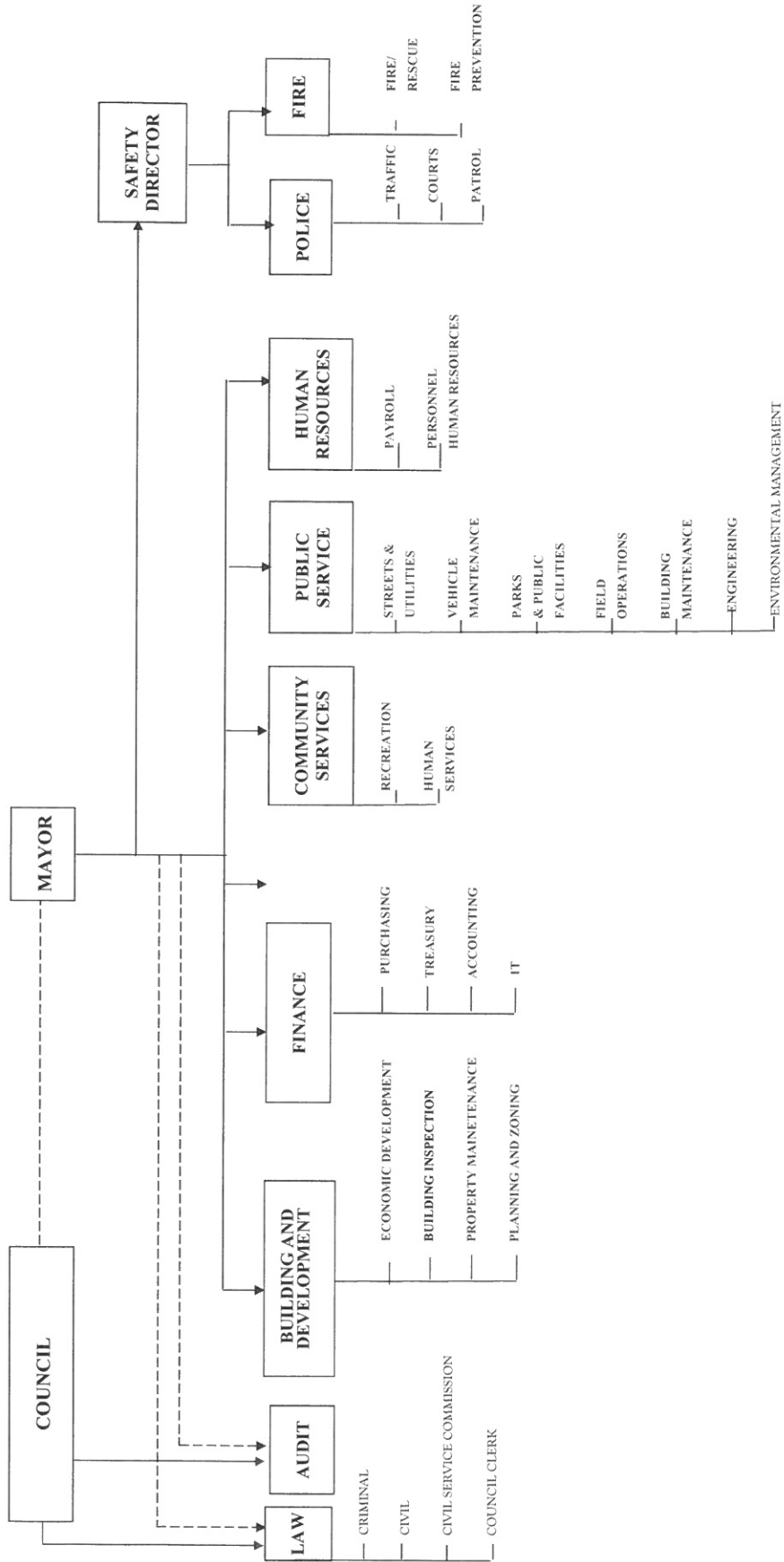
Council Member Justin Berns
Council Member Alec Isaacson
Council Member Barbara Bellin Janovitz
Council Member James Pasch
Council Member Eric Synenberg
Council Member June Taylor

APPOINTED OFFICIALS

Finance DirectorLarry Heiser
Police ChiefGary Haba
Fire Chief Steven Holtzman
Service Director Chris Arrietta
Building Commissioner..... William B. Griswold
Clerk of Courts Kelly L. Bowen
Community Service DirectorKaren A. Carmen
Law Director Diane Calta
City Auditor Harvey S. Rose
Clerk of Council Whitney Crook

CITY OF BEACHWOOD

Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Beachwood
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



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OHIO AUDITOR OF STATE KEITH FABER



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615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

City of Beachwood
Cuyahoga County
25325 Fairmount Boulevard
Beachwood, Ohio 44122

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, during 2019, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated July 31, 2020, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

July 31, 2020

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City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The discussion and analysis of the City of Beachwood's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The City's net position increased by \$14,414,473 which is due to requirements of Governmental Accounting Standards Board (GASB) Statement 68, 71 and 75, which establish standards for measuring and recognizing pension liabilities, OPEB liabilities, deferred outflows/inflows of resources and expense/expenditure. Excluding adjustments related to these standards, the City's net position increased by \$3,592,786.
- Long-term debt decreased in 2019 due to scheduled annual debt service payments.
- In 2019, the City invested approximately \$2.0 million on road improvements.

Using this Annual Financial Report

This annual report consists of a series of financial statements some of which focus on the City as a whole (government-wide) and some of which focus on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

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

Reporting the City of Beachwood as a Whole

Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question.

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

From the Statement of Net Position, you can determine the City's current financial position by subtracting total liabilities and deferred inflows of resources (what the City owes) from total assets and deferred outflows of resources (what the City owns). Over time, increases or decreases in the City's net position are one indicator of whether the City's financial health is improving or deteriorating. From the Statement of Activities, you can determine what the cost of governmental services are and how much of that cost is financed by taxpayers, where the City gets its money and how it is used, whether the City is better or worse off financially and why and will the City be able to finance services in the future. Other non-financial factors such as changes in the City's property tax base, income tax base and the condition of the City's capital assets should be considered to assess the overall financial health of the City.

Reporting on the Most Significant Funds of the City of Beachwood

Fund Financial Statements

The fund financial statements which begin on page 18, provide detailed information about the City's major funds and include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. These statements tell how City services charged to major funds were financed in the short-term as well as what remains for future spending. For the City of Beachwood, the most significant governmental funds are the general fund, bond retirement fund, capital improvements fund and Eaton TIF fund.

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

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City's internal service fund accounts for revenues used to provide for workers' compensation. The proprietary fund uses the accrual basis of accounting.

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

The City of Beachwood as a Whole

Statement of Net Position

As noted earlier, the Statement of Net Position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2019 and 2018.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Table 1
Net Position

	Governmental Activities		
	2019	2018 Restated*	Change
Assets			
Total Current and Other Assets	\$76,384,093	\$71,803,562	\$4,580,531
Net Pension Asset	4,137	5,925	(1,788)
Nondepreciable Capital Assets	14,235,641	14,235,641	0
Depreciable Capital Assets, Net	77,649,897	80,125,836	(2,475,939)
Total Assets	168,273,768	166,170,964	2,102,804
Deferred Outflows of Resources			
Pension	14,721,723	6,788,707	7,933,016
OPEB	2,807,965	2,747,089	60,876
Total Deferred Outflows of Resources	17,529,688	9,535,796	7,993,892
Liabilities			
Total Current and Other Liabilities	2,678,170	2,545,465	(132,705)
Long-Term Liabilities:			
Due Within One Year	3,676,089	3,340,636	(335,453)
Due In More Than One Year			
Net Pension Liability	52,449,567	35,564,754	(16,884,813)
Net OPEB Liability	12,888,062	29,583,395	16,695,333
Other Amounts	20,526,809	22,882,968	2,356,159
Total Liabilities	92,218,697	93,917,218	1,698,521
Deferred Inflows of Resources			
Property Taxes	3,090,943	2,960,572	(130,371)
Payments in Lieu of Taxes	4,470,526	4,201,090	(269,436)
Pension	671,769	3,975,560	3,303,791
OPEB	1,470,175	1,185,447	(284,728)
Total Deferred Inflows of Resources	9,703,413	12,322,669	2,619,256
Net Position			
Net Investment in Capital Assets	71,765,502	71,879,216	(113,714)
Restricted for:			
Debt Service	6,855,275	6,698,163	157,112
Unclaimed Monies	22,977	36,165	(13,188)
Streets	1,701,564	1,872,314	(170,750)
Other Purposes	6,632,117	603,505	6,028,612
Unrestricted (Deficit)	(3,096,089)	(11,622,490)	8,526,401
Total Net Position	\$83,881,346	\$69,466,873	\$14,414,473

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*Beginning net position restated December 31, 2018, due to the provisions of GASB 84.

The net pension liability (NPL) is one of the largest single liabilities reported by the City at December 31, 2019. 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 pension 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.

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 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 pension 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 OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

The largest portion of the City's net position reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

The City's financial position increased from 2018 to 2019 as indicated by the increase in total net position for governmental activities of \$14,414,473. If deferred inflows and liabilities related to pension and OPEB are added to total net position and net pension asset and deferred outflows related to pension and OPEB are subtracted from total net position, the total net position for 2019 and 2018 respectively is \$133,827,094 and \$130,234,308. Under this scenario, the City's financial position increased by \$3,592,786.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2019 and 2018.

City of Beachwood, Ohio
Management's Discussion and Analysis
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Unaudited

Table 2
Change in Net Position

	Governmental Activities		
	2019	2018 Restated	Change
Revenues			
Program Revenues			
Charges for Services	\$4,475,490	\$4,504,044	(\$28,554)
Operating Grants, Contributions and Interest	763,100	604,299	158,801
General Revenues			
Property Taxes	3,022,840	2,510,024	512,816
Payments in Lieu of Taxes	4,467,725	5,144,070	(676,345)
Municipal Income Tax	38,158,389	35,617,726	2,540,663
Admission, Lodging and Franchise Taxes	1,503,167	1,532,086	(28,919)
Estate Taxes	4,253	1,325	2,928
Grants and Entitlements	418,287	334,032	84,255
Investment Earnings	1,696,330	557,805	1,138,525
Gain on Sale of Capital Assets	0	211,333	(211,333)
Health Care Reimbursements	608,325	595,177	13,148
Other	1,170,471	872,354	298,117
Total Revenues	56,288,377	52,484,275	3,804,102
Program Expenses			
General Government	14,226,642	13,184,644	(1,041,998)
Public Safety:			
Police	5,691,197	12,384,365	6,693,168
Fire	1,189,562	10,124,266	8,934,704
Public Services	14,503,424	14,004,105	(499,319)
Health and Welfare	755,917	680,821	(75,096)
Culture and Recreation	3,195,413	2,981,223	(214,190)
Building and Community Development	1,703,788	1,375,347	(328,441)
Interest and Fiscal Charges	607,961	661,617	53,656
Total Expenses	41,873,904	55,396,388	13,522,484
Change in Net Position	14,414,473	(2,912,113)	17,326,586
Net Position Beginning of Year	69,466,873	72,378,986	(2,912,113)
Net Position End of Year	<u>\$83,881,346</u>	<u>\$69,466,873</u>	<u>\$14,414,473</u>

For 2019, Ohio Police and Fire Pension Fund (OP&F) recognized a change in benefit terms for their OPEB plan. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years. These changes contributed to OPEB for OP&F expense decreasing from \$1,698,261 in 2018 to a negative OPEB expense of \$17,297,724 for 2019.

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Governmental Activities

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 2.0 percent on all income earned within the City as well as on income of residents earned outside of the City. The City gives a 100 percent credit for taxes paid to another municipality on income earned outside of the City. On a full accrual basis, the City received \$38,158,389 in income tax collections or 67.8 percent of total 2019 revenue. Other significant sources of revenue include property taxes and payments in lieu of property taxes of which the City received \$3,022,840 and \$4,467,725 respectively in 2019.

In 2019, the City experienced an increase in income taxes (\$38,158,389 in 2019 compared to \$35,617,726 in 2018 – full accrual basis). The chart below identifies income tax receipts for the last five years.

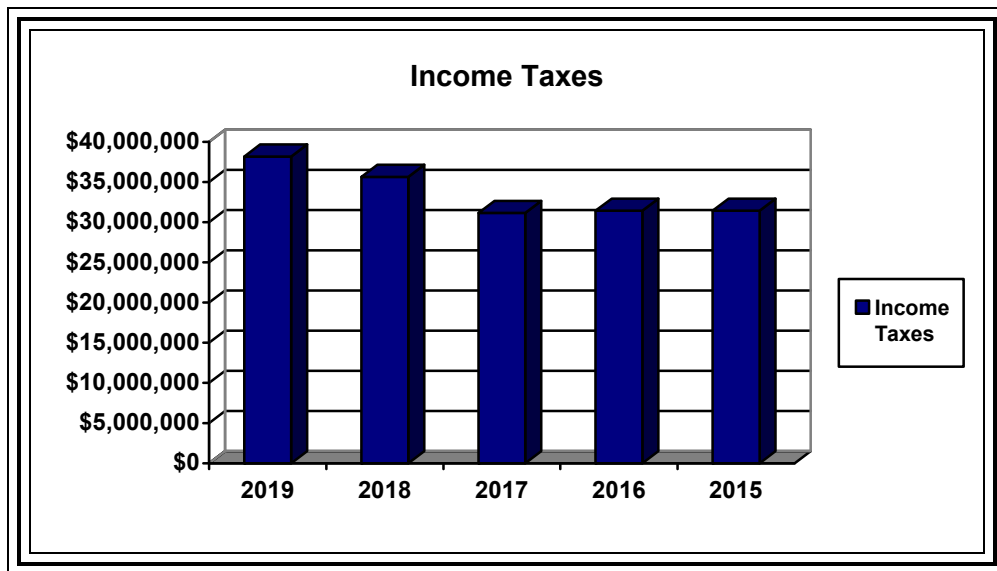


Table 3 presents a summary of governmental activity expenses and the net cost of providing these services (excluding general revenues).

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Table 3
Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
General Government	\$14,226,642	(\$14,044,657)	\$13,184,644	(\$12,901,133)
Public Safety				
Police	5,691,197	(4,701,840)	12,384,365	(11,531,622)
Fire	1,189,562	(23,690)	10,124,266	(9,003,092)
Public Services	14,503,424	(13,756,739)	14,004,105	(13,414,859)
Health and Welfare	755,917	(576,407)	680,821	(521,053)
Culture and Recreation	3,195,413	(2,228,142)	2,981,223	(2,035,137)
Building and				
Community Development	1,703,788	(695,878)	1,375,347	(461,414)
Interest and Fiscal Charges	607,961	(607,961)	661,617	(661,617)
Total	\$41,873,904	(\$36,635,314)	\$55,396,388	(\$50,529,927)

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government. The total cost of services and the net cost of services both decreased in 2019.

Including the Eaton TIF and Omnova TIF funds as governmental funds (in accordance with GASB 84) significantly increased general government expenses. Additionally, as mentioned above, the OP&F change significantly decreased police and fire expenses. Public services expenses account for approximately 34.6 percent of total 2019 expenses. A significant portion of these expenses can be attributed to salaries, employee benefits and infrastructure depreciation. General government expenses account for approximately 34.0 percent of total 2019 expenses. A significant portion of these expenses can be attributed to salaries, wages, employee benefits and payments related to tax increment financing agreements.

The City's Funds

Information about the City's major governmental funds begins on page 18. These funds are accounted for using the modified accrual basis of accounting.

The general fund is the chief operating fund of the City. The total fund balances at December 31, 2019 and 2018 were \$35,550,897 and \$32,507,520 respectively. The increase is largely due to an increase in income taxes which reflects the growing economy.

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The bond retirement fund is used to account for the accumulation of resources for, and the payment of, various types of debt principal, interest and related costs. The fund balances at December 31, 2019 and 2018 were \$1,402,877 and \$726,674 respectively. The bond retirement fund receives revenue through special assessments levied against various property owners. Additional monies are received from other financing sources such as the issuance of bonds and notes and transfers from the general fund. The increase in fund balance is due to an increase in funds transferred into the fund in preparation of paying off some debt early in 2020.

The capital improvements fund is used to account for the flow of resources related to the construction, acquisition, and renovation of capital assets. This fund is funded with excess revenue from the general fund. The City strives to maintain a general fund balance which is 50 percent of general fund revenues. Any excess may be transferred to the capital improvements fund. The fund balances at December 31, 2019 and 2018 were \$12,023,580 and \$10,833,668 respectively.

The Eaton TIF fund is used to account for and report all revenue and expenses related to the Eaton TIF agreement. The fund balance at December 31, 2019 was \$5,988,304 which is an increase of \$386,865 from the prior year. The increase is due to receiving more in payments in lieu of property taxes than expenses required to be paid per the TIF agreement.

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 legal level of control has been established by Council at the personal services and other object level within each fund. Any budgetary modifications at this level may only be made by ordinance of City Council. During the course of the year, the City amended its general fund budget several times. In addition to day-to-day budget monitoring, the Finance Director closely examines the budget with the preparation of the monthly financial statements.

