CITY OF TIFFIN
SENECA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF TIFFIN
SENECA COUNTY
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

City of Tiffin
Seneca County
53 East Market Street
Tiffin, Ohio 44883

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tiffin, Seneca 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.

Opinion

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

Emphasis of Matters

As discussed in Note 3 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.

As discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management’s discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities 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 Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management’s responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 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.

Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2020

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The management's discussion and analysis of the City of Tiffin's (the City) financial performance provides an overall review of the City's financial activities for the 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 should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The total net position of the City increased $14,120,827. Net position of governmental activities increased $11,029,224 and net position of business-type activities increased $3,091,603.

- General revenues accounted for $12,732,258 or 65.00% of total governmental activities revenue. Program specific revenues accounted for $6,855,634 or 35.00% of total governmental activities revenue.

- The City had $8,503,362 in expenses related to governmental activities; $6,855,634 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of $1,647,728 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of $12,732,258.

- The City's major governmental funds are the General fund and the Fair Lane, USR 224, Market Street Improvements fund. The General fund had revenues of $11,586,558 and expenditures and other financing uses of $11,614,781 in 2019. The General fund also had an increase in reserve for inventory of $4,947 and the total change in fund balance for the year was a decrease of $23,276 or 0.76%.

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the General fund and the Fair Lane, USR 224, Market Street Improvements fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for sewer operations. The City's enterprise fund is considered a major fund. The City uses an internal service fund to account for a self-funded insurance program for City employees. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements with an internal balance recorded between governmental and business-type activities.

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Government-wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The following table provides a summary of the City's net position at December 31, 2019 and December 31, 2018. Net position at December 31, 2018 has been restated as described in Note 3.

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Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	Restated 2018	2019	2018	2019	Restated 2018
Assets						
Current and other assets	$ 13,471,398	$ 13,066,519	$ 16,248,926	$ 12,449,110	$ 29,720,324	$ 25,515,629
Capital assets, net	34,355,887	30,856,777	28,226,447	28,416,064	62,582,334	59,272,841
Total assets	47,827,285	43,923,296	44,475,373	40,865,174	92,302,658	84,788,470
Deferred outflows of resources						
Unamortized deferred charges on debt refunding	115,502	126,082	268,269	295,384	383,771	421,466
Pension	5,648,171	2,787,036	748,533	244,938	6,396,704	3,031,974
OPEB	1,204,239	1,310,578	153,467	53,702	1,357,706	1,364,280
Total deferred outflows of resources	6,967,912	4,223,696	1,170,269	594,024	8,138,181	4,817,720
Liabilities						
Other liabilities	4,747,649	4,413,855	224,844	281,236	4,972,493	4,695,091
Long-term liabilies:						
Due within one year	795,215	710,108	915,776	742,471	1,710,991	1,452,579
Net pension liability	20,587,672	15,138,639	2,077,185	1,006,515	22,664,857	16,145,154
Net OPEB liability	3,820,778	13,413,608	993,855	716,089	4,814,633	14,129,697
Other amounts	4,454,188	4,784,747	7,432,170	7,473,612	11,886,358	12,258,359
Total liabilities	34,405,502	38,460,957	11,643,830	10,219,923	46,049,332	48,680,880
Deferred inflows of resources						
Property taxes and PILOTS	987,824	1,011,752	-	-	987,824	1,011,752
Pension	512,999	1,238,264	73,586	326,564	586,585	1,564,828
OPEB	928,678	505,049	30,469	106,557	959,147	611,606
Total deferred inflows of resources	2,429,501	2,755,065	104,055	433,121	2,533,556	3,188,186
Net position						
Net investment in capital assets	32,387,532	28,891,631	20,391,212	20,536,284	52,778,744	49,427,915
Restricted	3,588,017	3,276,898	-	-	3,588,017	3,276,898
Unrestricted (deficit)	(18,015,355)	(25,237,559)	13,506,545	10,269,870	(4,508,810)	(14,967,689)
Total net position	$ 17,960,194	$ 6,930,970	$ 33,897,757	$ 30,806,154	$ 51,857,951	$ 37,737,124

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the City's assets and deferred outflows exceeded liabilities and deferred inflows by $51,857,951. At year-end, net positions were $17,960,194 and $33,897,757 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 67.80% of total assets. Capital assets include land, construction in progress, buildings and improvements, machinery and equipment, furniture and fixtures, vehicles and infrastructure. Net investment in capital assets at December 31, 2019, was $32,387,532 and $20,391,212 in the governmental and business-type activities respectively. Capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, $3,588,017 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is a deficit of $18,015,355.

The following table shows the changes in net position for 2019 and 2018. Net position for 2018 has been restated as described in Note 3.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	$ 2,000,822	$ 2,330,874	$ 6,734,227	$ 6,279,850	$ 8,735,049	$ 8,610,724
Operating grants and contributions	1,297,068	1,443,480	-	-	1,297,068	1,443,480
Capital grants and contributions	3,557,744	2,108,510	-	-	3,557,744	2,108,510
Total program revenues	6,855,634	5,882,864	6,734,227	6,279,850	13,589,861	12,162,714
General revenues:						
Property taxes	1,003,024	1,029,121	-	-	1,003,024	1,029,121
Income taxes	10,713,843	8,898,617	-	-	10,713,843	8,898,617
Payments in lieu of taxes	94,783	67,290	-	-	94,783	67,290
Unrestricted grants and entitlements	499,316	512,441	-	-	499,316	512,441
Contributions and donations	1,400	16,045	-	-	1,400	16,045
Investment earnings	131,155	96,052	174,337	101,472	305,492	197,524
Miscellaneous	288,737	577,253	22,957	26,186	311,694	603,439
Total general revenues	12,732,258	11,196,819	197,294	127,658	12,929,552	11,324,477
Total revenues	19,587,892	17,079,683	6,931,521	6,407,508	26,519,413	23,487,191

- Continued

Change in Net Position (Continued)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Expenses						
General government	$ 3,658,542	$ 3,881,891	$ -	$ -	$ 3,658,542	$ 3,881,891
Security of persons and property	556,399	9,706,325	-	-	556,399	9,706,325
Transportation	2,868,947	1,883,256	-	-	2,868,947	1,883,256
Community environment	381,371	402,725	-	-	381,371	402,725
Leisure time activity	722,786	657,038	-	-	722,786	657,038
Economic development	112,388	292,433	-	-	112,388	292,433
Interest and fiscal charges	202,929	186,662	-	-	202,929	186,662
Sewer	-	-	3,895,224	3,260,023	3,895,224	3,260,023
Total expenses	8,503,362	17,010,330	3,895,224	3,260,023	12,398,586	20,270,353
Change in net position before transfers	11,084,530	69,353	3,036,297	3,147,485	14,120,827	3,216,838
Transfers	(55,306)	(9,975)	55,306	9,975	-	-
Change in net position	11,029,224	59,378	3,091,603	3,157,460	14,120,827	3,216,838
Net position at beginning of year (restated)	6,930,970	6,871,592	30,806,154	27,648,694	37,737,124	34,520,286
Net position at end of year	$ 17,960,194	$ 6,930,970	$ 33,897,757	$ 30,806,154	$ 51,857,951	$ 37,737,124

Governmental Activities

Net position for governmental activities increased $11,029,224 in 2019 due to an increase in revenues and a decrease in expenses. The greatest increase in revenues came from capital grants and contributions, which is a result of additional grant funding from ODOT, OPWC and various local sources. These grants are restricted for use in capital improvements, mostly for road improvement projects. Income taxes revenue also increased due to an additional .25% tax levy which became effective in 2019.

The significant decrease in expenses is primarily due to changes in the City's proportionate share of pension and OPEB expense as required under GASB 68 and GASB 75. This is especially evident in security of persons and property expenses which resulted from a decrease in the net OPEB liability and related OPEB expense from the Ohio Police & Fire Pension System. Total pension and OPEB expense for 2019 was $(5,305,688) compared to $3,602,981 in 2018, a decrease of $8,908,669.

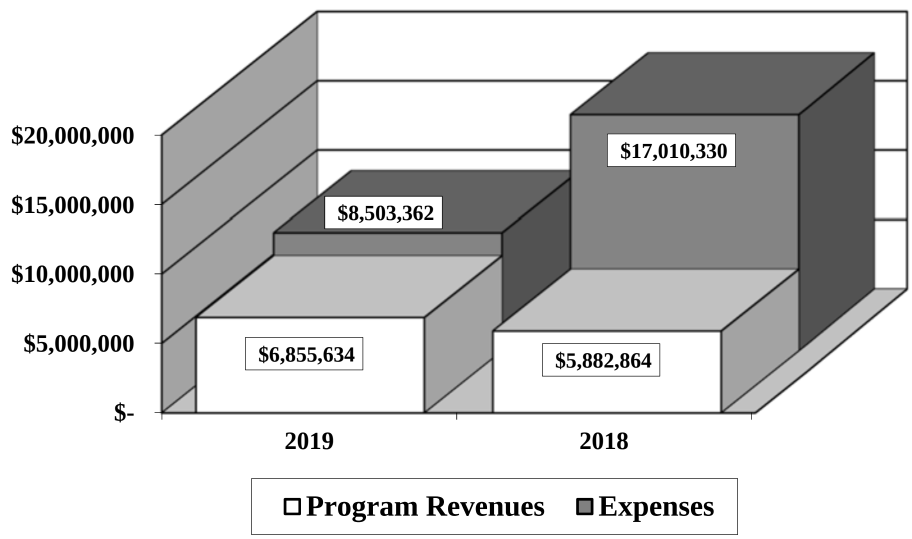
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for $556,399 of the total expenses of the City. These expenses were funded by $811,429 in direct charges to users of the services and $137,455 in capital grants and contributions. Transportation expenses totaled $2,868,947. Transportation expenses were funded by $7,947 in direct charges to users of the services, $1,210,214 in operating grants and contributions and $3,420,289 in capital grants and contributions.