For the general fund, final budgeted revenues were \$48,613,975; and actual revenue collections were \$49,876,954. Final budgeted appropriations (excluding transfers) were \$47,505,959 and actual expenditures (excluding transfers) were \$44,138,831. Appropriations are always conservatively budgeted on the high side which accounts for the difference between budgeted appropriations and actual expenditures.

Debt Administration and Capital Assets

Debt

Table 4 summarizes outstanding debt at December 31, 2019 compared to December 31, 2018.

The general obligation bonds will be paid out of the debt service fund with funds transferred from the general fund. The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. See Note 17 to the basic financial statements for more information regarding the City's outstanding debt.

City of Beachwood, Ohio
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Table 4
Outstanding Debt at Year End

	Governmental Activities	
	2019	2018
General Obligation Bonds	\$15,188,389	\$17,045,256
Special Assessment Bonds	5,222,894	5,644,123
<i>Totals</i>	\$20,411,283	\$22,689,379

Capital Assets

Table 5 compares capital assets as of December 31, 2019 to balances at December 31, 2018.

Table 5
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	\$14,235,641	\$14,235,641
Land Improvements	1,667,621	1,895,289
Buildings and Improvements	40,690,565	41,820,017
Furniture and Equipment	1,508,900	1,509,903
Vehicles	2,100,549	2,487,029
Infrastructure		
Streets	27,138,536	27,754,873
Sanitary Sewers	1,624,454	1,674,837
Storm Sewers	1,604,385	1,652,237
I-Net Fiber	765,226	772,543
Traffic Signals	549,661	559,108
<i>Totals</i>	\$91,885,538	\$94,361,477

Significant capital asset additions mainly include road improvements. In 2019, work was done on the following roads: Halburton Road, Campus Road, and George Zeiger Road.

With regards to the City's infrastructure, the Service Director maintains a comprehensive listing of all streets, waterlines and sanitary and storm sewer lines. As part of the annual road maintenance program, the Service

City of Beachwood, Ohio
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Director evaluates the condition of the streets and identifies which roads need to be repaired or replaced the following year. Over the last five years, the City has averaged \$3.3 million a year for the road maintenance program.

See Note 11 to the basic financial statements for additional information on the City's capital assets.

Current Financial Related Activities

The City of Beachwood is strong financially and well managed, as evidenced by the Aaa bond rating awarded the City by Moody's Investor Service and the AAA rating awarded by Fitch Investors Service. The City has continued to maintain the highest standards of service to the Citizens of Beachwood while diligently planning expenses, to stay within the City's revenues. The City is well prepared to meet the challenges of the future.

Contacting the City's Finance Department

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Larry Heiser, CPA, Finance Director at the City of Beachwood, 25325 Fairmount Boulevard, Beachwood, Ohio 44122, 216-292-1913, or email at larry.heiser@beachwoodohio.com.

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City of Beachwood, Ohio
Statement of Net Position
December 31, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$52,316,415
Accounts Receivable	114,710
Loans Receivable	700,000
Admission Taxes Receivable	29,986
Lodging Taxes Receivable	67,410
Franchise Taxes Receivable	34,669
Intergovernmental Receivable	432,268
Materials and Supplies Inventory	997,721
Prepaid Items	768,602
Property Taxes Receivable	3,143,145
Income Taxes Receivable	7,082,225
Payments in Lieu of Property Taxes Receivable	4,470,526
Special Assessments Receivable	6,226,416
Net Pension Asset	4,137
Nondepreciable Capital Assets	14,235,641
Depreciable Capital Assets, Net	77,649,897
<i>Total Assets</i>	168,273,768
Deferred Outflows of Resources	
Pension	14,721,723
OPEB	2,807,965
<i>Total Deferred Outflows of Resources</i>	17,529,688
Liabilities	
Accounts Payable	316,395
Retainage Payable	323,404
Accrued Wages	511,821
Matured Compensated Absences	307,132
Intergovernmental Payable	382,458
Accrued Interest Payable	51,583
Deposits Held and Due to Others	201,619
Contracts Payable	18,012
Claims Payable	565,746
Long-Term Liabilities:	
Due Within One Year	3,676,089
Due In More Than One Year	
Net Pension Liability (See Note 13)	52,449,567
Net OPEB Liability (See Note 14)	12,888,062
Other Amounts	20,526,809
<i>Total Liabilities</i>	92,218,697
Deferred Inflows of Resources	
Property Taxes	3,090,943
Payments in Lieu of Taxes	4,470,526
Pension	671,769
OPEB	1,470,175
<i>Total Deferred Inflows of Resources</i>	9,703,413
Net Position	
Net Investment in Capital Assets	71,765,502
Restricted for:	
Debt Service	6,855,275
Unclaimed Monies	22,977
Streets	1,701,564
Other Purposes	6,632,117
Unrestricted (Deficit)	(3,096,089)
<i>Total Net Position</i>	\$83,881,346

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Activities
For the Year Ended December 31, 2019

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants Contributions and Interest</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$14,226,642	\$181,985	\$0	(\$14,044,657)
Public Safety:				
Police	5,691,197	972,942	16,415	(4,701,840)
Fire	1,189,562	1,165,872	0	(23,690)
Public Services	14,503,424	0	746,685	(13,756,739)
Health and Welfare	755,917	179,510	0	(576,407)
Culture and Recreation	3,195,413	967,271	0	(2,228,142)
Building and Community Development	1,703,788	1,007,910	0	(695,878)
Interest and Fiscal Charges	607,961	0	0	(607,961)
<i>Total Governmental Activities</i>	<u>\$41,873,904</u>	<u>\$4,475,490</u>	<u>\$763,100</u>	<u>(36,635,314)</u>

General Revenues

Property Taxes Levied for	
General Purposes	2,797,545
Police Pension	225,295
Payments in Lieu of Taxes	4,467,725
Municipal Income Taxes Levied for	
General Purposes	38,158,389
Admission, Lodging and Franchise Taxes	1,503,167
Estate Taxes	4,253
Grants and Entitlements not Restricted to Specific Programs	418,287
Investment Earnings	1,696,330
Health Care Reimbursements	608,325
Other	1,170,471

Total General Revenues 51,049,787

Change in Net Position 14,414,473

Net Position Beginning of Year Restated
(See Note 19) 69,466,873

Net Position End of Year \$83,881,346

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Balance Sheet
Governmental Funds
December 31, 2019

	General	Bond Retirement	Capital Improvements	Eaton TIF	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$28,721,330	\$1,402,877	\$12,354,183	\$5,988,304	\$2,116,083	\$50,582,777
Property Taxes Receivable	2,907,410	0	0	0	235,735	3,143,145
Payments in Lieu of Taxes Receivable	0	0	0	4,203,724	266,802	4,470,526
Income Taxes Receivable	7,082,225	0	0	0	0	7,082,225
Loans Receivable	700,000	0	0	0	0	700,000
Admission Taxes Receivable	29,986	0	0	0	0	29,986
Lodging Taxes Receivable	67,410	0	0	0	0	67,410
Franchise Taxes Receivable	34,669	0	0	0	0	34,669
Accounts Receivable	114,710	0	0	0	0	114,710
Intergovernmental Receivable	172,678	0	0	0	259,590	432,268
Materials and Supplies Inventory	997,721	0	0	0	0	997,721
Prepaid Items	768,602	0	0	0	0	768,602
Special Assessments Receivable	0	6,136,644	89,772	0	0	6,226,416
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	233,638	0	0	0	0	233,638
Total Assets	\$41,830,379	\$7,539,521	\$12,443,955	\$10,192,028	\$2,878,210	\$74,884,093
Liabilities						
Accounts Payable	\$269,840	\$0	\$3,566	\$0	\$34,211	\$307,617
Retainage Payable	0	0	323,404	0	0	323,404
Accrued Wages	511,821	0	0	0	0	511,821
Matured Compensated Absences	307,132	0	0	0	0	307,132
Intergovernmental Payable	382,194	0	0	0	0	382,194
Contracts Payable	0	0	3,633	0	14,379	18,012
Payable from Restricted Assets:						
Accounts Payable	8,778	0	0	0	0	8,778
Intergovernmental Payable	264	0	0	0	0	264
Deposits Held and Due to Others	201,619	0	0	0	0	201,619
Total Liabilities	1,681,648	0	330,603	0	48,590	2,060,841
Deferred Inflows of Resources						
Property Taxes	2,859,123	0	0	0	231,820	3,090,943
Payments in Lieu of Taxes	0	0	0	4,203,724	266,802	4,470,526
Unavailable Revenue	1,738,711	6,136,644	89,772	0	147,796	8,112,923
Total Deferred Inflows of Resources	4,597,834	6,136,644	89,772	4,203,724	646,418	15,674,392
Fund Balances						
Nonspendable	1,789,300	0	0	0	0	1,789,300
Restricted	0	1,402,877	0	5,988,304	2,183,202	9,574,383
Committed	462,785	0	426,780	0	0	889,565
Assigned	1,411,891	0	11,596,800	0	0	13,008,691
Unassigned	31,886,921	0	0	0	0	31,886,921
Total Fund Balances	35,550,897	1,402,877	12,023,580	5,988,304	2,183,202	57,148,860
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$41,830,379	\$7,539,521	\$12,443,955	\$10,192,028	\$2,878,210	\$74,884,093

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2019*

Total Governmental Fund Balances		\$57,148,860
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		91,885,538
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.		
Delinquent Property Taxes	52,202	
Intergovernmental	287,568	
Special Assessments	6,226,416	
Municipal Income Taxes	1,546,737	
Total		8,112,923
An internal service fund is used by management to charge the cost of workers compensation to individual funds/departments. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		934,254
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.		(51,583)
The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore the asset, liability and related deferred inflows/outflows are not reported in governmental funds:		
Net Pension Asset	4,137	
Deferred Outflows - Pension	14,721,723	
Deferred Inflows - Pension	(671,769)	
Net Pension Liability	(52,449,567)	
Deferred Outflows - OPEB	2,807,965	
Deferred Inflows - OPEB	(1,470,175)	
Net OPEB Liability	(12,888,062)	
Total		(49,945,748)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Special Assessment Bonds	(5,222,894)	
General Obligation Bonds	(15,188,389)	
Compensated Absences	(3,791,615)	
Total		(24,202,898)
<i>Net Position of Governmental Activities</i>		\$83,881,346

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Capital Improvements	Eaton TIF	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$2,792,450	\$0	\$0	\$0	\$224,882	\$3,017,332
Municipal Income Taxes	38,375,841	0	0	0	0	38,375,841
Charges for Services	3,002,543	0	0	0	0	3,002,543
Fines, Licenses and Permits	1,269,942	0	0	0	10,230	1,280,172
Intergovernmental	397,108	0	0	0	730,144	1,127,252
Estate Taxes	4,253	0	0	0	0	4,253
Admission Taxes	348,689	0	0	0	0	348,689
Lodging Taxes	1,020,252	0	0	0	0	1,020,252
Franchise Taxes	134,226	0	0	0	0	134,226
Rentals	170,802	0	0	0	0	170,802
Health Care Reimbursements	608,325	0	0	0	0	608,325
Payments in Lieu of Taxes	0	0	0	4,201,090	266,635	4,467,725
Special Assessments	0	567,391	20,206	0	21,973	609,570
Interest	1,684,002	0	0	0	43,410	1,727,412
Other	507,194	0	266,056	0	397,221	1,170,471
<i>Total Revenues</i>	<u>50,315,627</u>	<u>567,391</u>	<u>286,262</u>	<u>4,201,090</u>	<u>1,694,495</u>	<u>57,064,865</u>
Expenditures						
Current:						
General Government	8,843,350	0	0	3,814,225	269,860	12,927,435
Public Safety:						
Police	10,411,840	0	0	0	265,814	10,677,654
Fire	8,320,491	0	0	0	0	8,320,491
Public Services	9,178,263	0	0	0	0	9,178,263
Health and Welfare	631,186	0	0	0	0	631,186
Culture and Recreation	2,503,104	0	0	0	0	2,503,104
Building and						
Community Development	1,384,016	0	0	0	0	1,384,016
Capital Outlay	0	0	2,096,350	0	1,305,929	3,402,279
Debt Service:						
Principal Retirement	0	2,205,000	0	0	0	2,205,000
Interest and Fiscal Charges	0	686,188	0	0	0	686,188
<i>Total Expenditures</i>	<u>41,272,250</u>	<u>2,891,188</u>	<u>2,096,350</u>	<u>3,814,225</u>	<u>1,841,603</u>	<u>51,915,616</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>9,043,377</u>	<u>(2,323,797)</u>	<u>(1,810,088)</u>	<u>386,865</u>	<u>(147,108)</u>	<u>5,149,249</u>
Other Financing Sources (Uses)						
Transfers In	0	3,000,000	3,000,000	0	0	6,000,000
Transfers Out	(6,000,000)	0	0	0	0	(6,000,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(6,000,000)</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	3,043,377	676,203	1,189,912	386,865	(147,108)	5,149,249
<i>Fund Balances Beginning of Year- Restated (See Note 19)</i>	<u>32,507,520</u>	<u>726,674</u>	<u>10,833,668</u>	<u>5,601,439</u>	<u>2,330,310</u>	<u>51,999,611</u>
<i>Fund Balances End of Year</i>	<u>\$35,550,897</u>	<u>\$1,402,877</u>	<u>\$12,023,580</u>	<u>\$5,988,304</u>	<u>\$2,183,202</u>	<u>\$57,148,860</u>

See accompanying notes to the basic financial statements

City of Beachwood, 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, 2019*

Net Change in Fund Balances - Total Governmental Funds	\$5,149,249
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital Asset Additions	
Capital Outlays	2,709,214
Current Year Depreciation	(5,124,672)
Total	(2,415,458)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(60,481)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Delinquent Property Taxes	5,508
Intergovernmental	23,053
Special Assessments	(587,597)
Municipal Income Taxes	(217,452)
Total	(776,488)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	2,205,000
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.	
Accrued Interest on Bonds	5,131
Amortization of Premium	73,096
Total	78,227
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(257,390)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	3,421,183
OPEB	46,825
Total	3,468,008
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension/OPEB expense in the statement of activities.	
Pension	(9,070,977)
OPEB	16,424,656
Total	7,353,679
The internal service fund used by management to charge the costs of workers' compensation to individual departments is not reported in the entity wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	(329,873)
<i>Change in Net Position of Governmental Activities</i>	\$14,414,473

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,560,000	\$2,560,000	\$2,792,450	\$232,450
Municipal Income Taxes	39,149,242	37,948,900	38,531,758	582,858
Charges for Services	2,838,000	2,837,000	2,996,019	159,019
Fines, Licenses and Permits	1,358,700	1,323,655	1,269,942	(53,713)
Intergovernmental	327,400	327,400	387,460	60,060
Rentals	173,000	173,000	170,802	(2,198)
Estate Taxes	0	0	4,253	4,253
Admission Taxes	390,000	390,000	346,244	(43,756)
Lodging Taxes	1,000,000	1,000,000	1,009,371	9,371
Franchise Taxes	140,000	140,000	134,107	(5,893)
Health Care Reimbursements	550,000	550,000	608,325	58,325
Interest	800,400	800,420	1,101,352	300,932
Other	563,600	563,600	524,871	(38,729)
<i>Total Revenues</i>	<u>49,850,342</u>	<u>48,613,975</u>	<u>49,876,954</u>	<u>1,262,979</u>
Expenditures				
Current:				
General Government	5,817,218	9,746,168	9,193,411	552,757
Public Safety:				
Police	11,995,560	11,995,560	10,990,912	1,004,648
Fire	8,692,642	9,742,642	9,438,788	303,854
Public Services	10,618,773	10,618,773	9,766,881	851,892
Health and Welfare	733,613	733,613	653,763	79,850
Culture and Recreation	2,957,415	2,963,415	2,622,753	340,662
Building and Community Development	1,397,633	1,705,788	1,472,323	233,465
<i>Total Expenditures</i>	<u>42,212,854</u>	<u>47,505,959</u>	<u>44,138,831</u>	<u>3,367,128</u>
<i>Excess of Revenues Over Expenditures</i>	7,637,488	1,108,016	5,738,123	4,630,107
Other Financing Sources (Uses)				
Transfers Out	<u>(4,000,000)</u>	<u>(6,000,000)</u>	<u>(6,000,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	3,637,488	(4,891,984)	(261,877)	4,630,107
<i>Fund Balance Beginning of Year</i>	25,292,749	25,292,749	25,292,749	0
Prior Year Encumbrances Appropriated	<u>1,742,654</u>	<u>1,742,654</u>	<u>1,742,654</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$30,672,891</u>	<u>\$22,143,419</u>	<u>\$26,773,526</u>	<u>\$4,630,107</u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2019

	<u>Internal Service</u>
Assets	
<i>Current Assets</i>	
Equity in Pooled Cash and Cash Equivalents	\$1,500,000
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	<u>565,746</u>
Net Position	
Unrestricted	<u><u>\$934,254</u></u>

See accompanying notes to the basic financial statements

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

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	\$867,594
Operating Expenses	
Claims	1,197,467
<i>Change in Net Position</i>	(329,873)
<i>Net Position Beginning of Year</i>	1,264,127
<i>Net Position End of Year</i>	\$934,254

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2019

	Internal Service
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$867,594
Cash Payments for Claims	(867,594)
	0
<i>Increase in Cash and Cash Equivalents</i>	0
<i>Cash and Cash Equivalents Beginning of Year</i>	1,500,000
	1,500,000
<i>Cash and Cash Equivalents End of Year</i>	\$1,500,000
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	(\$329,873)
Adjustments:	
Increase in Claims Payable	329,873
	\$0
<i>Net Cash Provided by Operating Activities</i>	\$0
See accompanying notes to the basic financial statements	

City of Beachwood, Ohio
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2019

Assets	
Cash and Cash Equivalents in Segregated Accounts	\$2,375
Special Assessments Receivable	<u>1,781,909</u>
<i>Total Assets</i>	1,784,284
Liabilities	
Intergovernmental Payable	<u>1,784,284</u>
Net Position	
Restricted for Individuals, Organizations and Other Governments	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2019

Additions	
Fines and Forfeitures for Other Governments	\$559,520
Special Assessment Collections for Distribution	<u>37,330</u>
<i>Total Additions</i>	596,850
Deductions	
Distributions to Other Governments	<u>596,850</u>
<i>Change in Fiduciary Net Position</i>	0
<i>Net Position Beginning of Year</i>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 1 – Description of the City and Reporting Entity

The City was incorporated as a village in 1915 and became a city in 1960. The City of Beachwood (“The City”) is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a “Mayor-Council” form of government. Elected officials include seven council members and a mayor. Council members are elected on an at-large basis at the regular municipal election in November of odd numbered years for a term of four years and serve staggered terms commencing on the first day of January after the election. The Mayor is elected every four years.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements 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.