The State and federal government contributed to the City a total of $1,297,068 in operating grants and contributions and $3,557,744 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total grants and contributions, $4,630,503 subsidized transportation programs and another $137,455 funded security of persons and property programs.

General revenues totaled $12,732,258 and amounted to 65.00% of total governmental revenues. These revenues primarily consist of income taxes revenue of $10,713,843. The other primary source of general revenues is property taxes which amounted to $1,003,024. These two revenue sources accounted for 59.82% of all governmental activities revenue in 2019.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following page shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As illustrated by the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses

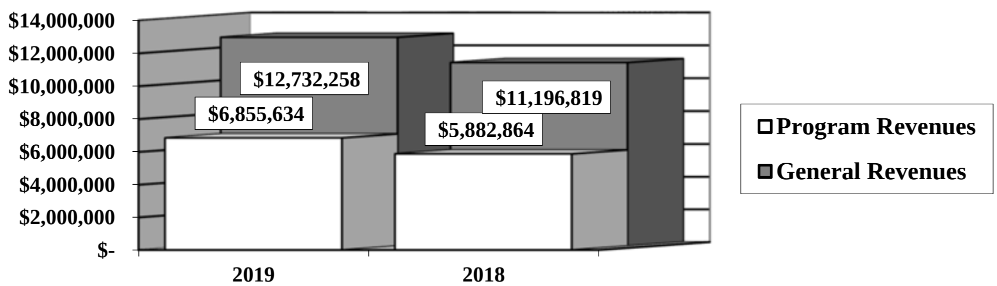


Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program expenses:				
General government	$ 3,658,542	$ 2,549,166	$ 3,881,891	$ 2,548,283
Security of persons and property	556,399	(392,485)	9,706,325	7,406,577
Transportation	2,868,947	(1,769,503)	1,883,256	179,776
Community environment	381,371	368,356	402,725	387,750
Leisure time activity	722,786	589,503	657,038	564,255
Economic development	112,388	99,762	292,433	(145,837)
Interest and fiscal charges	202,929	202,929	186,662	186,662
Total	$ 8,503,362	$ 1,647,728	$ 17,010,330	$ 11,127,466

The dependence upon general revenues for governmental activities is apparent, with 19.38% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues

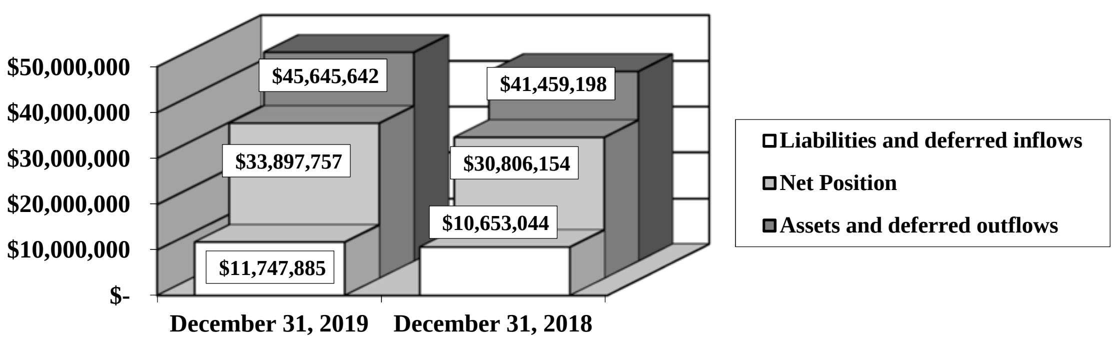


Business-type Activities

Business-type activities include the sewer enterprise fund. This program had program revenues of $6,734,227, general revenues of $197,294, and expenses of $3,895,224 in 2019. The business-type activities also received transfers of $55,306 from the governmental activities.

The graph below illustrates the City's business-type assets, liabilities, and net position at December 31, 2019 and December 31, 2018.

Net Position in Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds reported a combined fund balance of $4,386,463 which is $50,618 less than last year's total of $4,437,081. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2019 for all major and nonmajor governmental funds.

	Fund Balances 12/31/19	Restated Fund Balances 12/31/18	Change
Major funds:			
General	$ 3,052,447	$ 3,075,723	$ (23,276)
Fair Ln, US 224, Market St. Improvements	(3,106,786)	(2,563,297)	(543,489)
Other nonmajor governmental funds	4,440,802	3,924,655	516,147
Total	$ 4,386,463	$ 4,437,081	$ (50,618)

General Fund

The City's General fund balance decreased $23,276 or 0.76%. The table that follows assists in illustrating the revenues of the General fund.

	2019 Amount	2018 Amount	Percentage Change
Revenues			
Taxes	$ 9,269,495	$ 8,903,265	4.11 %
Charges for services	707,050	713,856	(0.95) %
Licenses and permits	46,910	51,723	(9.31) %
Fines and forfeitures	614,879	658,864	(6.68) %
Investment income	99,277	90,680	9.48 %
Intergovernmental	462,966	485,421	(4.63) %
Other	385,981	425,321	(9.25) %
Total	$ 11,586,558	$ 11,329,130	2.27 %

Taxes revenue, consisting of income taxes and property taxes, comprises 80.00% of all General fund revenue. The increase in taxes revenue is mostly due to slightly higher collections on income taxes, leading to an increase in total General fund revenues. The increase in investment income is the result of continued improved performance by the City's investments.

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

	2019 Amount	2018 Amount	Percentage Change
Expenditures			
General government	$ 2,995,848	$ 3,053,609	(1.89) %
Security of persons and property	7,568,686	7,403,964	2.22 %
Community environment	334,894	402,543	(16.81) %
Debt service	11,313	11,313	0.00 %
Total	$ 10,910,741	$ 10,871,429	0.36 %

Overall, there were no significant changes in General fund expenditures compared to the prior year.

Fair Lane, US 224, Market Street Improvements Fund

The Fair Lane, US 224, Market Street Improvements fund is reported as a major fund and is used to pay for a street improvements project in the West Market Street area. The improvements will support the new Trilogy Health Services Senior Living Community announced in 2018. This fund had no revenues in 2019 and expenditures of $543,489. Fund balance at December 31, 2019 was a deficit of $3,106,786 due a liability for bond anticipation notes payable which the City is using to finance the project.

Budgeting Highlights

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

For the General fund, original budgeted revenues and other financing sources of $13,020,999 were increased slightly to $13,425,359 in the final budget, mostly to account for an increase in expected income tax collections. Actual revenues and other financing sources amounted to $13,608,140 or $182,781 more than the final budget. Original budget and final budget expenditures and other financing uses were $14,527,237 and $15,212,311, respectively. Most of the increase was to account for advances to other funds. Actual budget-basis expenditures and other financing uses of $14,485,657 were $726,654 less than the final budget. This variance is a result of the City's conservative budgeting policies.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The City accounts for its sewer operations in a business-type activities enterprise fund. Operating revenues of $6,758,489 exceeded operating expenses of $3,730,824 resulting in operating income of $3,027,665. Both operating revenues and expenses increased slightly in 2019, mostly due to an increase in demand for services. The sewer fund was also allocated a slightly higher proportion of the City's total pension expense due to increases in employee wages. The total change in net position for the sewer fund was an increase of $3,049,650.

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the City had $62,582,334 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, land improvements, machinery and equipment, furniture and fixtures, vehicles and infrastructure. Of this total, $34,355,887 was reported in governmental activities and $28,226,447 was reported in business-type activities.

The following table shows 2019 balances compared to 2018:

Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 3,568,907	$ 3,568,907	$ 241,940	$ 241,940	$ 3,810,847	$ 3,810,847
Buildings and improvements	1,677,590	1,932,828	4,602,758	4,839,920	6,280,348	6,772,748
Land improvements	681,146	623,339	-	-	681,146	623,339
Machinery & equipment	1,234,454	1,074,116	729,875	644,175	1,964,329	1,718,291
Furniture & fixtures	209,630	217,181	-	513	209,630	217,694
Vehicles	2,721,556	2,576,266	161,866	241,021	2,883,422	2,817,287
Infrastructure	19,919,640	17,050,545	21,529,261	22,117,958	41,448,901	39,168,503
Construction in progress	4,342,964	3,813,595	960,747	330,537	5,303,711	4,144,132
Totals	$ 34,355,887	$ 30,856,777	$ 28,226,447	$ 28,416,064	$ 62,582,334	$ 59,272,841

The City's largest governmental capital asset category is infrastructure which includes roads, bridges, culverts, and curb lines. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 57.98% of the City's total governmental capital assets.

The City's largest business-type capital asset category is infrastructure that primarily includes sewer lines and drains. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 76.27% of the City's total business-type capital assets.

The overall increase in capital assets is primarily due to additions resulting from the City continuing construction on various infrastructure projects. One of these projects, the West Market Street project, was completed in 2019 and added to the infrastructure asset class for governmental activities.