The Mayor is an elected official who has a fiduciary responsibility for the collection and disbursement of Mayor’s Court fees and fines.

In addition to Mayor’s Court, the City of Beachwood provides the following services: police, fire, emergency medical and ambulance, rubbish collection and street construction, maintenance and repair.

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

The City is associated with three jointly governed organizations and one shared risk pool. The Northeast Ohio Public Energy Council, the City of Beachwood, Ohio Energy Special Improvement District, Inc. and the Regional Income Tax Agency (RITA) are jointly governed organizations. The Northern Ohio Risk Management Association is a shared risk pool. These organizations are described in Note 7 and 16 of the Basic Financial Statements.

The City’s management believes these financial statements present all activities for which the City is financially accountable.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program 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 functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City’s funds are classified as either governmental, proprietary or fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources 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 accounts for and reports all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Beachwood and/or the general laws of Ohio.

Bond Retirement Debt Service Fund The bond retirement debt service fund is used to account for and report transfers from the general fund and the collection of special assessments levied against benefited properties restricted for the payment of special assessment and general obligation bond principal, interest and related costs.

Capital Improvements Fund The capital improvements fund accounts for and reports transfers from the general fund and special assessments assigned for the acquisition, construction or improvement of major capital facilities.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Eaton Tax Increment Financing (TIF) Special Revenue Fund The Eaton TIF special revenue fund is used to account for and report all revenue and expenses related to the Eaton TIF agreement.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City does not have any enterprise funds.

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 reports on a self-insurance program for workers' compensation.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City does not have any trust funds. 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. The City's custodial funds account for special assessments collected on behalf of the Energy Special Improvement District fund and the Village of Orange special assessment.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

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

Like the government-wide statements, all proprietary and fiduciary funds 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 fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. For proprietary funds, the statement of revenues, expenses and 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 Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

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 and the statements presented for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified 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 in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 3) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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 represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 13 and 14.

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 until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow 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, special assessments, municipal income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Government Fund Balance to Net Position of Governmental Activities found on page 19. Deferred

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Note 13 and 14)

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" and represent deposits.

During fiscal year 2019, investments were limited to U.S. treasury notes, negotiable certificate of deposits, municipal bonds, federal farm credit bonds, federal home loan bank bonds, federal home loan mortgage bonds, federal national mortgage association bonds, and STAR Ohio.

Investments are reported at fair value, which is based on quoted market price or current price, except for STAR Ohio.

During 2019, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2019 amounted to \$1,684,002, which includes \$713,871 assigned from other City funds.

Investments with an original maturity of three months or less and investments of the cash management pool are presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

I. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

J. Fund Balance

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

Nonspendable: The nonspendable fund balance 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, as both are equally legally binding) 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 purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by 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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. 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 or by State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

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.

K. Capital Assets

The City's only capital assets are general capital assets. They generally result from expenditures in the governmental funds. General capital 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	5 - 50 years
Furniture and Equipment	7 - 10 years
Vehicles	3 - 25 years
Infrastructure	8 - 50 years

The City's infrastructure consists of streets, sanitary sewers, storm sewers and I-Net Fiber and includes infrastructure acquired prior to December 31, 1980.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees with 10 or more years of service or for employees age 50 or over regardless of years of service.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements and vacation payouts. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees will be paid.

M. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. 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. Bonds are recognized as a liability on the fund financial statements when due.

N. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for Eaton TIF agreement, police, street lights and improvements to the Mayor's court.

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

O. Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

P. 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.

Q. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. For reporting purposes, various custodial funds, utilized for internal control purposes, have been combined with the general fund. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the personal services and other object level within each fund. For the personal service object level the Finance Director has been authorized to allocate and maintain appropriations within each department. For the other object level, the Finance Director with the approval of the Mayor, has been authorized to allocate appropriations within each department and any object level other than personal services. Budgetary statements are presented beyond that legal level of control for information purposes only.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts in the budgetary statement reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, 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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

Note 3 - Receivables

Receivables at December 31, 2019, consisted primarily of municipal income taxes, property, admissions, lodging, and franchise taxes, accounts, special assessments, loans, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full. All receivables except property taxes, loans and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one-year amount to \$5,500,370 in the Bond Retirement Fund and \$64,166 in the Capital Improvement Fund. At December 31, 2018 the amount of delinquent special assessments was \$123,699.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and collected in 2020 real property taxes.

The full tax rate for all City operations for the year ended December 31, 2019, was \$4.00 per 1,000 of assessed value. The assessed values of real and public utility property upon which 2019 property tax receipts were based are as follows:

Real Property	\$821,627,200
Public Utility Property	<u>12,899,410</u>
Total Valuation	<u><u>\$834,526,610</u></u>

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Beachwood. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2019 and for which there is an enforceable legal claim. In the general and police pension funds, the portion of the receivable not levied to finance 2019 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

B. Municipal Income Taxes

The City levies a municipal income tax of 2.0 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

tax on the income earned outside of the City and paid to another municipality. The Regional Income Tax Agency (RITA) administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.1 percent. Employers within the City are required to withhold income tax on employee earnings and remit the tax to RITA at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually. Income tax revenue is credited entirely to the general fund.

Pursuant to section 715.84 of the Ohio Revised Code, the City has created a Municipal Utility District (MUD) and has entered into a related cost sharing agreement with the City of Cleveland. The contract provides for the participants to distribute municipal income tax generated in the MUD among the contracting parties. According to the contract, after administrative fees, 50 percent will be allocated to the City of Cleveland. During 2019, the City collected \$4,611,526 in income tax revenue from the MUD and distributed \$2,305,763 to the City of Cleveland.

Pursuant to section 715.84 of the Ohio Revised Code, the City has created a Municipal Utility District (MUD) and has entered into a related cost sharing agreement with the City of Cleveland and the City of Warrensville Heights. The contract provides for the participants to distribute municipal income tax generated in the MUD among the contracting parties. According to the contract, after administrative fees, 25 percent will be allocated to the City of Cleveland and 25 percent will be allocated to the City of Warrensville Heights. During 2019, the City collected \$3,075,388 in income tax revenue from the MUD and distributed \$768,847 to the City of Cleveland and \$768,847 to the City of Warrensville Heights.

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Gasoline Tax	\$325,201
Homestead and Rollback	101,965
Other	<u>5,102</u>
Total	<u><u>\$432,268</u></u>

Note 4 - Budgetary Basis of Accounting

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

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

4. Investments reported at cost (budget) rather than fair value (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$3,043,377
Net Adjustments for Revenue Accruals	(979,285)
Beginning Fair Value Adjustment for Investments	561,631
Ending Fair Value Adjustment for Investments	(21,019)
Net Adjustments for Expenditure Accruals	(706,158)
Encumbrances	<u>(2,160,423)</u>
Budget Basis	<u><u>(\$261,877)</u></u>

Note 5 – Interfund Transfers

Transfers of \$3,000,000 and \$3,000,000 were made during calendar year 2019 from the general fund to the bond retirement and capital improvements funds, respectively. The transfer to the bond retirement was to move money for the payment of bonds and notes and the transfer to the capital improvements fund was to move money for capital projects.

Note 6 - Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Vacation leave is earned at rates which vary depending upon length of service and standard work week. Vacation leave may be carried over from year to year in an amount up to 150 percent of the annual accrual. Employees are paid for earned, unused vacation leave at the time of termination.

City employees earn sick leave at the rate of 4.6 hours per pay period during which the employee is in active pay status, and do not accrue for additional overtime hours worked. Sick leave accrual is based on an 80 hour pay period; employees who do not record 80 hours of work, approved paid leave, or a combination thereof receive a sick leave accrual proportionate to the number of hours worked and approved paid leave hours recorded. Firefighters who are on a 99.4 hour pay period receive sick leave at a rate of 5.7 hours per pay period. Annually, any employee who has in excess of 1,500 sick leave hours will receive a lump sum cash payment of 33 1/3 percent of the hours in excess of 1,500 hours. Upon death or retirement, employees with accumulated service time of 20 years or more or who qualify for retirement, at date of termination, under the Public Employees Retirement System or the Ohio Police and Fire Pension Fund, are entitled to convert 50 percent and 55 percent of their unused sick leave balance respectively, into a lump sum cash payment to be included in the final payroll warrant issued to the employee.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 7 - Jointly Governed Organization

A. Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of 235 communities who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Beachwood did not contribute to NOPEC during 2019. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

B. City of Beachwood, Ohio Energy Special Improvement District Inc.

The City of Beachwood, Ohio Energy Special Improvement District, Inc. (the "District") is a jointly governed organization that is to enhance the value of properties within the District and improve the environment by developing and assisting in developing the District special energy improvement projects. For 2019, the City did not contribute to the District. For more information contact Sandra H. Noll, President, at SJL Management Group, 723 South Muller Road, Fairlawn, Ohio, 44333.

C. Regional Income Tax Agency

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 collection 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. Since 2019 information is not yet available, 2018 information is provided. For 2018, the City paid RITA approximately \$369,800 for income tax collection services.

Note 8 - Deposits and Investments

The City has chosen to follow State statutes and classify monies held by the City into three categories:

Active monies are public monies determined to be necessary to meet current demands upon the City treasury. Active 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.

City of Beachwood, Ohio
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Inactive deposits are public deposits that Council 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.

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

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 days.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

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

At year end, the City had \$1,450 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Investments

Investments are reported at fair value. As of December 31, 2019, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Moody's	Percent of Total Investments
Net Asset Value (NAV) Per Share:				
STAR Ohio	\$1,010,998	Less than 6 months	AAAm*	2.19%
Fair Value - Level Two Inputs:				
U.S. Treasury Notes	997,700	Less than five years	Aaa	2.16%
Municipal Bonds				
Canton Economic BANS	1,906,954	Less than 6 months	N/A	4.13%
North Royalton BANS	1,000,240	Less than 1 year	AA2	2.17%
Brookville Ohio	578,692	Less than 5 years	AA2	1.25%
Garfield Heights School	2,174,829	Less than 5 years	AA2	4.71%
Ohio Capital Fund	708,827	Less than 5 years	AA-*	1.54%
Montgomery Ohio	549,726	Less than 5 years	AA**	
Akron Ohio CTFS	839,271	Less than 5 years	A1	
Olentangy	303,276	Less than 1 year	Aa1	0.66%
Negotiable Certificate of Deposits	8,229,682	Less than five years	N/A	17.82%
Federal Farm Credit Bonds	12,568,554	Less than five years	Aaa	27.22%
Federal National Mortgage Association Bonds	999,200	Less than 6 months	Aaa	2.16%
Federal Home Loan Mortgage Bonds	8,306,992	Less than five years	Aaa	17.99%
Federal Home Loan Bank Bonds	6,000,080	Less than five years	Aaa	12.99%
Total Fair Value - Level Two Inputs	<u>45,164,023</u>			
Total Investments	<u>\$46,175,021</u>			

*Standard & Poor's rating

**Fitch rating

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 above chart identifies the City's recurring fair value measurements as of December 31, 2019.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet anticipated cash flow requirements.

Credit Risk The Moody's ratings of the City's investments are listed in the table above. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy does not address credit risk.

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

Note 9 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2019.

B. Litigation

The City is a party to various legal proceedings seeking damages. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 10 – Tax Abatements

Community Reinvestment Area (CRA)

Pursuant to Ohio Revised Code sections 3735.65 through 3735.70, the City established a Community Reinvestment Area to provide property tax abatements to encourage revitalization of existing buildings and the construction of new structures. Abatements are obtained through application by the property owner, including proof that the improvements have been made, and equal 50 percent of the additional property tax resulting from the increase in assessed value as a result of the improvement. The amount of the abatement is deducted from the recipient's tax bill. For 2019, the value of the taxes being abated was \$12,894.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 11 – Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$14,235,641	\$0	\$0	\$14,235,641
<i>Capital Assets, being depreciated</i>				
Land Improvements	7,830,943	137,702	0	7,968,645
Buildings and Improvements	56,210,821	8,450	0	56,219,271
Furniture and Equipment	6,295,363	307,923	(200,117)	6,403,169
Vehicles	9,986,681	263,249	(486,174)	9,763,756
Infrastructure				
Streets	68,209,907	1,982,913	(526,064)	69,666,756
Sanitary Sewers	2,519,136	0	0	2,519,136
Storm Sewers	2,392,601	0	0	2,392,601
I-Net Fiber	814,700	8,977	0	823,677
Traffic Signals	614,055	0	0	614,055
<i>Total Capital Assets, being depreciated</i>	<u>\$154,874,207</u>	<u>\$2,709,214</u>	<u>(\$1,212,355)</u>	<u>\$156,371,066</u>

City of Beachwood, Ohio
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For the Year Ended December 31, 2019

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Governmental Activities				
Less Accumulated Depreciation				
Land Improvements	(\$5,935,654)	(\$365,370)	\$0	(\$6,301,024)
Buildings and Improvements	(14,390,804)	(1,137,902)	0	(15,528,706)
Furniture and Equipment	(4,785,460)	(273,687)	164,878	(4,894,269)
Vehicles	(7,499,652)	(624,487)	460,932	(7,663,207)
Infrastructure				0
Streets	(40,455,034)	(2,599,250)	526,064	(42,528,220)
Sanitary Sewers	(844,299)	(50,383)	0	(894,682)
Storm Sewers	(740,364)	(47,852)	0	(788,216)
I-Net Fiber	(42,157)	(16,294)	0	(58,451)
Traffic Signals	(54,947)	(9,447)	0	(64,394)
Total Accumulated Depreciation	<u>(74,748,371)</u>	<u>(5,124,672) *</u>	<u>1,151,874</u>	<u>(78,721,169)</u>
Total Capital Assets being depreciated, Net	<u>80,125,836</u>	<u>(2,415,458)</u>	<u>(60,481)</u>	<u>77,649,897</u>
Governmental Activities Capital Assets, Net	<u><u>\$94,361,477</u></u>	<u><u>(\$2,415,458)</u></u>	<u><u>(\$60,481)</u></u>	<u><u>\$91,885,538</u></u>

*Depreciation expense was charged to governmental activities as follows:

General Government	\$553,778
Public Safety:	
Police	165,306
Fire	573,711
Public Services	3,396,254
Health and Welfare	19,379
Culture and Recreation	412,764
Building and Community Development	<u>3,480</u>
Total Depreciation Expense	<u><u>\$5,124,672</u></u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 12 – 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 fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Capital Improvements	Eaton TIF	Other Governmental Funds	Total Governmental Activities
Nonspendable:						
Prepays	\$768,602	\$0	\$0	\$0	\$0	\$768,602
Inventory	997,721	0	0	0	0	997,721
Unclaimed Funds	22,977	0	0	0	0	22,977
<i>Total Nonspendable</i>	<u>1,789,300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,789,300</u>
Restricted for:						
Street Maintenance	0	0	0	0	1,565,330	1,565,330
Mayor's Court Computers	0	0	0	0	67,864	67,864
Drug and Alcohol Enforcement	0	0	0	0	411,080	411,080
TIF Agreements	0	0	0	5,988,304	0	5,988,304
Police Pension	0	0	0	0	37,647	37,647
Street Lighting	0	0	0	0	101,281	101,281
Bond Retirement	0	1,402,877	0	0	0	1,402,877
<i>Total Restricted</i>	<u>0</u>	<u>1,402,877</u>	<u>0</u>	<u>5,988,304</u>	<u>2,183,202</u>	<u>9,574,383</u>
Committed to:						
Capital Improvement	0	0	426,780	0	0	426,780
Purchases on Order for:						
General Government	14,189	0	0	0	0	14,189
Police	78,899	0	0	0	0	78,899
Fire	263,361	0	0	0	0	263,361
Service	98,836	0	0	0	0	98,836
Recreation	7,500	0	0	0	0	7,500
<i>Total Committed</i>	<u>462,785</u>	<u>0</u>	<u>426,780</u>	<u>0</u>	<u>0</u>	<u>889,565</u>
Assigned to:						
Capital Improvement	0	0	11,596,800	0	0	11,596,800
Purchases on Order for:						
Legal Services	52,446	0	0	0	0	52,446
Computer Equipment	68,581	0	0	0	0	68,581
Utilities	167,231	0	0	0	0	167,231
Health Care	577,904	0	0	0	0	577,904
Pension	266,567	0	0	0	0	266,567
Gasoline	14,369	0	0	0	0	14,369
Other	264,793	0	0	0	0	264,793
<i>Total Assigned</i>	<u>1,411,891</u>	<u>0</u>	<u>11,596,800</u>	<u>0</u>	<u>0</u>	<u>13,008,691</u>
Unassigned	<u>31,886,921</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,886,921</u>
Total Fund Balances	<u>\$35,550,897</u>	<u>\$1,402,877</u>	<u>\$12,023,580</u>	<u>\$5,988,304</u>	<u>\$2,183,202</u>	<u>\$57,148,860</u>

City of Beachwood, Ohio
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Note 13 - Defined Benefit Pension Plans

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

Net Pension Liability (Asset) /Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

* Member contributions within the 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 the remainder going to pension.

For 2019, The City's contractually required contribution was \$1,472,064 for the traditional plan, \$321 for the combined plan and \$4,140 for the member-directed plan. Of these amounts, \$148,029 is reported as an intergovernmental payable for the traditional plan, \$30 for the combined plan, and \$415 for the member-directed plan.

City of Beachwood, Ohio
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Plan Description – Ohio Police & Fire Pension Fund (OP&F)

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3 percent or the percent increase, if any, in the Consumer Price Index over the 13-month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

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

City of Beachwood, Ohio
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	<u>Police</u>	<u>Firefighters</u>
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	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 \$1,948,798 for 2019. Of this amount, \$199,153 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2018, and the total pension liability 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability (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 of the City's defined benefit pension plans:

	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.07691400%	0.00369900%	0.38448800%	
Prior Measurement Date	<u>0.07547300%</u>	<u>0.00435100%</u>	<u>0.38655300%</u>	
Change in Proportionate Share	<u>0.00144100%</u>	<u>-0.00065200%</u>	<u>-0.00206500%</u>	
Proportionate Share of the:				
Net Pension Liability	\$21,065,185	\$0	\$31,384,382	\$52,449,567
Net Pension Asset	0	4,137	0	4,137
Pension Expense	4,771,110	2,918	4,296,949	9,070,977

2019 pension expense for the member-directed defined contribution plan was \$2,957. The aggregate pension expense for all pension plans was \$9,073,934 for 2019.

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

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$972	\$0	\$1,289,459	\$1,290,431
Changes of assumptions	1,833,776	924	832,043	2,666,743
Net difference between projected and actual earnings on pension plan investments	2,859,135	891	3,866,529	6,726,555
Changes in proportion and differences between City contributions and proportionate share of contributions	179,990	13,113	423,708	616,811
City contributions subsequent to the measurement date	<u>1,472,064</u>	<u>321</u>	<u>1,948,798</u>	<u>3,421,183</u>
Total Deferred Outflows of Resources	<u>\$6,345,937</u>	<u>\$15,249</u>	<u>\$8,360,537</u>	<u>\$14,721,723</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$276,598	\$1,689	\$29,307	\$307,594
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>603</u>	<u>0</u>	<u>363,572</u>	<u>364,175</u>
Total Deferred Inflows of Resources	<u>\$277,201</u>	<u>\$1,689</u>	<u>\$392,879</u>	<u>\$671,769</u>

\$3,421,183 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2020	\$2,001,699	\$1,923	\$1,977,761	\$3,981,383
2021	1,000,022	1,745	1,132,269	2,134,036
2022	265,243	1,764	1,150,500	1,417,507
2023	1,329,708	2,043	1,675,400	3,007,151
2024	0	1,677	82,930	84,607
Thereafter	<u>0</u>	<u>4,087</u>	<u>0</u>	<u>4,087</u>
Total	<u>\$4,596,672</u>	<u>\$13,239</u>	<u>\$6,018,860</u>	<u>\$10,628,771</u>

City of Beachwood, Ohio
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Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change was effective beginning with the 2018 valuation.

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and

City of Beachwood, Ohio
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the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

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

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

Discount Rate For 2018, the discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. For 2017, the discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

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>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$31,119,404	\$21,065,185	\$12,710,039
OPERS Combined Plan	(1,369)	(4,137)	(6,140)

City of Beachwood, Ohio
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Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by 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 the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, are presented below.

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
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
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 Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

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

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

City of Beachwood, Ohio
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For the Year Ended December 31, 2019

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

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

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

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 of 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

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	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$41,252,605	\$31,384,382	\$23,138,053

Note 14 – Defined Benefit OPEB Plans

See Note 13 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

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

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Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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 2019 was 4.0 percent.

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

The City's contractually required contribution was \$1,183 for 2019. Of this amount, \$119 is reported as an intergovernmental payable.

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

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

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

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

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

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

City of Beachwood, Ohio
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The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$45,642 for 2019. Of this amount, \$4,683 is reported as an intergovernmental payable.

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

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

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.071997%	0.3844880%	
Prior Measurement Date	<u>0.070740%</u>	<u>0.3865530%</u>	
Change in Proportionate Share	<u>0.0012570%</u>	<u>-0.0020650%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$9,386,708	\$3,501,354	\$12,888,062
OPEB Expense	\$873,068	(\$17,297,724)	(\$16,424,656)

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

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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$3,178	\$0	\$3,178
Changes of assumptions	302,638	1,814,933	2,117,571
Net difference between projected and actual earnings on OPEB plan investments	430,325	118,524	548,849
Changes in proportion and differences between City contributions and proportionate share of contributions	91,542	0	91,542
City contributions subsequent to the measurement date	<u>1,183</u>	<u>45,642</u>	<u>46,825</u>
Total Deferred Outflows of Resources	<u><u>\$828,866</u></u>	<u><u>\$1,979,099</u></u>	<u><u>\$2,807,965</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$25,469	\$93,809	\$119,278
Changes of assumptions	0	969,340	969,340
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>26,391</u>	<u>355,166</u>	<u>381,557</u>
Total Deferred Inflows of Resources	<u><u>\$51,860</u></u>	<u><u>\$1,418,315</u></u>	<u><u>\$1,470,175</u></u>

\$46,825 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2020	\$357,350	\$95,182	\$452,532
2021	129,433	95,182	224,615
2022	72,256	95,182	167,438
2023	216,784	131,031	347,815
2024	0	74,513	74,513
Thereafter	<u>0</u>	<u>24,052</u>	<u>24,052</u>
Total	<u><u>\$775,823</u></u>	<u><u>\$515,142</u></u>	<u><u>\$1,290,965</u></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.

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior Measurement date	7.25 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age Normal

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change was effective for the 2018 valuation.

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return

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is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.6 percent for 2018.

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

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

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

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	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	\$12,009,100	\$9,386,708	\$7,301,216

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary's project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$9,022,664	\$9,386,708	\$9,805,991

Actuarial Assumptions – OP&F

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

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

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

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 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 Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

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

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

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

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

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Discount Rate For 2019, the total OPEB liability was calculated using the discount rate of 4.66 percent. For 2018, the total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent for 2018 and 3.24 percent for 2017. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2031. The long-term expected rate of return on health care investments was applied to projected costs through 2031, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$4,265,604	\$3,501,354	\$2,859,830

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

Note 15 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In October 2017, the City joined the Northern Ohio Risk Management Association (NORMA), a not-for-profit corporation, for the purpose of obtaining property, liability, and vehicle insurance and providing for a formalized, jointly administered self-insurance fund. The City pays an annual premium to NORMA for its insurance coverage. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement. This coverage is paid from the General Fund. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

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B. Workers' Compensation

The City is self-insured for worker's compensation coverage. The City is accounting for the worker's compensation self-insurance through the Self-Insurance Fund (an Internal Service Fund). For 2019, Sedgwick Claims Management Services was the City's third-party administrator. The retention point for excess insurance is \$450,000, which is through Midwest Employers. The insurance will cover the City for each incident that goes beyond \$450,000. The claims liability of \$565,746 reported in the fund as December 31, 2019, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claim liability amount for 2018 and 2019 were:

	Beginning of Year	Claims	Payments	End of Year
2018	\$104,930	\$350,453	\$219,510	\$235,873
2019	235,873	1,197,467	867,594	565,746

Note 16 – Shared Risk Pool

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Beachwood, Bedford Heights, Chagrin Falls, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon, South Euclid and University Heights. NORMA was formed to enable its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of one representative from each of the participating members.

Each entity must remain a member for at least three years from the date of joining. After the initial three years, each City may extend its term in three-year increments.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the stop-loss coverage carried by the pool. Any loss over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

City of Beachwood, Ohio
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Note 17 - Long-Term Obligations

The changes in long-term obligations during the year were as follows:

	Outstanding 12/31/2018	Additions	(Reductions)	Outstanding 12/31/2019	Amounts Due In One Year
Special Assessment Bonds with Governmental Commitment					
\$5,315,000 2015 3.000% - 4.000%					
Eaton Boulevard Improvements	\$4,750,000	\$0	(\$220,000)	\$4,530,000	\$225,000
Premium on Eaton Boulevard Bonds	269,123	0	(16,229)	252,894	0
Total Eaton Boulevard Bonds	5,019,123	0	(236,229)	4,782,894	225,000
\$555,000 2000 5.400%					
Street and Sewer Improvements	90,000	0	(45,000)	45,000	45,000
\$2,330,000 2010 1.500% - 3.750%					
Various Improvements Bond Refunding	535,000	0	(140,000)	395,000	145,000
<i>Total Special Assessments Bonds</i>	5,644,123	0	(421,229)	5,222,894	415,000
General Obligation Bonds					
\$9,000,000 2017 2.000% - 4.000%					
Fire Station #2 Bonds	8,780,000	0	(260,000)	8,520,000	265,000
Premium on Fire Station #2 Bonds	360,427	0	(15,123)	345,304	0
Total Fire Station #2 Bonds	9,140,427	0	(275,123)	8,865,304	265,000
\$6,250,000 2012 1.500% - 3.750%					
Refunding Bonds	3,775,000	0	(580,000)	3,195,000	615,000
Premium on Refunding Bonds	141,017	0	(24,174)	116,843	0
Total Refunding Bonds	3,916,017	0	(604,174)	3,311,843	615,000
\$4,840,000 2010 1.500% - 3.750%					
Refunding Bonds	990,000	0	(265,000)	725,000	270,000
Premium on Refunding Bonds	22,530	0	(5,753)	16,777	0
Total Refunding Bonds	1,012,530	0	(270,753)	741,777	270,000
\$7,970,000 2010 1.500% - 3.750%					
Service Center Serial Bonds	2,930,000	0	(695,000)	2,235,000	720,000
Premium on Service Center Bonds	46,282	0	(11,817)	34,465	0
Total Service Center Bonds	2,976,282	0	(706,817)	2,269,465	720,000
<i>Total General Obligation Bonds</i>	\$17,045,256	\$0	(\$1,856,867)	\$15,188,389	\$1,870,000

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	Outstanding 12/31/2018	Additions	(Reductions)	Outstanding 12/31/2019	Amounts Due In One Year
Net Pension Liability					
OPERS	\$11,840,252	\$9,224,933	\$0	\$21,065,185	\$0
OP&F	23,724,502	7,659,880	0	31,384,382	0
<i>Total Net Pension Liability</i>	<u>35,564,754</u>	<u>16,884,813</u>	<u>0</u>	<u>52,449,567</u>	<u>0</u>
Net OPEB Liability					
OPERS	\$7,681,843	\$1,704,865	\$0	\$9,386,708	\$0
OP&F	21,901,552	0	(18,400,198)	3,501,354	0
<i>Total Net OPEB Liability</i>	<u>29,583,395</u>	<u>1,704,865</u>	<u>(18,400,198)</u>	<u>12,888,062</u>	<u>0</u>
Compensated Absences	<u>3,534,225</u>	<u>2,727,218</u>	<u>(2,469,828)</u>	<u>3,791,615</u>	<u>1,391,089</u>
<i>Total General Long-term Obligations</i>	<u>\$91,371,753</u>	<u>\$21,316,896</u>	<u>(\$23,148,122)</u>	<u>\$89,540,527</u>	<u>\$3,676,089</u>

General obligation bonds will be paid from the bond retirement fund from transfers from the general fund. The special assessment bonds are backed by the full faith and credit of the City and will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The compensated absences liability will be paid from the general fund. There is no repayment schedule for the net pension and net OPEB liabilities. However, employer pension contributions are made from the general fund. For additional information related to the net pension liability see Note 13 and related to the net OPEB liability see Note 14.

In 2010, the City issued \$12,810,000 in general obligation bonds for the purpose of purchasing and renovating the new Service Center and to refund a portion of various special assessment and general obligation issues in order to take advantage of lower interest rates. The bonds were sold at a premium of \$84,309. Proceeds of \$4,871,983 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$4,555,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

In 2012, the City issued \$6,250,000 in general obligation bonds for the purpose of refunding a portion of general obligation issues in order to take advantage of lower interest rates. The bonds were sold at a premium of \$290,092. Proceeds of \$6,427,284 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$5,770,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

In 2015, the City issued \$5,315,000 in special assessment bonds at interest rates varying from 3.00 percent to 4.00 percent. The bond issue included \$4,385,000 in serial bonds and \$930,000 in term bonds.

The term bonds maturing on December 1, 2033 are subject to mandatory sinking fund redemption prior to maturity at price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective amounts as follows:

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Year	Amount
2030	\$300,000
2031	310,000
2032	320,000

The term bonds maturing on or after December 1, 2026 are subject to prior redemption at the option of the City, either in whole or in part, on any date on or after December 1, 2025, at 100 percent of par plus interest accrued to the redemption date.

On October 12, 2017, the City issued \$9,000,000 in general obligation bonds for the purpose of building a new Fire Station #2. The bonds were sold at a premium of \$378,070 and have varying interest rates between 2.00 percent and 4.00 percent. The bonds were issued for a 25 year period with final maturity on December 1, 2042. The bond issue included \$6,575,000 in serial bonds and \$2,425,000 in term bonds.

The term bonds maturing on December 1, 2039 and December 1, 2042 are subject to mandatory sinking fund redemption prior to maturity at price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective amounts as follows:

Year	Amount
2038	\$450,000
2039	470,000
2040	485,000
2041	500,000
2042	520,000

The term bonds maturing on or after December 1, 2026 are subject to prior redemption at the option of the City, either in whole or in part, on any date on or after December 1, 2025, at 100 percent of par plus interest accrued to the redemption date.

The City's legal debt margin was \$74,353,171 at December 31, 2019. Principal and interest requirements to retire outstanding general obligation and special assessment bonds at December 31, 2019, are as follows:

General Obligation Bonds				
Year	Current Serial Bonds		Current Term Bonds	
	Principal	Interest	Principal	Interest
2020	\$1,870,000	\$448,738	\$0	\$0
2021	1,915,000	396,487	0	0
2022	1,870,000	340,050	0	0
2023	940,000	282,050	0	0
2024	950,000	261,612	0	0
2025-2029	1,580,000	1,106,613	0	0
2030-2034	1,865,000	810,362	0	0
2035-2039	1,260,000	346,238	0	0
2040-2042	0	0	2,425,000	252,388
Total	\$12,250,000	\$3,992,150	\$2,425,000	\$252,388

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Year	Special Assessment Bonds			
	Current Serial Bonds		Current Term Bonds	
	Principal	Interest	Principal	Interest
2020	\$415,000	\$170,252	\$0	\$0
2021	380,000	155,998	0	0
2022	340,000	143,660	0	0
2023	245,000	130,060	0	0
2024	255,000	120,260	0	0
2025-2029	1,385,000	451,250	0	0
2030-2034	670,000	58,530	930,000	161,420
2035	350,000	12,250	0	0
Total	<u>\$4,040,000</u>	<u>\$1,242,260</u>	<u>\$930,000</u>	<u>\$161,420</u>

Note 18 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Fund	Encumbrances at 12/31/2019
General	\$2,160,423
Capital Improvement	787,251
Other Governmental Funds	156,751
Total	<u>\$3,104,425</u>

Contractual Commitments

At December 31, 2019, the various projects within the City had contractual commitments consisting of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Richmond Rd Northbound	\$1,997,695	\$1,703,910	\$293,785
2019 Asphalt Pavement Patching	\$100,000	\$90,000	10,000
Campus Rd Project	567,990	487,031	80,959
Halburton Road	774,297	629,692	144,605
Total	<u>\$3,439,982</u>	<u>\$2,910,633</u>	<u>\$529,349</u>

The amounts remaining on these contracts were encumbered at year end.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 19 – Change in Accounting Principle and Restatement of Fund Balances and Net Position

Changes in Accounting Principles

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The City evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

For 2019, the City also implemented the GASB *Implementation Guide No. 2018-1*. These changes were incorporated in the City’s 2019 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the City’s financial statements.