Debt Administration

The City had the following long-term debt obligations outstanding at December 31, 2019 and 2018:

	Governmental Activities	
	2019	2018
General obligation bonds	$ 3,690,000	$ 3,880,000
Capital lease payable	176,856	173,715
OPWC Loan	177,652	184,112
Total long-term obligations	$ 4,044,508	$ 4,237,827

	Business-type Activities	
	2019	2018
General obligation bonds	$ 5,910,000	$ 6,510,000
OWDA loans	1,940,311	1,222,500
Total long-term obligations	$ 7,850,311	$ 7,732,500

Additions in 2019 included a $107,614 capital lease to acquire new cardiac equipment for the City's EMS squad and a $780,438 OWDA loan for sewer plant upgrades.

Economic Outlook

The economic outlook for the City of Tiffin has been strong for the last few years, and in 2020 it continues to be so, with very positive high-level trends for the Tiffin micropolitan statistical area (msa). Within the last two weeks, Tiffin received the great news that it had been ranked #6 out 531 micropolitians in the United States for large economic development projects, according to *Site Selection* magazine. This is the highest ranking ever for our community.

This activity, though, is not isolated and represents a very positive trend. For the last six years in a row, Tiffin has placed in the top ten percent nationwide for such economic development activity. For 2019, $56.7 million in new investment was announced, with more than 445 new jobs to be created and 4,200 jobs to be maintained. This makes a six-year total of half a billion dollars in new announced investment and more than 2,200 new jobs to be created.

Unemployment, which was at a peak of 12.7 percent in 2009 (annual average), declined to 5.5 percent in 2014 and stands at 5.3 right now (January), having had consistently low rates for the past few years. The labor force has remained steady (27,100 in the labor force in Seneca County). There were no new WARN (Worker Adjustment Retraining and Notification) notices last year and only one mass layoff (PCCW, 128 employees, 2012) reported in the city since the closing of American Standard in 2007, with no additional ones last year or thus far this year. The first plant closure we had in more than a decade – Atlas Industries – resulted in the loss of 60 jobs but was more than offset by one project – American Plastics, which has grown its workforce from 20 to more than 130 over the past two years.

Commercial activity was extremely strong in 2019. In downtown Tiffin, several new businesses either started-up, located, or expanded. These include The Tiffin Pedal Company (entertainment), Court Street Gallery (retail), Rose Leaf Flowers (retail), Sandco Industries (office), 22 mrkt (retail), Taylor Elchert Photography (service), Higher Ground Counseling Center (healthcare), Thrivent Financial (services), the PreGame (escape room), the Seneca Anti-Wind Union (office), Relevé Barre Studio (excerise), and BAS Broadcasting Ohio (broadcast media). Ralph's Joy of Living (retail) expanded.

In addition in the retail sector, the Tiffin Mall, which was built in 1980 and which for many years was in decline, has been on the rise since its purchase in late 2016 by northwest-Ohio based KHPM. Last year, Planet Fitness, Panda Express, and Magic Tunnel Car Wash opened their new locations. The mall also announced that Rolling Thunder, a new skating roller rink, would move forward with their project.

The dedication of the privately funded National Corner on the East Green, the second phase of a two-phase community gathering place, entertainment venue, and park marked another transformative moment for the downtown. It features a splash pad with light display, secluded garden, tiered seating, restrooms, and a picnic area. The Tiffin Riverfront project, announced first in 2018, continued to go through the due diligence phase, and is looking to start with a new Ascend hotel as its cornerstone. Furthermore, the Tiffin Boutique Hotel Group purchased the former Gibson Hotel building along Historical Washington Street and announced plans for a small 23-room boutique hotel with a planned opening of 2021.

Investors also continued to invest into building exteriors in the downtown, and the City's façade program had 14 projects for nearly $240,000 of new investment. Since its inception in 2014, this City-funded program has helped stimulate more than 80 projects, representing more than $2.4 million. Last year, the City obtained state and national accreditation for its Main Street program and garnered two awards and an honorable mention at the state downtown revitalization conference. The Ritz Theatre won Historic Theatre of the Year, and the Court Street Lofts won Best Upper Floor Residential. Reclaim It 127 was recognized as one of the best downtown businesses of the year.

Industrial development was also very strong. American Plastics, located in the Airport Industrial Park, won the contract to be the sole producer of Craftsman plastic shelving in America and announced a $2 million investment and hiring of 138 new employees. The Ballreich Snack Company, an iconic potato chip and snack food manufacturer, passes the century mark this year. In 2019, the company was acquired and expanded by a local investment group for $5.6 million, retaining 55 jobs and creating 20 new ones. Agrati, the third-largest industrial fastener company in the world headquartered in Italy, had another big year of investment, adding another $4 million to their $1.6 million investment in 2018. Webster Industries, a 140-year-old manufacturer of industrial chain headquartered in Tiffin, invested another $1.2 million. Laminate Technologies, another US company with its head office in Tiffin, invested $1 million in the purchase of an additional building to assist their growth and warehousing needs for laminated panel products and fabricated components.

On the education front, there was a lot of activity and signs of economic strength for Heidelberg and Tiffin Universities. Tiffin is only one of five communities of its size in the US with two private universities, and their continued positive growth over the last few years has been very encouraging.

Heidelberg University broke ground on their Townhouse Apartments project, featuring 15 contiguous 2.5-story four-bedroom apartments overlooking Rock Creek. The project will be able to house 60 additional students. It also renovated and dedicated in February 2020 its new fully digital GEM (Gaming, eSports and Media) Center. Tiffin University announced a new joint nursing program and launched its first doctorate program – Global Leadership and Change.

The economic outlook for Tiffin and the surrounding area for 2019 has not changed over the last five years. There is a large amount of investment and new job creation across the multiple sectors of our economy. In addition, the pipeline of future economic development projects remains full and conveys an impression that the economic progress will not be slowing any time soon.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Kathleen Kaufman, Director of Finance, City of Tiffin, 53 East Market Street, Tiffin, Ohio 44883 or e-mail at kkaufman@tiffinohio.gov or telephone at (419) 448-5403.

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CITY OF TIFFIN
SENECA COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 6,745,273	$ 14,047,308	$ 20,792,581
Receivables:			
Income taxes	1,718,218	-	1,718,218
Real and other taxes	1,033,877	-	1,033,877
Payment in lieu of taxes	51,737	-	51,737
Accounts	279,537	2,126,044	2,405,581
Special assessments	29,194	-	29,194
Accrued interest	41,563	-	41,563
Due from other governments	953,775	-	953,775
Loans receivable	153,750	-	153,750
Notes receivable	696,547	-	696,547
Materials and supplies inventory	159,235	31,893	191,128
Prepayments	96,789	28,226	125,015
Investment in joint venture	1,487,143	-	1,487,143
Net pension asset	26,808	13,407	40,215
Internal balance	(2,048)	2,048	-
Capital assets:			
Land and construction in progress	7,911,871	1,202,687	9,114,558
Depreciable capital assets, net.	26,444,016	27,023,760	53,467,776
Total capital assets, net	34,355,887	28,226,447	62,582,334
Total assets	47,827,285	44,475,373	92,302,658
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	115,502	268,269	383,771
Pension	5,648,171	748,533	6,396,704
OPEB.	1,204,239	153,467	1,357,706
Total deferred outflows of resources	6,967,912	1,170,269	8,138,181
Liabilities:			
Accounts payable	217,595	85,520	303,115
Contracts payable	236,441	41,778	278,219
Accrued wages and benefits payable	319,812	56,151	375,963
Due to other governments	105,063	12,706	117,769
Accrued interest payable	59,523	28,689	88,212
Claims payable	404,215	-	404,215
Notes payable.	3,405,000	-	3,405,000
Long-term liabilities:			
Due within one year	795,215	915,776	1,710,991
Due in more than one year:			
Net pension liability	20,587,672	2,077,185	22,664,857
Net OPEB liability	3,820,778	993,855	4,814,633
Other amounts due in more than one year.	4,454,188	7,432,170	11,886,358
Total liabilities	34,405,502	11,643,830	46,049,332
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	936,087	-	936,087
Pension	512,999	73,586	586,585
OPEB	928,678	30,469	959,147
Payment in lieu of taxes levied for the next year	51,737	-	51,737
Total deferred inflows of resources	2,429,501	104,055	2,533,556
Net position:			
Net investment in capital assets	32,387,532	20,391,212	52,778,744
Restricted for:			
Debt service	27,498	-	27,498
Capital projects	1,388,567	-	1,388,567
Transportation projects	412,365	-	412,365
Municipal court	678,485	-	678,485
Security of persons and property	163,510	-	163,510
Community environment	64,995	-	64,995
Economic development and assistance	807,479	-	807,479
Permanent fund: expendable	3,713	-	3,713
Permanent fund: nonexpendable	25,000	-	25,000
Other purposes	16,405	-	16,405
Unrestricted (deficit)	(18,015,355)	13,506,545	(4,508,810)
Total net position	$ 17,960,194	$ 33,897,757	$ 51,857,951

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN
SENECA COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 3,658,542	$ 1,109,376	$ -	$ -
Security of persons and property	556,399	811,429	-	137,455
Transportation	2,868,947	7,947	1,210,214	3,420,289
Community environment	381,371	13,015	-	-
Leisure time activity	722,786	59,055	74,228	-
Economic development and assistance	112,388	-	12,626	-
Interest and fiscal charges	202,929	-	-	-
Total governmental activities	8,503,362	2,000,822	1,297,068	3,557,744
Business-type activities:				
Sewer	3,895,224	6,734,227	-	-
Total primary government	$ 12,398,586	$ 8,735,049	$ 1,297,068	$ 3,557,744

General revenues:
Property taxes levied for:
General purposes
Police pension
Fire pension
Income taxes levied for:
General purposes
Capital improvements
Payments in lieu of taxes
Grants and entitlements not restricted to specific programs
Contributions and donations
Refunds and reimbursements
Investment earnings
Miscellaneous

Total general revenues

Transfers

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Governmental Activities	Business-type Activities	Total
	Net (Expense) Revenue and Changes in Net Position	
$ (2,549,166)	$ -	$ (2,549,166)
392,485	-	392,485
1,769,503	-	1,769,503
(368,356)	-	(368,356)
(589,503)	-	(589,503)
(99,762)	-	(99,762)
(202,929)	-	(202,929)
(1,647,728)	-	(1,647,728)
-	2,839,003	2,839,003
(1,647,728)	2,839,003	1,191,275
861,684	-	861,684
70,670	-	70,670
70,670	-	70,670
8,462,365	-	8,462,365
2,251,478	-	2,251,478
94,783	-	94,783
499,316	-	499,316
1,400	-	1,400
220,496	-	220,496
131,155	174,337	305,492
68,241	22,957	91,198
12,732,258	197,294	12,929,552
(55,306)	55,306	-
11,029,224	3,091,603	14,120,827
6,930,970	30,806,154	37,737,124
$ 17,960,194	$ 33,897,757	$ 51,857,951

CITY OF TIFFIN
SENECA COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Fair Ln., USR 224, Market St. Improvements	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	$ 2,267,344	$ 343,459	$ 3,923,319	$ 6,534,122
Receivables:				
Income taxes	1,353,097	-	365,121	1,718,218
Real and other taxes	881,611	-	152,266	1,033,877
Payment in lieu of taxes	-	-	51,737	51,737
Accounts	244,307	-	35,230	279,537
Accrued interest	41,563	-	-	41,563
Special assessments	-	-	29,194	29,194
Due from other governments	224,584	-	729,191	953,775
Interfund loans	478,577	-	-	478,577
Loans receivable	-	-	153,750	153,750
Notes receivable	-	-	696,547	696,547
Prepayments	81,260	-	15,529	96,789
Materials and supplies inventory	29,280	-	129,955	159,235
Total assets	$ 5,601,623	$ 343,459	$ 6,281,839	$ 12,226,921
Liabilities:				
Accounts payable	$ 126,687	$ -	$ 90,908	$ 217,595
Contracts payable	-	-	236,441	236,441
Accrued wages and benefits payable	284,267	-	35,545	319,812
Compensated absences payable	35,131	-	56,737	91,868
Interfund loans payable	-	-	478,577	478,577
Due to other governments	96,902	-	8,161	105,063
Accrued interest payable	-	45,245	-	45,245
Notes payable	-	3,405,000	-	3,405,000
Total liabilities	542,987	3,450,245	906,369	4,899,601
Deferred inflows of resources:				
Property taxes levied for the next year	798,107	-	137,980	936,087
Delinquent property tax revenue not available	55,821	-	9,650	65,471
Accrued interest not available	36,386	-	-	36,386
Special assessments revenue not available	-	-	29,194	29,194
Miscellaneous revenue not available	178,400	-	1,060	179,460
Income tax revenue not available	737,809	-	199,091	936,900
Intergovernmental revenue not available	199,666	-	505,956	705,622
Payment in lieu of taxes levied for the next year	-	-	51,737	51,737
Total deferred inflows of resources	2,006,189	-	934,668	2,940,857
Fund balances:				
Nonspendable	113,382		170,484	283,866
Restricted	-	-	4,131,959	4,131,959
Committed	423,251	-	675,746	1,098,997
Assigned	624,406	-	-	624,406
Unassigned (deficit)	1,891,408	(3,106,786)	(537,387)	(1,752,765)
Total fund balances	3,052,447	(3,106,786)	4,440,802	4,386,463
Total liabilities, deferred inflows of resources and fund balances	$ 5,601,623	$ 343,459	$ 6,281,839	$ 12,226,921

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN
SENECA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances		$ 4,386,463
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,355,887
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Real and other taxes receivable	$ 65,471	
Income taxes receivable	936,900	
Accounts receivable	179,460	
Intergovernmental receivable	705,622	
Special assessments receivable	29,194	
Accrued interest receivable	36,386	
Total		1,953,033
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities on the statement of net position. The net position of the internal service fund, including an internal balance of $(2,048), is:		(195,112)
The City has an equity interest in a joint venture. This investment is not a current financial resource and therefore is not reported in the governmental funds.		1,487,143
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(14,278)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		115,502
Unamortized premiums on bond issuance are not recognized in governmental funds.		(107,522)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	26,808	
Deferred outflows of resources	5,648,171	
Deferred inflows of resources	(512,999)	
Net pension liability	(20,587,672)	
Total		(15,425,692)
The net OPEB liability is not available to pay for current period expenditures; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	1,204,239	
Deferred inflows of resources	(928,678)	
Net OPEB liability	(3,820,778)	
Total		(3,545,217)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the funds. The long-term liabilities are as follows:		
Compensated absences	(1,005,505)	
Capital lease payable	(176,856)	
General obligation bonds payable	(3,690,000)	
Loans payable	(177,652)	
Total		(5,050,013)
Net position of governmental activities		$ 17,960,194

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN
SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Fair Ln., USR 224, Market St. Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:				
Municipal income taxes	$ 8,401,847	$ -	$ 2,124,641	$ 10,526,488
Real and other taxes	867,648	-	142,384	1,010,032
Charges for services	707,050	-	59,415	766,465
Licenses and permits	46,910	-	-	46,910
Fines and forfeitures	614,879	-	472,884	1,087,763
Intergovernmental	462,966	-	4,428,511	4,891,477
Special assessments	-	-	17,963	17,963
Investment income	99,277	-	2,840	102,117
Refunds and reimbursements	287,484	-	284,602	572,086
Contributions and donations	1,400	-	146,400	147,800
Payments in lieu of taxes	-	-	94,783	94,783
Other	97,097	-	25,045	122,142
Total revenues	11,586,558	-	7,799,468	19,386,026
Expenditures:				
Current:				
General government	2,995,848	-	323,802	3,319,650
Security of persons and property	7,568,686	-	231,341	7,800,027
Transportation	-	-	4,769,853	4,769,853
Community environment	334,894	-	-	334,894
Leisure time activity	-	-	528,748	528,748
Economic development and assistance	-	-	243,330	243,330
Capital outlay	-	458,336	1,664,839	2,123,175
Debt service:				
Principal retirement	10,482	-	290,451	300,933
Interest and fiscal charges	831	65,017	121,871	187,719
Debt issuance costs	-	20,136	-	20,136
Total expenditures	10,910,741	543,489	8,174,235	19,628,465
Excess (deficiency) of revenues over (under) expenditures	675,817	(543,489)	(374,767)	(242,439)
Other financing sources (uses):				
Sale of capital assets	-	-	41,917	41,917
Capital lease transaction	-	-	107,614	107,614
Transfers in	-	-	1,086,702	1,086,702
Transfers (out)	(704,040)	-	(382,662)	(1,086,702)
Total other financing sources (uses)	(704,040)	-	853,571	149,531
Net change in fund balances	(28,223)	(543,489)	478,804	(92,908)
Fund balances (deficit) at beginning of year (restated)	3,075,723	(2,563,297)	3,924,655	4,437,081
Increase in reserve for inventory	4,947	-	37,343	42,290
Fund balances (deficit) at end of year	$ 3,052,447	$ (3,106,786)	$ 4,440,802	$ 4,386,463

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN
SENECA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds		$ (92,908)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 5,734,222	
Current year depreciation	(2,072,641)	
Total		3,661,581
The net effect of various miscellaneous transactions involving the disposal of capital assets is to decrease net position.		(162,471)
Governmental funds report expenditures for inventory when purchased. However in the statement of activities, they are reported as an expense when consumed.		42,290
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Municipal income taxes	187,355	
Real and other taxes	4,171	
Charges for services	(23,104)	
Intergovernmental	63,688	
Special assessments	(11,276)	
Investment income	28,500	
Refunds and reimbursements	(125,003)	
Other	(4,024)	
Total		120,307
An increase in the City's equity interest in a joint venture does not provide current financial resources and is not reported in the governmental funds.		26,906
The inception of a capital lease is reported as an other financing source in the governmental funds; however, in the statement of activities it is not reported as revenue since it increases liabilities on the statement of net position.		(107,614)
Repayment of bond principal and capital lease obligations are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		300,933
Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:		
Decrease in accrued interest payable	7,369	
Amortization of bond premiums	8,137	
Amortization of deferred charges on refunding	(10,580)	
Total		4,926

- -(Continued)

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
(CONTINUED)

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	$ 1,282,122	
OPEB	24,531	
Total		$ 1,306,653
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(3,158,307)	
OPEB	9,038,331	
Total		5,880,024
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.		74,648
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund, less $41,953 related to business-type activities, is allocated among the governmental activities.		(26,051)
Change in net position of governmental activities		$ 11,029,224