GASB Statement 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the City’s 2019 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of December 31, 2018:

	General Fund	Bond Retirement	Capital Improvements	Eaton TIF	Other Governmental Funds	Total Governmental Funds
Fund Balances at December 31, 2018	\$32,508,683	\$726,674	\$10,833,668	\$0	\$2,330,310	\$46,399,335
Adjustment for GASB Statement 84	(1,163)	0	0	5,601,439	0	5,600,276
Restated Fund Balances at December 31, 2018	<u>\$32,507,520</u>	<u>\$726,674</u>	<u>\$10,833,668</u>	<u>\$5,601,439</u>	<u>\$2,330,310</u>	<u>\$51,999,611</u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The implementation of GASB Statement No. 84 had the following effect on net position as of December 31, 2018:

	<u>Governmental Activities</u>
Net Position, December 31, 2018	\$63,866,597
Adjustment for GASB Statement 84	5,600,276
Restated Net Position at December 31, 2018	<u><u>\$69,466,873</u></u>

Due to the implementation of GASB 84, the classification of custodial funds is reporting a beginning net position of \$0. Also related to the implementation of GASB 84, the City will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of \$5,850,026.

Note 20 – Subsequent Events

The United States, the State of Ohio and the City of Beachwood declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City's investments portfolio and the investments of the pension and other employee benefit plans in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

Required Supplementary Information

City of Beachwood, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Six Years (1)

	2019	2018	2017	2016
City's Proportion of the Net Pension Liability	0.0769140%	0.0754730%	0.0751760%	0.0753490%
City's Proportionate Share of the Net Pension Liability	\$21,065,185	\$11,840,252	\$17,071,192	\$13,051,398
City's Covered Payroll	\$10,384,843	\$9,977,746	\$9,718,925	\$9,370,217
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.85%	118.67%	175.65%	139.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

2015	2014
0.0731160%	0.0731160%
\$8,818,607	\$8,619,424
\$8,964,117	\$8,465,315
98.38%	101.82%
86.45%	86.36%

City of Beachwood, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
Last Two Years (1)

	2019	2018
City's Proportion of the Net Pension Asset	0.0036990%	0.0043510%
City's Proportionate Share of the Net Pension Asset	\$4,137	\$5,925
City's Covered Payroll	\$15,821	\$17,823
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-26.15%	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.64%	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information.

City of Beachwood, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net OPEB Liability
Ohio Public Employees Retirement System - OPEB Plan
Last Three Years (1)

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.0719970%	0.0707400%	0.0714800%
City's Proportionate Share of the Net OPEB Liability	\$9,386,708	\$7,681,843	\$7,219,723
City's Covered Payroll	\$10,439,039	\$10,023,869	\$9,879,383
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.92%	76.64%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	81.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

City of Beachwood, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Police and Fire Pension Fund
Last Six Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's Proportion of the Net Pension Liability	0.3844880%	0.3865530%	0.3933340%	0.3918830%
City's Proportionate Share of the Net Pension Liability	\$31,384,382	\$23,724,502	\$24,913,381	\$25,210,108
City's Covered Payroll	\$8,624,751	\$8,350,537	\$8,411,080	\$7,905,342
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	363.89%	284.11%	296.20%	318.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	70.91%	68.36%	66.77%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>
0.3699959%	0.3699959%
\$19,167,330	\$18,019,961
\$7,288,792	\$7,185,479
262.97%	250.78%
71.71%	73.00%

City of Beachwood, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net OPEB Liability
Ohio Police and Fire Pension Fund
Last Three Years (1)

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.3844880%	0.3865530%	0.3933340%
City's Proportionate Share of the Net OPEB Liability	\$3,501,354	\$21,901,552	\$18,670,680
City's Covered Payroll	\$8,624,751	\$8,350,537	\$8,411,080
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.60%	262.28%	221.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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City of Beachwood, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System
Last Seven Years (1) (2)

	2019	2018	2017	2016
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$1,472,064	\$1,453,878	\$1,297,107	\$1,166,271
Contributions in Relation to the Contractually Required Contribution	(1,472,064)	(1,453,878)	(1,297,107)	(1,166,271)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
City Covered Payroll	\$10,514,743	\$10,384,843	\$9,977,746	\$9,718,925
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%
Net Pension Liability - Combined Plan				
Contractually Required Contribution	\$321	\$2,215	\$2,317	\$15,838
Contributions in Relation to the Contractually Required Contribution	(321)	(2,215)	(2,317)	(15,838)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
City Covered Payroll	\$2,293	\$15,821	\$17,823	\$131,983
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%
Net OPEB Liability - OPEB Plan (2)				
Contractually Required Contribution	\$1,183	\$1,535	\$101,088	\$198,157
Contributions in Relation to the Contractually Required Contribution	(1,183)	(1,535)	(101,088)	(198,157)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
City Covered Payroll (3)	\$10,546,611	\$10,439,039	\$10,023,869	\$9,879,383
Contributions as a Percentage of Covered Payroll	0.01%	0.01%	1.01%	2.01%

(1) Information prior to 2013 is not available.

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

(3) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$1,124,426	\$1,075,694	\$1,100,491
<u>(1,124,426)</u>	<u>(1,075,694)</u>	<u>(1,100,491)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,370,214	\$8,964,117	\$8,465,315
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$15,572	\$9,745	\$516
<u>(15,572)</u>	<u>(9,745)</u>	<u>(516)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$129,767	\$81,208	\$3,969
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>

City of Beachwood, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	\$1,948,798	\$1,840,182	\$1,782,357	\$1,788,221
Contributions in Relation to the Contractually Required Contribution	<u>(1,948,798)</u>	<u>(1,840,182)</u>	<u>(1,782,357)</u>	<u>(1,788,221)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$9,128,284	\$8,624,751	\$8,350,537	\$8,411,080
Pension Contributions as a Percentage of Covered Payroll:	<u>21.35%</u>	<u>21.34%</u>	<u>21.34%</u>	<u>21.26%</u>
Net OPEB Liability				
Contractually Required Contribution	\$45,642	\$43,124	\$41,753	\$42,055
Contributions in Relation to the Contractually Required Contribution	<u>(45,642)</u>	<u>(43,124)</u>	<u>(41,753)</u>	<u>(42,055)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll:	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll:	<u>21.85%</u>	<u>21.84%</u>	<u>21.84%</u>	<u>21.76%</u>

(1) The City's Covered Payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010
\$1,680,214	\$1,548,409	\$1,299,075	\$1,083,438	\$1,070,060	\$1,062,866
<u>(1,680,214)</u>	<u>(1,548,409)</u>	<u>(1,299,075)</u>	<u>(1,083,438)</u>	<u>(1,070,060)</u>	<u>(1,062,866)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,905,343	\$7,288,792	\$7,185,479	\$7,242,762	\$7,140,421	\$7,119,171
<u>21.25%</u>	<u>21.24%</u>	<u>18.08%</u>	<u>14.96%</u>	<u>14.99%</u>	<u>14.93%</u>
\$39,527	\$36,444	\$259,875	\$488,887	\$481,979	\$480,544
<u>(39,527)</u>	<u>(36,444)</u>	<u>(259,875)</u>	<u>(488,887)</u>	<u>(481,979)</u>	<u>(480,544)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>21.75%</u>	<u>21.74%</u>	<u>21.70%</u>	<u>21.71%</u>	<u>21.74%</u>	<u>21.68%</u>

City of Beachwood, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2019

Changes in Assumptions – OPERS Pension

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and in 2016 and prior are presented below:

	2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
Future Salary Increases, including inflation			
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age
Inflation Assumptions		3.25 percent	
Cost of Living Adjustments		2.60 percent and 3.00 percent	

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. 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.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

City of Beachwood, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2019

Changes in Assumptions – OP&F Pension

Amounts reported beginning in 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

	<u>Beginning in 2018</u>	<u>2017 and Prior</u>
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

Amounts reported beginning in 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

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

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

City of Beachwood, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2019

Changes in Assumptions – OPERS OPEB

For 2019, the single discount rate changed from 3.85 percent to 3.96 percent and the municipal bond rate changed from 3.31 percent to 3.71 percent. For 2019, the health care cost trend rate was 10 percent, initial; 3.25 ultimate in 2029. For 2018, the health care cost trend rate was 7.25 percent, initial; 3.25 percent ultimate in 2028.

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

Changes in Assumptions – OP&F OPEB

For 2019, the single discount rate changed from 3.24 percent to 4.66 percent.

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

Changes in Benefit Terms – OP&F OPEB

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

Combining Statements – Nonmajor Governmental Funds

All nonmajor governmental funds are special revenue funds

Nonmajor Special Revenue Funds

To account for and report the proceeds of specific revenue sources that are restricted or committed expenditures for specified purposes other than debt service or capital projects.

Street Construction, Maintenance and Repair Fund – This fund accounts for and reports 92.5 percent of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

State Highway Fund - This fund accounts for and reports 7.5 percent of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of State highways within the City.

Mayor’s Court Improvement Fund – This fund accounts for and reports court fees and fines restricted for the purchase and maintenance of computers for the Mayor’s court.

Law Enforcement Trust Fund - This fund accounts for and reports monies received from the sale or disposition of seized contraband restricted for drug and alcohol enforcement.

Police Pension Fund - This fund accounts for and reports property taxes restricted to pay for a portion of the employer’s share of police pension benefits.

Street Lights Fund - This fund accounts for and reports the collection of special assessments restricted for street lighting on Blossom Drive and George Zeigler Drive.

Omnova Tax Increment Financing (TIF) Fund – This fund accounts for and reports all revenue and expenses related to the Omnova TIF agreement.

City of Beachwood, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement	Law Enforcement Trust
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,131,391	\$365,138	\$67,864	\$411,080
Property Taxes Receivable	0	0	0	0
Payments in Lieu of Taxes Receivable	0	0	0	0
Intergovernmental Receivable	233,069	18,874	0	0
<i>Total Assets</i>	<u>\$1,364,460</u>	<u>\$384,012</u>	<u>\$67,864</u>	<u>\$411,080</u>
Liabilities				
Accounts Payable	\$32,529	\$0	\$0	\$0
Contracts Payable	14,379	0	0	0
<i>Total Liabilities</i>	<u>46,908</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources				
Property Taxes	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Unavailable Revenue	126,039	10,195	0	0
<i>Total Deferred Inflows of Resources</i>	<u>126,039</u>	<u>10,195</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted	1,191,513	373,817	67,864	411,080
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,364,460</u>	<u>\$384,012</u>	<u>\$67,864</u>	<u>\$411,080</u>

<u>Police Pension</u>	<u>Street Lights</u>	<u>Omnova TIF</u>	<u>Total Nonmajor Governmental Funds</u>
\$37,647	\$102,963	\$0	\$2,116,083
235,735	0	0	235,735
0	0	266,802	266,802
7,647	0	0	259,590
<u>\$281,029</u>	<u>\$102,963</u>	<u>\$266,802</u>	<u>\$2,878,210</u>
\$0	\$1,682	\$0	\$34,211
0	0	0	14,379
0	1,682	0	48,590
231,820	0	0	231,820
0	0	266,802	266,802
11,562	0	0	147,796
<u>243,382</u>	<u>0</u>	<u>266,802</u>	<u>646,418</u>
37,647	101,281	0	2,183,202
<u>\$281,029</u>	<u>\$102,963</u>	<u>\$266,802</u>	<u>\$2,878,210</u>

City of Beachwood, Ohio
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement	Law Enforcement Trust
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	10,230	0
Intergovernmental	660,389	53,546	0	0
Payments in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Interest	31,082	7,166	0	5,162
Other	381,328	0	0	15,893
<i>Total Revenues</i>	<u>1,072,799</u>	<u>60,712</u>	<u>10,230</u>	<u>21,055</u>
Expenditures				
Current:				
General Government	0	0	3,225	0
Public Safety:				
Police	0	0	0	0
Capital Outlay	1,305,929	0	0	0
<i>Total Expenditures</i>	<u>1,305,929</u>	<u>0</u>	<u>3,225</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(233,130)	60,712	7,005	21,055
<i>Fund Balances Beginning of Year</i>	<u>1,424,643</u>	<u>313,105</u>	<u>60,859</u>	<u>390,025</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,191,513</u></u>	<u><u>\$373,817</u></u>	<u><u>\$67,864</u></u>	<u><u>\$411,080</u></u>

Police Pension	Street Lights	Omnova TIF	Total Nonmajor Governmental Funds
\$224,882	\$0	\$0	\$224,882
0	0	0	10,230
16,209	0	0	730,144
0	0	266,635	266,635
0	21,973	0	21,973
0	0	0	43,410
0	0	0	397,221
<u>241,091</u>	<u>21,973</u>	<u>266,635</u>	<u>1,694,495</u>
0	0	266,635	269,860
245,429	20,385	0	265,814
0	0	0	1,305,929
<u>245,429</u>	<u>20,385</u>	<u>266,635</u>	<u>1,841,603</u>
(4,338)	1,588	0	(147,108)
<u>41,985</u>	<u>99,693</u>	<u>0</u>	<u>2,330,310</u>
<u>\$37,647</u>	<u>\$101,281</u>	<u>\$0</u>	<u>\$2,183,202</u>

Combining Statement - Fiduciary Funds

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

Custodial Funds

Energy Special Improvement District Fund – To account for the receipt and disbursement of special assessment tax collections of businesses in the Energy Special Improvement District area for the benefit of another government.

Orange Village Special Assessment – To account for the receipt and disbursement of special assessment tax collections for the benefit of another government.

Mayor's Court – To account for various fines collected and distributed through the Mayor's Court for the benefit of others.

City of Beachwood, Ohio
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2019

	Energy Special Improvement District	Orange Village Special Assessment	Mayor's Court	Total Custodial Funds
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$0	\$2,375	\$2,375
Special Assessments Receivable	1,761,959	19,950	0	1,781,909
<i>Total Assets</i>	1,761,959	19,950	2,375	1,784,284
Liabilities				
Intergovernmental Payable	1,761,959	19,950	2,375	1,784,284
Net Position				
Restricted for Individuals, Organizations and Other Governments	\$0	\$0	\$0	\$0

City of Beachwood, Ohio
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2019

	Energy Special Improvement District	Orange Village Special Assessment	Mayor's Court	Total Custodial Funds
Additions				
Fines and Forfeitures for Other Governments	\$0	\$0	\$559,520	\$559,520
Special Assessments	37,275	55		37,330
<i>Total Additions</i>	37,275	55	559,520	596,850
Deductions				
Distributions to Other Governments	37,275	55	559,520	596,850
<i>Change in Net Position</i>	0	0	0	0
<i>Net Position Beginning of Year</i>	0	0	0	0
<i>Net Position End of Year</i>	\$0	\$0	\$0	\$0

**Individual Fund Schedules of Revenues, Expenditures/Expenses
and Changes in Fund Balance/Equity – Budget (Non-GAAP Basis) and Actual**

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,560,000	\$2,560,000	\$2,792,450	\$232,450
Municipal Income Taxes	39,149,242	37,948,900	38,531,758	582,858
Charges for Services	2,838,000	2,837,000	2,996,019	159,019
Fines, Licenses and Permits	1,358,700	1,323,655	1,269,942	(53,713)
Intergovernmental	327,400	327,400	387,460	60,060
Rentals	173,000	173,000	170,802	(2,198)
Estate Taxes	0	0	4,253	4,253
Admission Taxes	390,000	390,000	346,244	(43,756)
Lodging Taxes	1,000,000	1,000,000	1,009,371	9,371
Franchise Taxes	140,000	140,000	134,107	(5,893)
Health Care Reimbursements	550,000	550,000	608,325	58,325
Interest	800,400	800,420	1,101,352	300,932
Other	563,600	563,600	524,871	(38,729)
<i>Total Revenues</i>	49,850,342	48,613,975	49,876,954	1,262,979
Expenditures				
Current:				
General Government:				
Council:				
Personal Services	126,860	126,860	125,946	914
Contractual Services	25,275	24,275	24,150	125
Materials and Supplies	2,350	4,850	3,859	991
Capital Outlay	1,000	0	0	0
Other	10,625	19,075	16,345	2,730
Total Council	166,110	175,060	170,300	4,760
Mayor:				
Personal Services	504,084	524,084	505,051	19,033
Contractual Services	38,799	43,799	32,238	11,561
Materials and Supplies	12,978	12,978	6,872	6,106
Capital Outlay	1,000	1,000	0	1,000
Other	110,143	105,143	83,009	22,134
Total Mayor	667,004	687,004	627,170	59,834
Economic Development:				
Personal Services	155,218	155,218	119,182	36,036
Contractual Services	15,000	19,500	13,716	5,784
Materials and Supplies	6,049	6,049	2,957	3,092
Capital Outlay	3,261	3,261	1,301	1,960
Other	403,889	399,389	299,091	100,298
Total Economic Development	\$583,417	\$583,417	\$436,247	\$147,170

(continued)

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Human Resources				
Personal Services	\$200,900	\$200,900	\$195,443	\$5,457
Materials and Supplies	1,400	1,400	34	1,366
Other	14,700	14,700	7,279	7,421
Total Human Resources	217,000	217,000	202,756	14,244
Finance Director:				
Personal Services	1,415,768	1,415,768	1,384,160	31,608
Contractual Services	1,045,336	4,945,336	4,830,359	114,977
Materials and Supplies	31,032	31,032	22,281	8,751
Capital Outlay	370,082	370,082	359,835	10,247
Other	621,003	621,003	533,982	87,021
Total Finance Director	3,483,221	7,383,221	7,130,617	252,604
Law Department:				
Personal Services	478,349	478,349	445,394	32,955
Contractual Services	156,254	156,254	125,396	30,858
Materials and Supplies	16,655	16,655	11,497	5,158
Capital Outlay	4,000	4,000	3,096	904
Other	45,208	45,208	40,938	4,270
Total Law Department	700,466	700,466	626,321	74,145
Total General Government	5,817,218	9,746,168	9,193,411	552,757
Public Safety:				
Police Department:				
Personal Services	10,614,774	10,614,774	9,780,279	834,495
Contractual Services	655,767	655,767	569,097	86,670
Materials and Supplies	169,556	145,556	99,304	46,252
Capital Outlay	454,572	478,572	472,752	5,820
Other	100,891	100,891	69,480	31,411
Total Police Department	11,995,560	11,995,560	10,990,912	1,004,648
Fire Department:				
Personal Services	7,930,567	8,205,567	8,031,998	173,569
Contractual Services	208,560	985,560	910,571	74,989
Materials and Supplies	140,210	140,210	119,826	20,384
Capital Outlay	331,998	329,998	317,325	12,673
Other	81,307	81,307	59,068	22,239
Total Fire Department	8,692,642	9,742,642	9,438,788	303,854
Total Public Safety	20,688,202	21,738,202	20,429,700	1,308,502

(continued)

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Services:				
Service Department:				
Personal Services	\$6,825,279	\$6,825,279	\$6,457,965	\$367,314
Contractual Services	1,564,816	1,564,816	1,329,534	235,282
Materials and Supplies	1,908,845	1,908,845	1,677,269	231,576
Capital Outlay	290,381	290,381	284,624	5,757
Other	29,452	29,452	17,489	11,963
Total Public Services	10,618,773	10,618,773	9,766,881	851,892
Health and Welfare:				
Human Services Department:				
Personal Services	425,042	425,042	384,178	40,864
Contractual Services	231,078	228,078	195,057	33,021
Materials and Supplies	45,509	48,509	44,371	4,138
Capital Outlay	1,000	1,000	480	520
Other	30,984	30,984	29,677	1,307
Total Health and Welfare	733,613	733,613	653,763	79,850
Culture and Recreation				
Recreation Administration:				
Personal Services	889,528	889,528	861,444	28,084
Contractual Services	506,733	506,733	456,679	50,054
Materials and Supplies	63,603	63,603	59,502	4,101
Capital Outlay	5,000	5,000	4,231	769
Other	25,921	31,921	29,082	2,839
Total Recreation Administration	1,490,785	1,496,785	1,410,938	85,847
Recreation Camps:				
Personal Services	353,700	367,400	331,876	35,524
Contractual Services	159,200	145,500	103,636	41,864
Materials and Supplies	32,715	32,715	25,058	7,657
Other	4,230	4,230	3,659	571
Total Recreation Camps	549,845	549,845	464,229	85,616
Recreation Sports Programs:				
Personal Services	17,400	17,400	8,781	8,619
Contractual Services	47,175	50,175	46,315	3,860
Materials and Supplies	18,702	15,702	12,324	3,378
Other	5,500	5,500	2,969	2,531
Total Recreation Sports Programs	88,777	88,777	70,389	18,388
Recreation Other Programs:				
Personal Services	82,036	82,036	57,519	24,517
Contractual Services	105,208	100,208	84,699	15,509
Materials and Supplies	4,600	9,600	5,831	3,769
Other	5,500	5,500	4,499	1,001
Total Recreation Other Programs	\$197,344	\$197,344	\$152,548	\$44,796

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation Parks/Swimming Pools:				
Personal Services	\$266,400	\$281,400	\$263,414	\$17,986
Contractual Services	269,292	231,292	160,858	70,434
Materials and Supplies	85,950	85,950	59,327	26,623
Capital Outlay	5,000	28,000	37,786	(9,786)
Other	4,022	4,022	3,264	758
Total Recreation Parks/Swimming Pools	630,664	630,664	524,649	106,015
Total Culture and Recreation	2,957,415	2,963,415	2,622,753	340,662
Building and Community Development:				
Building Development:				
Personal Services	1,256,551	1,256,551	1,149,039	107,512
Contractual Services	68,917	158,872	135,821	23,051
Materials and Supplies	17,382	17,382	10,542	6,840
Capital Outlay	35,000	35,000	9,323	25,677
Other	19,783	237,983	167,598	70,385
Total Building and Community Development	1,397,633	1,705,788	1,472,323	233,465
<i>Total Expenditures</i>	42,212,854	47,505,959	44,138,831	3,367,128
<i>Excess of Revenues Over Expenditures</i>	7,637,488	1,108,016	5,738,123	4,630,107
Other Financing Sources (Uses)				
Transfers Out	(4,000,000)	(6,000,000)	(6,000,000)	0
<i>Net Change in Fund Balance</i>	3,637,488	(4,891,984)	(261,877)	4,630,107
<i>Fund Balance Beginning of Year</i>	25,292,749	25,292,749	25,292,749	0
Prior Year Encumbrances Appropriated	1,742,654	1,742,654	1,742,654	0
<i>Fund Balance End of Year</i>	\$30,672,891	\$22,143,419	\$26,773,526	\$4,630,107

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Year Ended December 31, 2019

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$560,000	\$567,391	\$7,391
Expenditures			
Debt Service:			
Principal Retirement	2,205,000	2,205,000	0
Interest and Fiscal Charges	688,000	686,188	1,812
<i>Total Expenditures</i>	2,893,000	2,891,188	1,812
<i>Excess of Revenues Under Expenditures</i>	(2,333,000)	(2,323,797)	9,203
Other Financing Sources			
Transfers In	3,000,000	3,000,000	0
<i>Net Change in Fund Balance</i>	667,000	676,203	9,203
<i>Fund Balance Beginning of Year</i>	726,674	726,674	0
<i>Fund Balance End of Year</i>	\$1,393,674	\$1,402,877	\$9,203

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2019

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$0	\$20,206	\$20,206
Other	0	266,056	266,056
<i>Total Revenues</i>	<u>0</u>	<u>286,262</u>	<u>286,262</u>
Expenditures			
Capital Outlay:			
Materials & Supplies	3,627	0	3,627
Capital Outlay	340,158	260,796	79,362
Other	2,955,781	2,836,625	119,156
<i>Total Expenditures</i>	<u>3,299,566</u>	<u>3,097,421</u>	<u>202,145</u>
<i>Excess of Revenues Under Expenditures</i>	(3,299,566)	(2,811,159)	488,407
Other Financing Sources			
Transfers In	3,000,000	3,000,000	0
<i>Net Change in Fund Balance</i>	(299,566)	188,841	488,407
<i>Fund Balance Beginning of Year</i>	10,239,524	10,239,524	0
Prior Year Encumbrances Appropriated	1,138,566	1,138,566	0
<i>Fund Balance End of Year</i>	<u>\$11,078,524</u>	<u>\$11,566,931</u>	<u>\$488,407</u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Eaton Tax Increment Financing Fund
For the Year Ended December 31, 2019*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Payments in Lieu of Taxes	\$4,500,000	\$4,201,090	(\$298,910)
Expenditures	4,500,000	3,814,225	685,775
<i>Net Change in Fund Balance</i>	0	386,865	386,865
<i>Fund Balance Beginning of Year</i>	5,601,439	5,601,439	0
<i>Fund Balance End of Year</i>	\$5,601,439	\$5,988,304	\$386,865

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2019*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$425,000	\$620,999	\$195,999
Interest	25,000	31,082	6,082
Other	0	381,328	381,328
<i>Total Revenues</i>	<u>450,000</u>	<u>1,033,409</u>	<u>583,409</u>
Expenditures			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	120,000	76,750	43,250
Capital Outlay	1,375,783	1,342,022	33,761
<i>Total Expenditures</i>	<u>1,495,783</u>	<u>1,418,772</u>	<u>77,011</u>
<i>Net Change in Fund Balance</i>	(1,045,783)	(385,363)	660,420
<i>Fund Balance Beginning of Year</i>	1,340,979	1,340,979	0
Prior Year Encumbrances Appropriated	<u>20,783</u>	<u>20,783</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$315,979</u></u>	<u><u>\$976,399</u></u>	<u><u>\$660,420</u></u>

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2019

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$39,000	\$50,351	\$11,351
Interest	1,000	7,166	6,166
<i>Total Revenues</i>	<u>40,000</u>	<u>57,517</u>	<u>17,517</u>
Expenditures			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	10,000	0	10,000
Capital Outlay	190,000	0	190,000
<i>Total Expenditures</i>	<u>200,000</u>	<u>0</u>	<u>200,000</u>
<i>Net Change in Fund Balance</i>	(160,000)	57,517	217,517
<i>Fund Balance Beginning of Year</i>	<u>307,622</u>	<u>307,622</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$147,622</u></u>	<u><u>\$365,139</u></u>	<u><u>\$217,517</u></u>

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Improvement Fund
For the Year Ended December 31, 2019

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Fines, Licenses and Permits	\$10,250	\$10,230	(\$20)
Expenditures			
Current:			
General Government:			
Mayor:			
Contractual Services	1,000	0	1,000
Materials and Supplies	4,000	0	4,000
Capital Outlay	45,000	3,285	41,715
<i>Total Expenditures</i>	50,000	3,285	46,715
<i>Net Change in Fund Balance</i>	(39,750)	6,945	46,695
<i>Fund Balance Beginning of Year</i>	60,859	60,859	0
<i>Fund Balance End of Year</i>	\$21,109	\$67,804	\$46,695

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2019*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Interest	\$2,000	\$5,162	\$3,162
Other	23,000	15,893	(7,107)
<i>Total Revenues</i>	<u>25,000</u>	<u>21,055</u>	<u>(3,945)</u>
Expenditures			
Current:			
Public Safety:			
Police Department:			
Materials and Supplies	2,000	0	2,000
Capital Outlay	293,000	0	293,000
Other	5,000	0	5,000
<i>Total Expenditures</i>	<u>300,000</u>	<u>0</u>	<u>300,000</u>
<i>Net Change in Fund Balance</i>	(275,000)	21,055	296,055
<i>Fund Balance Beginning of Year</i>	<u>390,025</u>	<u>390,025</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$115,025</u></u>	<u><u>\$411,080</u></u>	<u><u>\$296,055</u></u>

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2019

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Property Taxes	\$208,620	\$224,882	\$16,262
Intergovernmental	15,000	16,209	1,209
<i>Total Revenues</i>	223,620	241,091	17,471
Expenditures			
Current:			
Public Safety:			
Police Department:			
Personal Services	258,000	245,429	12,571
<i>Net Changes in Fund Balance</i>	(34,380)	(4,338)	30,042
<i>Fund Balance Beginning of Year</i>	41,985	41,985	0
<i>Fund Balance End of Year</i>	\$7,605	\$37,647	\$30,042

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lights Fund
For the Year Ended December 31, 2019*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$20,200	\$21,973	\$1,773
Expenditures			
Current:			
Public Safety:			
Police:			
Contractual Services	22,005	21,881	124
Other	245	203	42
<i>Total Expenditures</i>	<u>22,250</u>	<u>22,084</u>	<u>166</u>
<i>Net Change in Fund Balance</i>	(2,050)	(111)	1,939
<i>Fund Balance Beginning of Year</i>	99,675	99,675	0
Prior Year Encumbrances Appropriated	<u>1,700</u>	<u>1,700</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$99,325</u></u>	<u><u>\$101,264</u></u>	<u><u>\$1,939</u></u>

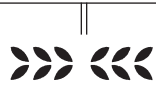
City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Omnova Tax Increment Financing Fund
For the Year Ended December 31, 2019

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Payments in Lieu of Taxes	\$266,635	\$266,635	\$0
Expenditures	266,635	266,635	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

City of Beachwood, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2019

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Charges for Services	\$250,000	\$867,594	\$617,594
Expenses			
Claims	950,000	867,594	82,406
<i>Net Change in Fund Equity</i>	(700,000)	0	700,000
<i>Fund Equity Beginning of Year</i>	1,500,000	1,500,000	0
<i>Fund Equity End of Year</i>	\$800,000	\$1,500,000	\$700,000

STATISTICAL SECTION



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Statistical Section

This part of the City of Beachwood, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Page(s)
Financial Trends	S2-S9
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	S10-S13
These schedules contain information to help the reader assess the City's most significant local revenue, the municipal income tax.	
Debt Capacity	S14-S19
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt in the future.	
Economic and Demographic Information	S20-S22
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	S24-S29
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Beachwood, Ohio
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

	2019	2018 (4)	2017 (3)	2016
Governmental Activities				
Net Investment in Capital Assets	\$71,765,502	\$71,879,216	\$70,352,464	\$72,371,648
Restricted	15,211,933	9,210,147	9,738,490	10,024,640
Unrestricted (Deficit)	<u>(3,096,089)</u>	<u>(11,622,490)</u>	<u>(12,040,821)</u>	<u>18,052,420</u>
<i>Total Governmental Activities</i> <i>Net Position</i>	<u>\$83,881,346</u>	<u>\$69,466,873</u>	<u>\$68,050,133</u>	<u>\$100,448,708</u>

- (1) Reflects restated amount due to property taxes receivable overstatement.
(2) Reflects restated amount due to implementation of GASB 68.
(3) Reflects restated amount due to implementation of GASB 75.
(4) Reflects restated amount due to implementation of GASB 84.

<u>2015 (1)</u>	<u>2014 (2)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$68,776,471	\$68,483,072	\$69,178,482	\$69,977,360	\$67,950,971	\$63,035,089
10,417,622	4,005,903	9,570,500	4,405,108	4,752,490	4,887,268
<u>23,490,781</u>	<u>23,492,977</u>	<u>40,034,861</u>	<u>37,588,939</u>	<u>35,358,483</u>	<u>33,534,624</u>
<u>\$102,684,874</u>	<u>\$95,981,952</u>	<u>\$118,783,843</u>	<u>\$111,971,407</u>	<u>\$108,061,944</u>	<u>\$101,456,981</u>

City of Beachwood, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

	2019	2018 (5)	2017	2016	2015 (1)
Program Revenues					
Governmental Activities:					
Charges for Services and Operating Assessments:					
General Government (3)	\$181,985	\$283,511	\$62,204	\$123,970	\$50,062
Public Safety					
Police	972,942	837,690	920,482	944,331	738,114
Fire	1,165,872	1,121,174	1,067,227	1,118,208	1,040,227
Health and Welfare	179,510	159,768	151,837	175,440	183,947
Culture and Recreation	967,271	946,086	911,305	886,806	877,917
Building and Community Development	1,007,910	1,155,815	1,009,279	1,113,899	836,062
Operating Grants and Contributions	763,100	604,299	577,788	580,804	561,164
Capital Grants and Assessments	0	0	0	0	7,040,066
<i>Total Governmental Activities</i>					
<i>Program Revenues</i>	<u>5,238,590</u>	<u>5,108,343</u>	<u>4,700,122</u>	<u>4,943,458</u>	<u>11,327,559</u>
Expenses					
Governmental Activities:					
General Government	14,226,642	13,184,644	6,006,746	5,259,319	5,473,129
Public Safety					
Police	5,691,197	12,384,365	10,912,329	11,441,604	8,822,787
Fire	1,189,562	10,124,266	8,834,478	8,427,825	7,586,492
Public Services	14,503,424	14,004,105	17,334,140	13,799,108	12,630,671
Health and Welfare	755,917	680,821	653,796	624,340	582,497
Culture and Recreation	3,195,413	2,981,223	3,068,098	2,919,961	2,807,443
Building and Community Development	1,703,788	1,375,347	1,315,950	1,238,072	1,126,129
Interest and Fiscal Charges	607,961	661,617	510,788	546,941	458,314
<i>Total Governmental Activities Expenses</i>	<u>41,873,904</u>	<u>55,396,388</u>	<u>48,636,325</u>	<u>44,257,170</u>	<u>39,487,462</u>
<i>Total Primary Government Net Expense</i>	<u>(36,635,314)</u>	<u>(50,288,045)</u>	<u>(43,936,203)</u>	<u>(39,313,712)</u>	<u>(28,159,903)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied For:					
General Purposes	2,797,545	2,321,760	2,391,231	2,200,373	427,661
Police Pension	225,295	188,264	193,890	178,401	36,662
Payments in Lieu of Taxes (6)	4,467,725	5,144,070	N/A	N/A	N/A
Municipal Income Taxes Levied					
For General Purposes	38,158,389	35,617,726	31,142,611	31,406,702	31,413,201
Admission, Lodging, and Franchise Taxes	1,503,167	1,532,086	1,530,036	1,588,838	1,535,722
Estate Taxes (4)	4,253	1,325	16,795	12,140	34,935
Grants and Entitlements not Restricted to					
Specific Programs	418,287	334,032	873,277	399,031	407,038
Investment Earnings	1,696,330	557,805	282,320	279,519	148,034
Health Care Reimbursements (2)	608,325	595,177	539,444	486,753	455,050
Gain on Sale of Capital Assets	0	211,333	0	0	0
Other	1,170,471	872,354	315,586	525,789	404,522
<i>Total Governmental Activities</i>	<u>51,049,787</u>	<u>47,375,932</u>	<u>37,285,190</u>	<u>37,077,546</u>	<u>34,862,825</u>
<i>Total Primary Government</i>					
<i>Change in Net Position</i>	<u>\$14,414,473</u>	<u>(\$2,912,113)</u>	<u>(\$6,651,013)</u>	<u>(\$2,236,166)</u>	<u>\$6,702,922</u>

(1) Reflects restated amount due to overstatement of property taxes receivable. Due to a Ohio Board of Tax Appeals ruling, the Cleveland Clinic received property tax exemption status. The Cleveland Clinic and University Hospitals were both included in 2015 delinquent property taxes and should not have been. The significantly lower property tax amount in 2015 reflects the removal of these entities from delinquent property taxes.