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN
SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Municipal income taxes	$ 9,952,919	$ 10,262,000	$ 10,423,417	$ 161,417
Real and other taxes	850,790	877,211	878,954	1,743
Charges for services	667,860	688,600	709,974	21,374
Licenses and permits	49,561	51,100	46,481	(4,619)
Fines and forfeitures	591,724	610,100	613,517	3,417
Intergovernmental	449,581	463,543	461,790	(1,753)
Investment income	87,289	90,000	98,354	8,354
Contributions and donations	2,910	3,000	1,900	(1,100)
Refunds and reimbursements	280,732	289,450	283,543	(5,907)
Other	4,117	4,245	4,100	(145)
Total revenues	12,937,483	13,339,249	13,522,030	182,781
Expenditures:				
Current:				
General government	3,492,011	3,466,728	3,180,729	285,999
Security of persons and property	8,124,254	8,117,897	7,795,369	322,528
Community environment	371,772	431,201	377,182	54,019
Total expenditures	11,988,037	12,015,826	11,353,280	662,546
Excess of revenues over expenditures	949,446	1,323,423	2,168,750	845,327
Other financing sources (uses):				
Advances in	83,516	86,110	86,110	-
Advances (out) and not repaid	-	(466,009)	(401,901)	64,108
Transfers (out)	(2,539,200)	(2,730,476)	(2,730,476)	-
Total other financing sources (uses)	(2,455,684)	(3,110,375)	(3,046,267)	64,108
Net change in fund balance	(1,506,238)	(1,786,952)	(877,517)	909,435
Fund balance at beginning of year	1,948,346	1,948,346	1,948,346	-
Prior year encumbrances appropriated	572,912	572,912	572,912	-
Fund balance at end of year	$ 1,015,020	$ 734,306	$ 1,643,741	$ 909,435

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN
SENECA COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-type Activities Enterprise Fund	Governmental Activities
	Sewer	Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	$ 14,047,308	$ -
Cash with fiscal agent	-	211,151
Receivables:		
Accounts	2,126,044	-
Prepayments	28,226	-
Materials and supplies inventory	31,893	-
Total current assets	16,233,471	211,151
Noncurrent assets:		
Capital assets:		
Land and construction in progress	1,202,687	-
Depreciable capital assets, net	27,023,760	-
Total capital assets, net	28,226,447	-
Net pension asset	13,407	-
Total noncurrent assets	28,239,854	-
Total assets	44,473,325	211,151
Deferred outflows of resources:		
Unamortized deferred charges on debt refunding	268,269	-
Pension	748,533	-
OPEB	153,467	-
Total deferred outflows of resources	1,170,269	-
Liabilities:		
Current liabilities:		
Accounts payable	85,520	-
Contracts payable	41,778	-
Accrued wages and benefits payable	56,151	-
Due to other governments	12,706	-
Accrued interest payable	28,689	-
Compensated absences payable - current	135,032	-
General obligation bonds payable	620,000	-
OWDA loans payable	160,744	-
Claims payable	-	404,215
Total current liabilities	1,140,620	404,215
Long-term liabilities:		
Compensated absences payable	151,188	-
Unamortized premium on bonds	211,415	-
General obligation bonds payable	5,290,000	-
OWDA loans payable	1,779,567	-
Net pension liability	2,077,185	-
Net OPEB liability	993,855	-
Total long-term liabilities	10,503,210	-
Total liabilities	11,643,830	404,215
Deferred inflows of resources:		
Pension	73,586	-
OPEB	30,469	-
Total deferred inflows of resources	104,055	-
Net position:		
Net investment in capital assets	20,391,212	-
Unrestricted (deficit)	13,504,497	(193,064)
Total net position (deficit)	33,895,709	$ (193,064)
Adjustment to reflect the consolidation of the internal service funds activity related to enterprise funds.	2,048	
Net position of business-type activities	$ 33,897,757	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN
SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities Enterprise Fund	Governmental Activities
	Sewer	**Internal Service Fund**
Operating revenues:		
Tap-in fees.	$ 200	$ -
Charges for services	6,734,027	1,909,154
Other operating revenues	4,164	-
Refunds and reimbursements	20,098	-
Total operating revenues.	6,758,489	1,909,154
Operating expenses:		
Personal services	1,988,105	-
Contract services.	293,003	-
Materials and supplies.	155,479	-
Administrative costs.	-	388,880
Utilities	141,677	-
Claims expense	-	1,506,563
Depreciation.	1,089,502	-
Other	63,058	-
Total operating expenses.	3,730,824	1,895,443
Operating income	3,027,665	13,711
Nonoperating revenues (expenses):		
Interest and fiscal charges	(206,353)	-
Loss on sale of capital assets.	(1,305)	-
Interest income.	174,337	2,191
Total nonoperating revenues (expenses). . . .	(33,321)	2,191
Income before capital contributions.	2,994,344	15,902
Capital contributions.	55,306	-
Change in net position	3,049,650	15,902
Net position (deficit) at beginning of year . .	30,846,059	(208,966)
Net position (deficit) at end of year	33,895,709	$ (193,064)
Adjustment to reflect the consolidation of the internal service funds activity related to enterprise funds.	41,953	
Change in net position of business-type activities.	$ 3,091,603	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN
SENECA COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities Enterprise Fund	Governmental Activities
	Sewer	**Internal Service Fund**
Cash flows from operating activities:		
Cash received from tap in fees	$ 200	$ -
Cash received from charges for services	6,451,830	1,909,154
Cash received from other operations	4,080	-
Cash received from refunds and reimbursements	19,819	-
Cash payments for personal services	(1,517,096)	-
Cash payments for contractual services	(240,760)	-
Cash payments for materials and supplies	(161,744)	-
Cash payments for utilities	(141,860)	-
Cash payments for claims	-	(1,385,620)
Cash payments for other expenses	(58,964)	(388,880)
Net cash provided by operating activities	4,355,505	134,654
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(948,586)	-
Principal retirement	(662,627)	-
Interest paid	(211,474)	-
Loan issuance	780,438	-
Net cash used in capital and related financing activities	(1,042,249)	-
Cash flows from investing activities:		
Interest received	174,336	2,191
Net increase in cash and cash equivalents	3,487,592	136,845
Cash and cash equivalents at beginning of year	10,559,716	74,306
Cash and cash equivalents at end of year	$ 14,047,308	$ 211,151

- - (Continued)

CITY OF TIFFIN
SENECA COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities Enterprise Fund	Governmental Activities -
	Sewer	**Internal Service Funds**
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 3,027,665	$ 13,711
Adjustments:		
Depreciation	1,089,502	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Materials and supplies inventory	9,448	-
Accounts receivable	(282,560)	-
Prepayments	941	-
Net pension asset	1,901	-
Deferred outflows-pension	(503,595)	-
Deferred outflows-OPEB	(99,765)	
Accounts payable	40,440	-
Accrued wages and benefits	14,519	-
Intergovernmental payable	(6,524)	-
Compensated absences payable	44,163	-
Net pension liability	1,070,670	-
Net OPEB liability	277,766	
Deferred inflows-pension	(252,978)	-
Deferred inflows-OPEB	(76,088)	
Claims payable	-	120,943
Net cash provided by operating activities	$ 4,355,505	$ 134,654

Noncash capital and investing transactions:

At December 31, 2019, the sewer fund purchased capital assets on account, consisting of $41,778 contracts payable. At December 31, 2018, the sewer fund purchased capital assets on account, consisting of $144,480 accounts payable.

In 2019 the governmental activities transferred capital assets of $55,306 to the sewer fund.

At December 31, 2019 and December 31, 2018, the sewer fund had $5 and $4, respectively, in interest recorded as accounts receivable.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN
SENECA COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

		Custodial
Assets:		
Cash in segregated accounts	$	312,120
Receivables:		
Accounts		1,817
Total assets		313,937
Liabilities:		
Accounts payable		1,817
Net position:		
Restricted for organizations and other governments	$	312,120

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN
SENECA COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Custodial
Additions:	
Fines and forfeitures for other governments	$ 2,088,604
Deductions:	
Fines and forfeitures distributions to other governments . . .	2,067,237
Net change in fiduciary net position	21,367
Net position beginning of year (restated).	290,753
Net position end of year	$ 312,120

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

The City of Tiffin (the City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City was incorporated as a village in 1835 and became a City under the laws of the State of Ohio in 1850. In 1977, a voter-approved Charter became effective. The Mayor, Members of Council, the Law Director and the Municipal Judge are elected by separate ballot from the municipality at large for four-year terms. The Mayor is not a member of council and can only approve or veto council ordinances and resolutions. The Mayor appoints the City Administrator and the Director of Finance. The Director of Finance is appointed with the approval of City Council. The City Administrator appoints the remaining department managers of the City with the approval of the Mayor.

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 City provides police and fire protection within its boundaries, and ambulance protection and fire assistance to adjacent townships by mutual agreement contracts. The City provides basic utilities in the form of wastewater treatment. The City constructs and maintains streets and sidewalks within the City. The City also operates and maintains a park and recreation system.

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

The City is associated with a certain organization which is defined as a joint venture with equity interest:

Sandusky County - Seneca County - City of Tiffin Port Authority (the Port Authority)

The Port Authority, a joint venture among Sandusky and Seneca Counties and the City of Tiffin, was established in 1989 under the authority of Section 4582.21 of the Ohio Revised Code, with territorial limits co-terminus with the boundaries of the counties, with Tiffin being within the boundaries of Seneca County. Its purpose was created following an enactment by the Ohio Legislature of the Ohio Port Authority Act which permits the Port Authority to administer railroad services to area businesses that ship goods within the State of Ohio. The Port Authority is governed by a seven member Board of Directors, consisting of two members from each of the counties and the City, with the seventh member being rotated among the three entities every four years. The members are appointed by the County Commissioners in the counties, and by the Mayor of Tiffin in the City. Appointed members may hold no other public office or public employment except Notary Public, member of the State Militia, or member of a reserve component of the United States Armed Forces. Initial funding for organizational expenses, including purchase of real or personal property by the Port Authority, was contributed by each subdivision with no obligation of future contributions or financial support. The contributions were equal and simultaneous. The Port Authority may be dissolved at any time upon the enactment of an ordinance by the City and resolutions by the counties. Any real or personal property will be returned to the subdivision from which it was received.