(2) Starting in 2012, the City required employees to contribute towards health care premiums.

(3) The increase in general government charges for services is due to rental income the City started receiving in 2009.

In December, 2008, the City purchased a building that had tenants in it. During the course of 2009, several tenants left the building. As of December 31, 2012, all the tenants were out of the building. In 2018, the City leased a building to another company.

(4) The Ohio Estate Tax law was repealed effective January 1, 2013.

(5) Reflects restated amount due to implementation of GASB 84.

(6) Implementing GASB 84 in 2019 resulted in TIF funds being included in Governmental Activities. This data is not available prior to 2018.

2014	2013	2012	2011	2010
\$47,133	\$63,237	\$339,527	\$380,073	\$602,562
881,280	533,700	412,230	335,925	399,182
972,782	907,496	916,111	890,715	837,207
148,586	119,648	157,381	151,147	132,167
877,132	876,424	864,037	888,741	862,658
864,594	2,095,827	877,811	1,755,022	653,884
567,487	648,516	695,557	807,577	610,933
0	719,852	0	1,250,000	0
4,358,994	5,964,700	4,262,654	6,459,200	4,098,593
6,123,993	4,950,386	5,383,560	4,533,871	4,987,961
8,845,911	8,602,587	8,513,081	8,038,163	7,756,727
7,332,233	6,862,847	6,609,326	5,955,042	6,155,855
13,373,133	12,271,829	11,927,501	10,348,729	11,749,819
576,967	513,481	583,900	549,513	587,883
2,726,458	2,801,539	2,828,722	2,608,014	2,663,673
1,123,734	1,067,749	959,081	968,373	919,717
785,182	823,376	746,738	925,241	758,681
40,887,611	37,893,794	37,551,909	33,926,946	35,580,316
(36,528,617)	(31,929,094)	(33,289,255)	(27,467,746)	(31,481,723)
3,081,419	2,936,550	2,674,494	2,563,866	2,677,944
253,704	241,277	216,427	209,099	198,870
N/A	N/A	N/A	N/A	N/A
29,394,461	29,892,959	28,447,634	25,680,596	17,577,324
1,433,399	1,323,455	1,336,222	1,264,247	1,132,370
1,762,024	2,580,934	3,115,899	3,107,091	2,008,052
436,170	385,209	496,054	670,301	672,345
169,279	174,277	145,983	235,120	518,573
573,207	530,652	479,070	0	0
0	0	0	0	0
638,345	676,217	286,935	342,389	229,056
37,742,008	38,741,530	37,198,718	34,072,709	25,014,534
\$1,213,391	\$6,812,436	\$3,909,463	\$6,604,963	(\$6,467,189)

City of Beachwood, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2019	2018 (1)	2017	2016
General Fund				
Nondisposable	\$1,789,300	\$1,116,696	\$1,031,801	\$1,256,882
Restricted	0	0	0	0
Committed	462,785	233,883	330,578	209,021
Assigned	1,411,891	1,159,553	924,832	983,890
Unassigned	31,886,921	29,997,388	27,811,086	26,750,185
<i>Total General Fund</i>	<u>35,550,897</u>	<u>32,507,520</u>	<u>30,098,297</u>	<u>29,199,978</u>
All Other Governmental Funds				
Restricted	9,574,383	8,658,423	8,225,090	2,371,476
Committed	426,780	803,068	886,010	691,523
Assigned	11,596,800	10,030,600	11,669,582	14,010,045
Unassigned (Deficit)	0	0	0	0
<i>Total All Other Governmental Funds</i>	<u>21,597,963</u>	<u>19,492,091</u>	<u>20,780,682</u>	<u>17,073,044</u>
<i>Total Governmental Funds</i>	<u>\$57,148,860</u>	<u>\$51,999,611</u>	<u>\$50,878,979</u>	<u>\$46,273,022</u>

(1) Reflects restated amount due to implementation of GASB 84.

2015	2014	2013	2012	2011	2010
\$1,257,388	\$1,197,983	\$1,081,452	\$1,057,697	\$991,572	\$806,724
0	0	0	0	0	4,493
348,655	390,694	261,150	233,569	1,045,377	985,486
948,993	1,266,580	1,572,707	1,195,872	1,302,093	936,551
23,731,765	22,513,741	28,648,180	26,374,028	20,560,840	15,477,145
26,286,801	25,368,998	31,563,489	28,861,166	23,899,882	18,210,399
2,136,854	1,847,522	1,776,045	1,438,347	1,602,649	1,471,463
2,612,281	194,360	25,657	385,869	1,278,616	2,821,695
16,159,439	13,142,368	5,596,712	507,438	2,481,856	5,131,599
0	0	0	0	(133,555)	0
20,908,574	15,184,250	7,398,414	2,331,654	5,229,566	9,424,757
\$47,195,375	\$40,553,248	\$38,961,903	\$31,192,820	\$29,129,448	\$27,635,156

City of Beachwood, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2019	2018 (3)	2017	2016	2015
Revenues					
Property Taxes	\$3,017,332	\$2,756,817	\$2,772,437	\$2,663,259	\$2,527,134
Municipal Income Taxes	38,375,841	35,345,344	30,875,367	33,039,556	30,538,900
Charges for Services	3,002,543	3,212,687	2,811,098	2,941,291	2,599,402
Fines, Licenses, and Permits	1,280,172	1,096,226	1,290,776	1,410,447	1,117,554
Intergovernmental	1,127,252	915,248	1,456,226	973,729	966,119
Estate Taxes	4,253	1,325	16,795	12,140	34,935
Admission Taxes	348,689	338,557	340,084	326,335	331,403
Lodging Taxes	1,020,252	1,053,716	1,056,185	1,121,150	1,059,815
Franchise Taxes	134,226	139,813	133,767	141,353	144,504
Rentals (1)	170,802	174,851	0	0	0
Health Care Reimbursements (2)	608,325	595,177	539,444	486,753	455,050
Payments in Lieu of Taxes	4,467,725	5,144,070	n/a	n/a	n/a
Special Assessments	609,570	608,896	609,309	701,663	466,165
Interest	1,727,412	578,495	290,336	283,735	150,277
Other	1,170,471	872,354	315,586	525,789	404,522
Total Revenues	57,064,865	52,833,576	42,507,410	44,627,200	40,795,780
Expenditures					
Current:					
General Government	12,927,435	12,282,766	5,201,196	4,766,021	4,983,494
Public Safety					
Police	10,677,654	10,526,238	9,770,097	10,455,847	8,765,233
Fire	8,320,491	7,957,349	7,565,990	7,488,100	7,093,500
Public Services	9,178,263	9,873,149	9,874,685	9,935,088	9,717,072
Health and Welfare	631,186	615,967	674,271	596,923	578,049
Culture and Recreation	2,503,104	2,456,726	2,509,420	2,464,090	2,464,934
Building and Community Development	1,384,016	1,433,545	1,140,131	1,200,045	1,110,528
Capital Outlay	3,402,279	9,550,126	8,018,740	6,187,647	2,807,187
Debt Service:					
Principal Retirement	2,205,000	2,110,000	1,840,000	1,835,000	1,785,000
Interest and Fiscal Charges	686,188	777,813	513,813	620,792	488,226
Bond Issuance Costs	0	0	171,180	0	0
Total Expenditures	51,915,616	57,583,679	47,279,523	45,549,553	39,793,223
Excess of Revenues Over (Under) Expenditures	5,149,249	(4,750,103)	(4,772,113)	(922,353)	1,002,557
Other Financing Sources (Uses)					
Sale of Capital Assets		1,300,000	0	0	0
Payment to Refunded Bond Escrow Account	0	0	0	0	0
Premium on Bonds	0	0	378,070	0	324,570
General Obligation Bonds Issued	0	0	9,000,000	0	0
Special Assessment Bonds Issued	0	0	0	0	5,315,000
Transfers In	6,000,000	4,000,000	12,761,000	3,766,400	4,766,400
Transfers Out	(6,000,000)	(4,000,000)	(12,761,000)	(3,766,400)	(4,766,400)
Total Other Financing Sources (Uses)	0	1,300,000	9,378,070	0	5,639,570
Net Change in Fund Balances	\$5,149,249	(\$3,450,103)	\$4,605,957	(\$922,353)	\$6,642,127
Debt Service as a Percentage of Noncapital Expenditures	5.88%	6.02%	6.12%	6.49%	6.28%

(1) Starting in 2009, the City collected rental income from two tenants at the Commerce Park building. In 2010, the City also received rental income from the Beachwood Business Development Center. All renters were out of the building by the end of 2012. In 2018, the City leased a building to another company.

(2) Starting in 2012, the City required employees to contribute towards health care premiums.

(3) Reflects restated amount due to implementation of GASB 84.

2014	2013	2012	2011	2010
\$2,738,844	\$2,569,556	\$2,569,986	\$2,471,516	\$2,763,319
29,169,007	29,578,663	28,162,508	25,227,131	17,821,568
2,344,939	2,218,880	2,109,663	1,994,018	2,051,510
1,436,960	2,367,813	1,145,214	2,018,317	1,027,705
1,004,968	1,057,115	1,210,255	2,709,877	1,269,519
1,812,554	2,757,334	3,045,450	3,201,902	1,969,753
337,476	352,854	399,449	414,334	342,934
977,506	843,102	805,323	729,988	677,536
118,417	127,499	131,450	119,925	111,900
0	0	302,336	358,037	395,509
573,207	530,652	479,070	n/a	n/a
n/a	n/a	n/a	n/a	n/a
531,205	467,562	456,852	463,637	814,873
172,286	177,324	149,040	238,581	527,591
638,345	676,217	286,935	342,389	229,056
<u>41,855,714</u>	<u>43,724,571</u>	<u>41,253,531</u>	<u>40,289,652</u>	<u>30,002,773</u>
5,008,868	4,494,993	4,711,020	3,989,615	4,398,424
8,740,855	8,556,641	8,247,989	7,774,404	7,726,739
6,994,656	6,620,419	7,164,341	6,671,619	6,244,404
10,844,374	8,700,525	9,033,212	8,598,504	8,067,990
624,272	507,654	578,073	560,421	583,933
2,319,497	2,414,088	2,428,076	2,203,271	2,254,874
1,108,407	1,063,829	946,654	965,898	907,177
2,305,856	1,291,946	3,769,159	5,678,719	8,630,423
1,800,000	1,750,000	1,710,000	1,565,000	1,290,000
517,584	555,393	601,636	787,909	729,137
0	0	112,808	0	173,098
<u>40,264,369</u>	<u>35,955,488</u>	<u>39,302,968</u>	<u>38,795,360</u>	<u>41,006,199</u>
<u>1,591,345</u>	<u>7,769,083</u>	<u>1,950,563</u>	<u>1,494,292</u>	<u>(11,003,426)</u>
0	0	0	0	0
0	0	(6,427,283)	0	(4,871,983)
0	0	290,092	0	226,112
0	0	6,250,000	0	12,810,000
0	0	0	0	0
11,810,604	7,805,204	2,650,000	1,841,363	1,037,923
<u>(11,810,604)</u>	<u>(7,805,204)</u>	<u>(2,650,000)</u>	<u>(1,841,363)</u>	<u>(2,537,923)</u>
<u>0</u>	<u>0</u>	<u>112,809</u>	<u>0</u>	<u>6,664,129</u>
<u>\$1,591,345</u>	<u>\$7,769,083</u>	<u>\$2,063,372</u>	<u>\$1,494,292</u>	<u>(\$4,339,297)</u>
6.37%	6.74%	6.83%	7.79%	6.28%

City of Beachwood, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year	Tax Rate (1)	Total Tax Collected (2)	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits
2019	2.00%	\$38,158,389	\$29,725,385	77.90%	\$5,456,650
2018 (3)	2.00	35,617,726	28,929,644	81.22	4,038,697
2017	2.00	31,142,611	24,602,663	79.00	3,955,112
2016	2.00	31,406,702	25,439,429	81.00	3,580,364
2015	2.00	31,413,201	25,036,321	79.70	4,177,956
2014	2.00	29,394,461	24,221,036	82.40	3,027,629
2013	2.00	29,892,959	23,884,474	79.90	4,065,442
2012	2.00	28,447,634	22,729,660	79.90	3,698,192
2011	2.00	25,680,596	21,494,659	83.70	2,619,421
2010	1.50	17,577,324	14,940,725	85.00	1,581,959

(1) The City's basic income tax rate may only be increased by a majority vote of the City's residents. In November 2010, the voters approved an increase to 2.0%, effective January 1, 2011.

(2) Total tax collected is on a full accrual basis.

(3) Reflects restated amount due to implementation of GASB 84.

Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
14.30%	\$2,976,354	7.80%
11.34	2,649,385	7.44
12.70	2,584,837	8.30
11.40	2,386,909	7.60
13.30	2,198,924	7.00
10.30	2,145,796	7.30
13.60	1,943,042	6.50
13.00	2,019,782	7.10
10.20	1,566,516	6.10
9.00	1,054,639	6.00

City of Beachwood, Ohio
Income Tax Statistics
 2018 (1) and Nine Years Ago

2018				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,037	24.94%	\$9,796,035	1.83%
\$25,000-\$49,999	537	12.91	19,886,566	3.72
\$50,000-\$74,999	494	11.88	30,620,103	5.72
\$75,000-\$99,999	431	10.37	37,373,172	6.98
Over \$100,000	1,659	39.90	437,621,638	81.75
Total	<u>4,158</u>		<u>\$535,297,514</u>	

2010				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,208	33.10%	\$9,283,842	2.63%
\$25,000-\$49,999	555	15.21	20,788,956	5.89
\$50,000-\$74,999	430	11.78	26,654,420	7.55
\$75,000-\$99,999	326	8.93	28,049,178	7.93
Over \$100,000	1,131	30.98	268,454,438	76.00
Total	<u>3,650</u>		<u>\$353,230,834</u>	

(1) 2018 is the latest information available.

City of Beachwood, Ohio
Principal Income Taxpayers
Current Year and Nine Years Ago (Cash Basis)

The following are the principal income taxpayers in the City, ranked in order of payroll withholding.

2019	
Taxpayer	Ranking
Cleveland Clinic Foundation	1
* Eaton Corporation	2
* University Hospitals	3
Menorah Park Center	4
Tremco Incorporated	5
BASF, Corporation	6
Site Centers	7
Beachwood City School District	8
City of Beachwood	9
Montefiore Home	10

2010	
Taxpayer	Ranking
Bank of America	1
Cleveland Clinic Foundation	2
Menorah Park Center	3
Beachwood Board of Education	4
Developers Diversified	5
Montefire Home	6
City of Beachwood	7
Rosetta Marketing Group	8
Tremco Inc.	9
Aleris Ohio Management	10

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

* These companies are located in our JEDD area. For purposes of this table, we based their ranking on 50% of their total withholding as the City maintains 50% of all income taxes received from companies in the JEDD.

Source: Regional Income Tax Agency

City of Beachwood, Ohio

Legal Debt Margin

Last Ten Years

	2019	2018	2017	2016
Total Assessed Property Value	<u>\$834,526,610</u>	<u>\$809,493,510</u>	<u>\$759,604,780</u>	<u>\$756,858,970</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$14,675,000	\$16,475,000	\$18,195,000	\$10,655,000
Bond Anticipation Notes	0	0	0	0
Special Assessment Bonds	<u>4,970,000</u>	<u>5,375,000</u>	<u>5,765,000</u>	<u>6,145,000</u>
Total Gross Indebtedness	19,645,000	21,850,000	23,960,000	16,800,000
Less:				
Special Assessment Bonds	(4,970,000)	(5,375,000)	(5,765,000)	(6,145,000)
Debt Service Fund Balance	<u>(1,402,877)</u>	<u>(726,674)</u>	<u>(1,045,726)</u>	<u>(862,918)</u>
Total Net Debt Applicable to Debt Limit	<u>13,272,123</u>	<u>15,748,326</u>	<u>17,149,274</u>	<u>9,792,082</u>
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	<u>87,625,294</u>	<u>84,996,819</u>	<u>79,758,502</u>	<u>79,470,192</u>
Legal Debt Margin within 10 1/2% Limitation	<u>\$74,353,171</u>	<u>\$69,248,493</u>	<u>\$62,609,228</u>	<u>\$69,678,110</u>
Legal Debt Margin as a Percentage of the Debt Limit	84.85%	81.47%	78.50%	87.68%
Unvoted Debt Limitation 5 1/2% of Assessed Valuation	<u>\$45,898,964</u>	<u>\$44,522,143</u>	<u>\$41,778,263</u>	<u>\$41,627,243</u>
Total Gross Indebtedness	19,645,000	21,850,000	23,960,000	16,800,000
Less:				
Special Assessment Bonds	(4,970,000)	(5,375,000)	(5,765,000)	(6,145,000)
Debt Service Fund Balance	<u>(1,402,877)</u>	<u>(726,674)</u>	<u>(1,045,726)</u>	<u>(862,918)</u>
Net Debt within 5 1/2% Limitation	<u>13,272,123</u>	<u>15,748,326</u>	<u>17,149,274</u>	<u>9,792,082</u>
Unvoted Legal Debt Margin within 5 1/2% Limitation	<u>\$32,626,841</u>	<u>\$28,773,817</u>	<u>\$24,628,989</u>	<u>\$31,835,161</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	71.08%	64.63%	58.95%	76.48%

Source: City Financial Records

2015	2014	2013	2012	2011	2010
<u>\$813,853,540</u>	<u>\$806,226,910</u>	<u>\$797,823,180</u>	<u>\$796,838,720</u>	<u>\$789,545,600</u>	<u>\$764,670,350</u>
\$12,085,000	\$13,470,000	\$14,885,000	\$16,265,000	\$17,130,000	\$18,350,000
0	5,200,000	5,200,000	5,200,000	6,000,000	6,000,000
<u>6,550,000</u>	<u>1,635,000</u>	<u>2,020,000</u>	<u>2,390,000</u>	<u>2,755,000</u>	<u>3,100,000</u>
18,635,000	20,305,000	22,105,000	23,855,000	25,885,000	27,450,000
(6,550,000)	(1,635,000)	(2,020,000)	(2,390,000)	(2,755,000)	(3,100,000)
<u>(785,931)</u>	<u>(438,574)</u>	<u>(397,600)</u>	<u>(423,590)</u>	<u>(583,425)</u>	<u>(619,113)</u>
<u>11,299,069</u>	<u>18,231,426</u>	<u>19,687,400</u>	<u>21,041,410</u>	<u>22,546,575</u>	<u>23,730,887</u>
<u>85,454,622</u>	<u>84,653,826</u>	<u>83,771,434</u>	<u>83,668,066</u>	<u>82,902,288</u>	<u>80,290,387</u>
<u>\$74,155,553</u>	<u>\$66,422,400</u>	<u>\$64,084,034</u>	<u>\$62,626,656</u>	<u>\$60,355,713</u>	<u>\$56,559,500</u>
86.78%	78.46%	76.50%	74.85%	72.80%	70.44%
<u>\$44,761,945</u>	<u>\$44,342,480</u>	<u>\$43,880,275</u>	<u>\$43,826,130</u>	<u>\$43,425,008</u>	<u>\$42,056,869</u>
18,635,000	20,305,000	22,105,000	23,855,000	25,885,000	27,450,000
(6,550,000)	(1,635,000)	(2,020,000)	(2,390,000)	(2,755,000)	(3,100,000)
<u>(785,931)</u>	<u>(438,574)</u>	<u>(397,600)</u>	<u>(423,590)</u>	<u>(583,425)</u>	<u>(619,113)</u>
<u>11,299,069</u>	<u>18,231,426</u>	<u>19,687,400</u>	<u>21,041,410</u>	<u>22,546,575</u>	<u>23,730,887</u>
<u>\$33,462,876</u>	<u>\$26,111,054</u>	<u>\$24,192,875</u>	<u>\$22,784,720</u>	<u>\$20,878,433</u>	<u>\$18,325,982</u>
74.76%	58.88%	55.13%	51.99%	48.08%	43.57%

City of Beachwood, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2019

	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Beachwood
Direct - City of Beachwood, Ohio			
General Obligation Bonds	\$15,188,389	100.00%	\$15,188,389
Special Assessment Bonds	5,222,894	100.00%	5,222,894
<i>Total Direct</i>	<u>20,411,283</u>		<u>20,411,283</u>
Overlapping			
Beachwood City Schools			
General Obligation Bonds	24,604,966	100.00%	24,604,966
Notes Payable	4,644,532	100.00%	4,644,532
Cuyahoga County			
General Obligation Bonds	259,469,382	3.02%	7,835,975
Revenue Bonds	596,158,206	3.02%	18,003,978
Certificates of Participation	223,265,971	3.02%	6,742,632
Loans Payable	1,345,885	3.02%	40,646
Capital Leases	307,766,236	3.02%	9,294,540
Regional Transit Authority	<u>103,467,645</u>	3.02%	<u>3,124,723</u>
<i>Total Overlapping</i>	<u>1,520,722,823</u>		<u>74,291,992</u>
<i>Totals</i>	<u><u>\$1,541,134,106</u></u>		<u><u>\$94,703,275</u></u>

Source: Cuyahoga County, Ohio; Fiscal Officer

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the assessed valuation of the political subdivision.

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City of Beachwood, Ohio
*Ratio of General Bonded Debt to Assessed
Property Values and Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	General Bonded Debt	Total Assessed Property Value	Percentage of Assessed Property Value	Per Capita (2)
2019	\$15,188,389	\$834,526,610	1.82%	\$1,271
2018	17,045,256	809,493,510	2.11	1,426
2017	18,822,122	759,604,780	2.48	1,575
2016	10,948,316	756,858,970	1.45	916
2015	12,422,396	813,853,540	1.53	1,039
2014	13,851,686	806,226,910	1.72	1,159
2013	15,310,976	797,823,180	1.92	1,281
2012	16,735,266	796,838,720	2.10	1,400
2011	17,459,539	789,545,600	2.21	1,461
2010	18,427,896	764,670,350	2.41	1,542

(1) Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

(2) See Schedule on S20 for personal income and population data.

Other Governmental
Activities Debt

Special Assessment Bonds	Total Debt	Percentage of Personal Income (2)	Per Capita (2)
\$5,222,894	\$20,411,283	3.56%	\$1,708
5,644,123	22,689,379	3.95	1,898
6,050,351	24,872,473	4.33	2,081
6,446,580	17,394,896	3.03	1,455
6,867,808	19,290,204	3.36	1,614
1,635,000	15,486,686	2.70	1,296
2,020,000	17,330,976	3.02	1,450
2,390,000	19,125,266	3.33	1,600
2,755,000	20,214,539	3.52	1,691
3,100,000	21,527,896	3.75	1,801

City of Beachwood, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2019	11,953	\$573,863,530	\$48,010	\$71,932	52.5
2018	11,953	573,863,530	48,010	71,932	52.5
2017	11,953	573,863,530	48,010	71,932	52.5
2016	11,953	573,863,530	48,010	71,932	52.5
2015	11,953	573,863,530	48,010	71,932	52.5
2014	11,953	573,863,530	48,010	71,932	52.5
2013	11,953	573,863,530	48,010	71,932	52.5
2012	11,953	573,863,530	48,010	71,932	52.5
2011	11,953	573,863,530	48,010	71,932	52.5
2010	11,953	573,863,530	48,010	65,406	51.6

- (1) Source: 2010 and 2000 U.S. Census.
(2) Source: Beachwood City Schools
(3) Computation of per capita personal income multiplied by population.
(4) Ohio Labor Market Website: www.lmi.state.oh.us
(5) Source: Cuyahoga County Fiscal Officer

School Enrollment (2)	Educational Attainment: Bachelor's Degree or Higher (1)	Cuyahoga County Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value
1,548	55.6%	4.2%	\$362,400	\$834,526,610
1,520	55.6	5.2	295,500	809,493,510
1,510	55.6	5.9	301,775	759,604,780
1,498	55.6	5.4	282,364	756,858,970
1,435	55.6	5.0	277,514	813,853,540
1,414	55.6	6.4	269,365	806,226,910
1,497	55.6	7.2	274,896	797,823,180
1,536	55.6	7.1	252,595	796,838,720
1,552	55.6	8.0	231,819	789,545,600
1,524	50.9	8.6	281,328	764,670,350

City of Beachwood, Ohio

Principal Employers

2018 (1) and 2009

2018		
Employer	Employees	Percentage of Total
Cleveland Clinic Foundation	2,501	9.03%
University Hospitals	2,395	8.65
Menorah Park Center	1,056	3.81
Eaton Corporation	961	3.47
Montefiore Home	730	2.64
Beachwood City School District	535	1.93
City of Beachwood	471	1.70
Lifetime Fitness Club	413	1.49
Site Centers	336	1.21
Penske Logistics	335	1.21
Total	<u>9,733</u>	<u>35.14%</u>
Total Employment within the City	<u>27,694</u>	

2009		
Employer	Employees	Percentage of Total
Bank of America	1,964	12.42%
Cleveland Clinic Foundation	1,182	7.48
Menorah Park Center	972	6.15
Beachwood City School District	599	3.79
Developers Diversified	533	3.37
Montefiore Home	489	3.09
City of Beachwood	488	3.09
Rosetta Marketing Group	365	2.31
Tremco Incorporated	284	1.80
Aleris Ohio Management	184	1.16
Total	<u>7,060</u>	<u>44.66%</u>
Total Employment within the City	<u>15,808</u>	

Source: Estimates from the Regional Income Tax Agency based on the number of W-2's filed for the year.

(1) Information for 2019 was not available as of 12/31/19.

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City of Beachwood, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2019	2018	2017	2016
General Government				
Square Footage Occupied	70,786	70,786	70,786	70,786
Vehicles	2	2	2	2
Police				
Stations	1	1	1	1
Square Footage of Building	72,254	72,254	72,254	72,254
Vehicles	32	32	31	33
Fire Station				
Stations	2	2	2	2
Square Footage of Fire Station #1	21,970	21,970	21,970	21,970
Square Footage of Fire Station #2 (2)	25,615	25,615	5,472	5,472
Vehicles	16	16	16	16
Public Service				
Streets (miles)	46	46	46	46
Vehicles	67	67	66	68
Square Footage of Building (1)	198,000	198,000	198,000	198,000
Health and Welfare				
Vehicles	6	6	6	5
Culture and Recreation				
Number of Parks (3)	3	2	2	2
Number of Pools	1	1	1	1
Vehicles	1	1	1	1
Square Footage of Community Center	14,000	14,000	14,000	14,000
Building and Community Development				
Vehicles	6	6	6	6

(1) In 2011, the Service department moved into the building at 23350 Commerce Park.

(2) In 2018, the City completed construction of a new Fire Station #2 building.

(3) In 2019, the City completed construction of a new dog park.

Source: City Hall records

2015	2014	2013	2012	2011	2010
70,786 2	70,786 2	70,786 2	70,786 2	70,786 2	70,786 2
1 72,254 33	1 72,254 34	1 72,254 35	1 72,254 35	1 72,254 35	1 72,254 35
2 21,970 5,472 15	2 21,970 5,472 15	2 21,970 5,472 14	2 21,970 5,472 14	2 21,970 5,472 13	2 21,970 5,472 13
46 63 198,000	46 60 198,000	46 56 198,000	46 56 198,000	46 54 198,000	46 54 41,285
4	4	3	3	3	2
2 1 1 14,000	2 1 1 14,000	2 1 2 14,000	2 1 2 14,000	2 1 2 14,000	2 1 2 14,000
6	6	6	6	6	6

City of Beachwood, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2019	2018	2017	2016
General Government				
Number of Ordinances and Resolutions	170	200	171	168
Number of non-payroll checks processed	3,975	4,046	4,286	4,326
Number of purchase orders issued	3,298	3,515	3,839	4,233
Public Safety				
Police				
Total arrests	1,041	1,167	955	745
Drug arrests	53	290	157	34
OVI arrests (formally DUI)	117	147	87	107
Warrants served	406	324	398	301
Fire				
Total EMS and Fire responses	5,605	5,501	5,178	5,262
Total Fire responses	1,452	1,321	979	985
Total EMS responses	4,153	4,180	4,199	4,277
Routine fire safety inspections	1,275	1,326	666	657
Re-inspections	563	1,193	373	306
New construction inspections (1)	364	84	104	150
Public Services				
Tons of rubbish picked up	3,429	3,410	3,380	3,297
Tons of leaves collected for recycling	603	487	409	409
Number of trees planted	221	222	255	428
Number of catch basins cleaned and repaired	210	131	205	439
Tons of cold patch used	0	31	10	199
Yards of concrete poured and finished	405	821	662	1,275
Tons of salt purchased	7,976	12,973	8,414	7,345
Health and Welfare				
Number of senior trips planned	64	66	77	74
Culture and Recreation				
Total attendance at Aquatic Center	44,002	49,755	46,179	48,482
Building and Community Development				
Number of permits issued	388	355	365	419

N/A - Data not available

(1) Starting in 2019, this is based on hours

Source: City records

2015	2014	2013	2012	2011	2010
187	152	167	202	180	176
4,234	4,280	4,137	4,417	4,299	4,269
4,363	4,445	4,143	4,290	4,060	4,077
733	N/A	1,037	723	496	729
7	N/A	34	18	20	20
102	97	61	42	65	55
248	322	116	147	138	119
4,980	4,609	4,593	4,514	4,589	4,209
957	907	1,351	1,365	1,445	1,189
4,023	3,702	3,242	3,149	3,144	3,020
1,385	1,525	1,137	1,248	1,582	1,031
611	830	930	1,045	1,232	707
151	151	359	310	220	232
3,416	3,310	3,296	3,189	3,488	3,714
405	2,835	2,640	2,600	2,670	2,670
469	145	204	236	146	327
495	545	527	461	431	324
20	20	19	23	52	17
530	1,152	514	1,381	678	740
10,532	16,457	8,262	3,908	13,659	10,363
75	71	69	71	51	57
49,401	44,031	45,049	49,504	48,000	55,757
454	375	329	334	309	189

City of Beachwood, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

	2019	2018	2017	2016 (1)
General Government				
Council	7.0	7.0	7.0	7.0
Mayor's Office	3.0	3.0	3.0	3.0
Economic Development	1.0	1.0	1.0	2.0
Human Resources	2.0	2.0	2.0	2.0
Finance	11.0	11.0	10.0	7.0
Law	3.0	3.0	3.5	2.5
Public Safety				
Police Administration	6.0	6.0	6.0	3.0
Police Officers	45.0	43.0	44.0	40.0
Dispatchers	15.0	14.0	15.0	14.0
Police - Correction Officers	8.5	8.5	9.0	9.0
Police - Crossing Guards	6.0	6.5	6.0	6.5
Fire Administration	5.5	5.0	5.0	6.0
Fire Fighters	42.0	42.0	42.0	40.0
Public Service	58.0	61.0	60.0	59.5
Culture and Recreation				
Human Services	5.5	5.5	5.5	5.5
Recreation Administration	8.0	8.0	8.0	8.0
Recreation Camps	48.5	51.5	51.5	47.0
Recreation Sports	6.0	6.5	6.0	7.0
Recreation Other	7.0	7.0	6.5	10.0
Pool and Parks	38.5	33.5	30.0	30.5
Building and Community Development				
Building Department	10.5	10.5	10.5	9.5
Total	337.0	335.5	331.5	319.0

Source: City of Beachwood records

Method: Using 1.0 for each full-time employee and 0.50 for each part time and seasonal employee.
 Counts are as of December 31 of each year.

(1) The decrease in total employees is mostly due to nine full-time vacancies as of December 31, 2016.

2015	2014	2013	2012	2011	2010
7.0	7.0	7.0	7.0	7.0	7.0
3.0	3.0	3.0	3.0	3.0	3.0
2.0	2.0	2.0	1.5	0.0	2.0
2.0	2.0	2.0	2.0	2.0	2.0
9.0	9.0	9.0	9.5	10.5	10.5
4.5	4.5	2.5	2.5	2.5	2.5
3.0	3.0	3.0	3.0	3.0	3.0
43.0	40.0	43.0	39.0	42.0	41.0
15.0	13.0	15.0	15.0	12.0	11.0
10.0	9.0	9.5	9.0	9.0	9.0
6.5	6.5	6.5	6.5	6.5	7.0
6.0	6.5	6.5	6.5	5.5	5.0
42.0	42.0	39.0	38.0	36.0	38.0
57.5	55.0	55.0	59.5	56.5	53.5
5.0	5.5	5.5	5.5	5.0	6.0
8.0	8.0	8.0	8.0	6.5	7.5
48.5	50.5	50.0	45.0	46.0	44.5
6.5	8.5	8.5	10.0	10.5	14.0
10.5	9.5	9.5	9.5	10.5	8.5
31.5	32.5	36.5	37.0	38.0	39.0
10.5	10.5	10.5	9.5	9.0	11.0
331.0	327.5	331.5	326.5	321.0	325.0

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF BEACHWOOD

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/10/2020

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

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