NOTE 1 - DESCRIPTION OF THE ENTITY AND REPORTING ENTITY - (Continued)

Upon dissolution of the Port Authority, any balance remaining in the Port Authority's funds or any real or personal property belonging to the Port Authority will be distributed equally to the City and the counties after paying all expenses and debts. The City's equity interest in the Port Authority is $1,487,143 at December 31, 2019. Financial information can be obtained from the Sandusky County - Seneca County - City of Tiffin Port Authority, James Supance, Chairman, P.O. Box 767, Tiffin, Ohio 44883.

The City is also associated with an organization which is defined as a joint venture without equity interest:

North Central Ohio Regional Council of Governments (the Council)

The Council is established as a regional council of governments under Chapter 167, Ohio Revised Code and is a non-profit corporation under Chapter 1702, Ohio Revised Code. The Council is a regional source for shared services. Cost savings achieved are designed to not only maintain existing essential services, but to enhance them as well. The Council fosters regional progress through networks of public and private partnerships. The Council serves as a forum for assessing and acting on regional issues and problems through cooperative efforts by formulating policies, plans, and programs, and facilitating actions that are common and regional; that are cost effective and efficient for the region; and that contribute to the effectiveness of local government and the quality of life enjoyed by citizens of the region.

Membership in the Council shall be open to any governing body of any county, municipal corporation, township, special district, school district, educational service center or other political subdivision permitted to become a Member of the Council under Chapter 167, Ohio Revised Code. Currently, eight governing bodies make up the Council. Each political subdivision that is a member of the Council shall be entitled to one vote exercised by a duly authorized representative of the Member. Any Member may withdraw from membership in the Council by formal action of the political subdivision and upon sixty days' notice to the Council after such action.

The number of directors of the Council is established at not less than three or more than eight. The directors shall be divided into three classes. Directors shall be elected by receiving the highest number of votes cast on the ballot. Three directors shall be elected for a term of three years, three directors for a term of years, and two directors for a term of one year, respectively, and shall remain as directors until their term has expired and their respective successors are elected and qualified.

The fiscal year of the Council shall commence on July 1 and shall terminate on June 30 of the following calendar year.

The initial office of the Council shall be located at 928 W. Market Street, Suite A, Tiffin, Ohio 44883. At all times, the location of the principal office of the Council shall be determined by formal action of the Board of Directors of the Council.

The City is associated with a certain organization which is considered a public entity risk pool:

Jefferson Health Plan (JHP) Health Benefits Program
The JHP is a council of governments of school districts and other political subdivisions organized and existing as a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code providing health care and related insurance benefits to over fifty member organizations. The JHP's business affairs are conducted by a Board of Directors elected from member organizations and composed of one representative from each county served and a career center representative. Each member organization pays a monthly premium based on its claims history and a monthly administration fee.

NOTE 1 - DESCRIPTION OF THE ENTITY AND REPORTING ENTITY - (Continued)

The Jefferson Health Plan is located at 2023 Sunset Blvd., Steubenville, Ohio 42952. The Jefferson County Educational Service Center is one of Jefferson Health Plan's member districts and acts in the capacity of fiscal agent for Jefferson Health Plan.

The City is associated with certain organizations which are defined as jointly governed organizations:

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 electricity. NOPEC is currently comprised of over 200 communities in 14 counties (Cuyahoga, Lake, Ashtabula, Lorain, Huron, Summit, Medina, Portage, Trumbull, Columbiana, Mahoning, Seneca, Stark and Geauga) who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity 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.

Financial information can be obtained by contacting NOPEC at 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website www.nopec.org.

Metro-Richland County (METRICH)
The City is a member of the Metro-Richland County Enforcement Unit which is a jointly governed organization between Crawford, Huron, Morrow, Knox, Seneca, Marion, Ashland, Hancock, Richland and Wyandot Counties, the City of Mansfield, the City of Tiffin and 38 other communities. METRICH remains one of the only decentralized task forces in the state promoting a Community Policing philosophy approach to task force operations. There is a control group in each county (Prosecutor, Sheriff, and chiefs of Police) that direct local efforts including setting local goals and objectives in support of the regional goals and objectives.

The METRICH Control Board is represented by each of the nine Prosecutors, Sheriffs and the Chief of Police of each of the participating agencies. Funding is obtained through grants administered by the Ohio Office of Criminal Justice Services (OCJS). This grant funding is utilized to support task force operations throughout all nine counties. Information can be obtained from the Mansfield Division of Police, Chief Keith Porch, Project Director.

The City has not included the Tiffin City School District, the Tiffin-Seneca Public Library, the Conner Memorial Commission, and the Weller Memorial Commission as it has no control over these operations and they are autonomous entities.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

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

Governmental Funds

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

General fund - The General fund is used to account for and report all financial resources not accounted for and reported in another fund. The General fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fair Lane, USR 224. Market Street Improvements fund - This fund is used to pay for the street improvements being made to the West Market Street area.

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

Proprietary Funds

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City's Enterprise fund is the Sewer fund, which accounts for the financial transactions related to the wastewater treatment service operations of the City.

Internal Service Funds - Internal Service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's Internal Service fund is used to account for a self-insurance program for medical benefits.

Fiduciary Funds

Fiduciary funds 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 used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds which are considered fiduciary funds. The City's custodial funds account for monies collected by the Municipal Court to be distributed to other governments and other organizations and the State Patrol transfer account.

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

C. Measurement Focus

Government-Wide Financial Statements

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

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

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary fund is charges for sales and services. Operating expenses for the proprietary fund includes personnel and other expenses related to the sewer operations. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from 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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the year in which the resources are measurable and become available.

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

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 thirty days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income taxes, property taxes available as an advance, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, interest, grants and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, 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. See Notes 16 and 17 for deferred outflows of resources related the City's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 16 and 17 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures

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

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

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. Budgetary Data

An annual appropriated budget is legally required to be prepared for all funds of the City other than custodial funds. Council passes appropriations at the fund, department, and object level. Line item appropriations may be transferred between the accounts with the approval of the Finance Director and respective department head. Council must approve any revisions in the budget that alter total fund, department and object level appropriations.

The following are the procedures used by the City in establishing the budgetary data reported in the basic financial statements:

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official certificate of estimated resources issued during 2019.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, department, and object level for all funds. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. Council legally enacted several supplemental appropriation ordinances during the year. The budget figures which appear in the statement of budgetary comparisons present the original and final appropriation amounts including all amendments and modifications.

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as restricted, committed or assigned fund balance for subsequent-year expenditures.

Lapsing of Appropriations

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

F. Cash and Investments

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

During 2019, investments were limited to nonnegotiable certificates of deposit. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The City has a segregated bank account for Municipal Court monies separate from the City’s central bank account. These interest bearing depository accounts are presented on the financial statements as “cash in segregated accounts” since it is not required to be deposited into the City treasury.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the General fund during 2019 amounted to $99,277, which included $64,324 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents.

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

G. Inventories of Materials and Supplies

On government-wide financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of the proprietary fund are stated at the lower of cost or market. For all funds, cost is determined on a first in, first out basis. Inventory consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental funds when purchased. Inventories of the proprietary fund are expensed when used.

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

H. 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 and reflecting the expenditure/expense in the year in which it was consumed.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition cost as of the date received. The City maintains a capitalization threshold of $2,500. Public domain (infrastructure) general capital assets consisting of roads, bridges, curbs and gutters, streets, drainage systems, sewer lines and lighting systems have been capitalized. 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 reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful life of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method (with some assets having a ten percent salvage value) over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	20-40 years	20 - 80 years
Land Improvements	25 years	n/a
Machinery & Equipment	5-20 years	5 - 20 years
Furniture & Fixtures	5-15 years	5 - 10 years
Vehicles	5-30 years	5 - 20 years
Infrastructure	10 - 50 years	40 - 60 years

J. Interfund Balances

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

K. Compensated Absences

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

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

The City reports compensated absences in accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to payment are attributable to services already rendered; and it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. These amounts are recorded in the account “compensated absences” in the fund from which the employees are paid.

Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination (severance) benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City’s termination policy. The City records a liability for all accumulated unused vacation time when earned for all employees. The City records a liability for unused sick leave that is expected to be paid out as severance for all employees who are age 50 or older or who have at least 15 years of City or local government employment service.

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

L. 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 the proprietary fund are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases and compensated absences that will be paid from governmental funds are reported as a liability in the fund statements only to the extent they will be paid with current, expendable, available resources. In general, payments made within thirty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

M. Bond Premiums, Discounts and Deferred Gain/Loss on Refunding

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported in the government-wide financial statements and in the proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow or deferred outflow of resources.

On the governmental fund financial statements, bond premiums and discounts are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is present in Note 14.

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

N. Fund Balance

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

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

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

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

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

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

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

O. Net Position

Net position represents the difference between assets plus deferred outflows, less liabilities, plus deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represent amounts restricted for D.A.R.E funds.

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

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

P. Interfund Activity

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of City Council and that are either unusual in nature or infrequent in occurrence. No extraordinary transactions or special items occurred during 2019.

R. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

S. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2019, the City has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*", GASB Statement No. 84, "*Fiduciary Activities*", GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

GASB Statement No. 84 establishes 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 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 No. 88 improves the information that is disclosed in notes to the basic 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. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the City.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at December 31, 2018:

	General	Fair Ln., USR 224, Market St. Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Fund balance as previously reported	$ 3,072,881	$ (2,563,297)	$ 3,794,349	$ 4,303,933
GASB Statement No. 84	2,842	-	130,306	133,148
Restated fund balance at December 31, 2018	$ 3,075,723	$ (2,563,297)	$ 3,924,655	$ 4,437,081

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of GASB 84 had the following effect on the net position as reported at December 31, 2018:

	Governmental Activities
Net position as previously reported	$ 6,797,822
GASB Statement No. 84	133,148
Restated net position at December 31, 2018	$ 6,930,970

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of $290,753. Also, related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of $425,509.

C. Deficit Fund Balances/Fund Equity

Fund balances at December 31, 2019 included the following individual fund deficits:

Major governmental fund	Deficit
Fair Ln., USR 224, Market St. Improvements	$ 3,106,786
Nonmajor governmental funds	
Block grant	99,966
Traffice enhancement grant	104,237
Federal urban paving grant	74,437
SCP - Miami St. Wall - Nelson	59,033
OPWC grants	168,151
TAP SR 18 grant	31,563
Internal service fund	
Jefferson health plan	193,064

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Inactive deposits are public deposits that the City 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer’s investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,

8. Certain bankers’ acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year end, the City had $1,090 on hand in the form of drawer change and petty cash. This amount is included on the basic financial statements as “equity in pooled cash and cash equivalents”, but is not considered part of the City’s carrying amount of deposits at year end.

B. Cash in Segregated Accounts

The City has deposits with financial institutions for monies related to the Municipal Court which are reported in a Custodial fund. The carrying amount of these deposits was $312,120 which is not included in the City’s depository balance detailed in Note 4.D. However, these deposits are included in the City’s calculation of custodial risk.

C. Deposits with Financial Institutions

At December 31, 2019, the carrying amount of all City deposits was $20,791,491 and the bank balance of all City deposits was $20,997,667. Of the bank balance, $799,145 was covered by the FDIC and $20,198,522 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2019:

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Cash and investments per note	
Carrying amount of deposits	$ 20,791,491
Cash on hand	1,090
Cash in segregated accounts	312,120
Total	$ 21,104,701

Cash and investments per statement of net position	
Governmental activities	$ 6,745,273
Business-type activities	14,047,308
Custodial funds	312,120
Total	$ 21,104,701

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General fund	$ 704,040
Nonmajor governmental funds	382,662
Total	$ 1,086,702

The primary purpose of the transfers was to provide funding for capital projects and debt service payments, or to provide required matching funds for various grants. Transfers between governmental funds are eliminated on the government-wide financial statements. All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Transfers on the government-wide financial statements consist of a capital asset transfer from the governmental activities to the business-type activities in the amount of $55,306.

B. Interfund loans receivable/payable at December 31, 2019, as reported on the fund financial statements, consisted of $478,577 due to the General fund from various nonmajor governmental funds. The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by December 31. These amounts will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceeding the tax collection year, the lien date.

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Tiffin. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2019 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2019 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is considered a deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2019 was $4.10 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

Real property	
Residential/agricultural	$ 188,188,370
Commercial/industrial/mineral	62,390,220
Public utility	
Real	42,310
Personal property	20,621,070
Total assessed value	$ 271,241,970

NOTE 7 - LOCAL INCOME TAX

The City levies a 2 percent income tax on substantially all income earned within the City. This represents an increase of 0.25 percent from 2018 due to the passage of a 5 year levy in May 2018 for streets and bridges. In addition to tax on income earned within the City, residents employed in municipalities having an income tax less than 2 percent must pay the difference to the City. Additional increases in the income tax rate require voter approval.

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

The City's income tax ordinance allocates ten percent of the income tax revenues (net of refunds and the 0.25 percent levy) to be used to finance governmental type capital improvements. As a result, this portion of the revenue is shown as income tax revenue in the capital improvement fund. In addition, 0.25 percent of 2019 and after tax monies are allocated to a fund specific for streets and bridges improvements. The remaining income tax proceeds are to be used to pay the cost of administering the tax, General fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2019, consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services), special assessments, accrued interest, notes, loans and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are both measurable and available at December 31, 2019.

Receivables have been disaggregated on the face of the financial statements. The only receivables not expected to be collected within the subsequent year are the special assessments, notes and loans which are collected over the life of the assessment, note or loan.

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

Governmental activities:	Amounts
Local government State support	$ 156,518
Motor vehicle and gas tax	474,088
Homestead and rollback reimbursements	65,494
Ohio law enforcement body armor grant	6,774
OSS solid waste district box planters grant	5,388
ODOT grant - Heidelberg-Sarah St. project	111,943
ODOT grant - Miami Street project	53,159
ODOT grant - SR 18 project	61,399
Other grants and entitlements	19,012
Total	$ 953,775

NOTE 9 - NOTES RECEIVABLE

The City, through the community housing improvement grant program, makes deferred interest-free notes to qualifying Tiffin residents and businesses. The activity for these notes is accounted for in the CHIP revolving loan fund, a nonmajor governmental fund. The following is a summary of the changes in the notes receivable during 2019:

Notes receivable at 12/31/18	$ 815,366
Principal payments received in 2019	(27,549)
Principal amount forgiven in 2019	(91,270)
Notes receivable at 12/31/19	$ 696,547

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

The City is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has contracted with UIS Insurance and Investments and the Public Entities Pool for property, theft, crime, liability and excess insurance.

NOTE 10 - RISK MANAGEMENT - (Continued)

Below is a description detailing the City's insurance coverage by type:

	Per Occurrence	Deductibles	Annual Aggregate
Commercial Property (Blanket):			
Building and Contents - Replacement Cost	$ -	$ 2,500	$ 44,636,142
Employers Liability	6,000,000	-	6,000,000
General Liability	6,000,000	-	6,000,000
Law Enforcement Liability	6,000,000	2,500	6,000,000
Public Officials	6,000,000	2,500	6,000,000
Products/Completed Ops	-	-	3,000,000
Personal and Advertising Injury	1,000,000	-	-
Fire Damage	500,000	-	-
Medical Expenses	5,000	-	-
Cyber Liablity	6,000,000	-	6,000,000
Cyber Breach	1,000,000	-	1,000,000
Automobile Liability	6,000,000	-	-
Comprehensive and Collision	-	500	-
Medical Payments	5,000	-	-
Uninsured/Underinsured Motorist	1,000,000	-	-
Ambulance	-	Various	996,787
Fire Vehicles	-	Various	4,018,988
Employee Benefits Liability	1,000,000	1,000	3,000,000
Electronic Data Processing	-	1,000	762,367
Crime-Employee Dishonesty	1,000,000	10,000	-
Crime- Forgery or Alteration	1,000,000	10,000	-
Crime- Funds Transfer Fraud	1,000,000	10,000	-
Crime- Money Orders & Counterfeit Money	1,000,000	10,000	-
Contractors Equipment	-	1,000	909,232
Scheduled Property Floater	-	1,000	1,420,849
Watercraft	-	500	17,500

Real property and contents are 100 percent coinsured. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from 2018.

B. Medical Self-Insurance

Medical insurance is offered to employees through a self-insurance internal service fund. The City is a member of the JHP Health Benefits Program, a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the City's behalf. The claims liability of $384,812 reported in the internal service fund at December 31, 2019 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

NOTE 10 - RISK MANAGEMENT - (Continued)

Changes in claims activity for the past two years are as follows:

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2019	$ 283,272	$1,506,563	($1,405,023)	$ 384,812
2018	94,080	1,482,523	(1,293,331)	283,272

NOTE 11 - CAPITAL ASSETS

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

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 3,568,907	$ -	$ -	$ 3,568,907
Construction in progress	3,813,595	3,611,524	(3,082,155)	4,342,964
Total capital assets, not being depreciated	7,382,502	3,611,524	(3,082,155)	7,911,871
Capital assets, being depreciated:				
Buildings and improvements	7,730,169	62,448	-	7,792,617
Land improvements	746,993	82,282	-	829,275
Machinery & equipment	3,647,935	468,396	(302,750)	3,813,581
Furniture & fixtures	500,105	28,555	-	528,660
Vehicles	5,137,596	546,755	(255,808)	5,428,543
Infrastructure	30,285,891	4,016,417	(104,925)	34,197,383
Total capital assets, being depreciated	48,048,689	5,204,853	(663,483)	52,590,059
Less: accumulated depreciation:				
Buildings and improvements	(5,797,341)	(317,686)	-	(6,115,027)
Land improvements	(123,654)	(24,475)	-	(148,129)
Machinery & equipment	(2,573,819)	(250,513)	245,205	(2,579,127)
Furniture & fixtures	(282,924)	(36,106)	-	(319,030)
Vehicles	(2,561,330)	(396,003)	250,346	(2,706,987)
Infrastructure	(13,235,346)	(1,047,858)	5,461	(14,277,743)
Total accumulated depreciation	(24,574,414)	(2,072,641)	501,012	(26,146,043)
Total capital assets, being depreciated, net	23,474,275	3,132,212	(162,471)	26,444,016
Governmental activities capital assets, net	$ 30,856,777	$ 6,743,736	$ (3,244,626)	$ 34,355,887

NOTE 11 - CAPITAL ASSETS - (Continued)

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 241,940	$ -	$ -	$ 241,940
Construction-in-progress	330,537	630,210	-	960,747
Total capital assets, not being depreciated	572,477	630,210	-	1,202,687
Capital assets, being depreciated:				
Buildings and improvements	13,603,946	25,500	-	13,629,446
Machinery & equipment	1,320,551	190,174	(8,427)	1,502,298
Furniture & fixtures	52,383	-	(3,681)	48,702
Vehicles	1,203,840	-	(69,279)	1,134,561
Infrastructure	31,345,928	55,306	-	31,401,234
Total capital assets, being depreciated	47,526,648	270,980	(81,387)	47,716,241
Less: accumulated depreciation:				
Buildings and improvements	(8,764,026)	(262,662)	-	(9,026,688)
Machinery & equipment	(676,376)	(104,474)	8,427	(772,423)
Furniture & fixtures	(51,870)	(329)	3,497	(48,702)
Vehicles	(962,819)	(78,034)	68,158	(972,695)
Infrastructure	(9,227,970)	(644,003)	-	(9,871,973)
Total accumulated depreciation	(19,683,061)	(1,089,502)	80,082	(20,692,481)
Total capital assets, being depreciated, net	27,843,587	(818,522)	(1,305)	27,023,760
Business-type activities capital assets, net	$ 28,416,064	$ (188,312)	$ (1,305)	$ 28,226,447

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

Governmental activities:	
General government	$ 87,319
Security of persons and property	480,625
Transportation	1,206,427
Community environment	5,849
Leisure time activity	292,421
Total depreciation expense - governmental activities	$ 2,072,641
Business-type activities:	
Sewer	$ 1,089,502

NOTE 12 - COMPENSATED ABSENCES

The City accrues unpaid vacation as it is earned and a certain portion of sick leave pay becomes vested as payment becomes probable.

Sick leave accumulates for non-union employees at the rate of 4.6 hours of sick leave each eighty hours of work completed. Upon retirement, death, or resignation with fifteen minimum years of continuous service, non-union employees receive 2/3 of sick leave accumulated not to exceed 120 days. Employees hired after July 1, 2013 receive 1/4 of sick leave accumulated not to exceed 30 days.

Sick leave accumulates for AFSCME union employees at the rate of 4.6 hours of sick leave for each eighty hours of work completed. Upon retirement or death, AFSCME union employees receive two-thirds of sick leave accumulated not to exceed 180 days.

Sick leave accumulates for fire union employees at the rate of 14 hours of sick leave per month of service in pay status. Upon retirement, death or resignation with 15 or more years of service fire union employees receive two-thirds of sick leave accumulated not to exceed 1,248 hours.

Sick leave accumulates for dispatchers and police union employees at the rate of 10 hours for each month of service in pay status. Upon retirement, death or resignation with 15 or more years of service police union employees receive two-thirds of sick leave accumulated not to exceed 1,440 hours.

The accumulated sick leave balance is eliminated after payout. If there is no payout to the employee the accumulated sick leave balance can be transferred to another governmental job. A liability has been recognized in the accompanying financial statements for the portion of sick leave expected to be paid as severance for employees according to the union contracts or City Codified Ordinance.

Vacation is accumulated based upon length of service as follows:

Employee Service	Non-Union & Dispatchers Credit	Employee Service	AFSCME Credit
1 to 4 years	10 days	1 to 4 years	10 days
After 5 years	11 days	After 5 years	11 days
After 6 years	12 days	After 6 years	12 days
After 7 years	13 days	After 7 years	13 days
After 8 years	14 days	After 8 years	14 days
After 9-12 years	15 days	After 9-10 years	15 days
After 13 years	16 days	After 11-13 years	16 days
After 14 years	17 days	After 14 years	17 days
After 15 years	18 days	After 15 years	18 days
After 16 years	19 days	After 16-19 years	20 days
Non-Union			
After 17-19 years	20 days	20-24 years	21 days
After 20-24 years	21 days	25 or more years	25 days
25 years and over	25 days		

NOTE 12 - COMPENSATED ABSENCES - (Continued)

Employee Service	Non-Union & Dispatchers Credit	Employee Service	AFSCME Credit
Dispatchers			
17-19 years	20 days		
20-24 years	21 days		
25 years	25 days		

Employee Service	Fire Credit	Employee Service	Police Credit
1 to 6 years	5 days	1 to 5 years	8 days
After 7-14 years	8 days	After 6 years	9 days
After 15-20 years	10 days	After 7 years	10 days
After 21-24 years	11 days	After 8 years	11 days
25 or more years	12 days	After 9-12 years	12 days
		After 13 years	13 days
		After 14 years	14 days
		After 15 years	15 days
		After 16-19 years	16 days
		20-24 years	17 days
		25 or more years	20 days

In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation. Vacation leave to an employee's credit which is in excess of the accrual for the last two years of employment shall be considered excess vacation. Employees shall forfeit their right to take or to be paid for excess vacation and such excess vacation is eliminated from the employee's vacation leave balance on each anniversary of employment.

Upon retirement or death of an employee, the employee or his estate is entitled to compensation at his current rate of pay for all lawfully accrued and unused vacation leave to his credit at the time of retirement or death.

NOTE 13 – NOTES PAYABLE

Changes in the City's notes payable activity for the year ended December 31, 2019, were as follows:

	Balance 12/31/2018	Issued	Retired	Balance 12/31/2019
Governmental activities:				
Street improvement notes, series 2018	$ 3,405,000	$ -	$ (3,405,000)	$ -
Street improvement notes, series 2019	-	3,405,000	-	3,405,000
Total governmental activities	$ 3,405,000	$ 3,405,000	$ (3,405,000)	$ 3,405,000

These notes were issued in anticipation of long-term bond financing. The series 2018 notes were issued on June 21, 2018 and matured on June 21, 2019 with a 3% interest rate. The series 2019 notes were issued on June 19, 2019 and mature on June 19, 2020 with a 2.5% interest rate. The notes will be repaid from the Fair Ln., USR 224, Market St. Improvements fund.

NOTE 14 - LONG-TERM OBLIGATIONS

A. During 2019, the following changes occurred in the City's long-term obligations.

	Balance 12/31/18	Additions	Retirements	Balance 12/31/19	Amounts Due in One Year
Governmental activities:					
General obligation bonds:					
S. Shaffer Park Drive bond - series 2010, 1.00% - 5.25%	$ 175,000	$ -	$ (55,000)	$ 120,000	$ 60,000
Riverfront improvement bond - series 2010, 1.00% - 5.25%	155,000	-	(50,000)	105,000	50,000
Joint Justice Center improvement bond series 2016, 2.00% - 3.50%	2,120,000	-	(65,000)	2,055,000	70,000
Capital improvement refunding bond - series 2017, 2.00% - 3.25%	1,430,000	-	(20,000)	1,410,000	20,000
Total general obligation bonds	3,880,000	-	(190,000)	3,690,000	200,000
Other obligations:					
Compensated absences	1,141,369	410,179	(454,175)	1,097,373	515,718
Net pension liability	15,138,639	5,449,033	-	20,587,672	-
Net OPEB liability	13,413,608	99,370	(9,692,200)	3,820,778	-
Capital lease	173,715	107,614	(104,473)	176,856	76,267
Sandusky St. OPWC loan	184,112	-	(6,460)	177,652	3,230
Total governmental activities	$ 33,931,443	$ 6,066,196	$ (10,447,308)	29,550,331	$ 795,215
Add: unamortized premium on bonds				107,522	
Total on statement of net position				$ 29,657,853	

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NOTE 14 - LONG TERM OBLIGATIONS - (Continued)

	Balance 12/31/18	Additions	Retirements	Balance 12/31/19	Amounts Due in One Year
Business-type activities:					
General obligation bonds:					
series 2010, 1.00% - 5.25%	$ 635,000	$ -	$ (205,000)	$ 430,000	$ 210,000
Sewer Refunding bonds - series 2016, 2.00% - 3.00%	3,195,000	-	(365,000)	2,830,000	380,000
Sewer Refunding bonds - series 2017, 2.00% - 3.25%	2,680,000	-	(30,000)	2,650,000	30,000
Total general obligation bonds	6,510,000	-	(600,000)	5,910,000	620,000
OWDA loan:					
Rock Creek Interceptor #5991 - 2.85%	1,106,916	-	(62,627)	1,044,289	64,424
WWTP control plan upgrades #8179 - 0.00%	115,584	780,438	-	896,022	96,320
Total OWDA Loans	1,222,500	780,438	(62,627)	1,940,311	160,744
Other obligations:					
Compensated absences	242,057	124,007	(79,844)	286,220	135,032
Net pension liability	1,006,515	1,070,670	-	2,077,185	-
Net OPEB liability	716,089	277,766	-	993,855	-
Total business-type activities	$ 9,697,161	$ 2,252,881	$ (742,471)	11,207,571	$ 915,776
Add: unamortized premium on bonds				211,415	
Total on statement of net position				$ 11,418,986	

Landfill post-closure liability - In January, 2001, based upon EPA Findings and Orders, the landfill which was closed in 1972, would need monitoring until 2013. In 2001, an estimate was made by engineers of the total monitoring costs and post landfill debt was established. Each year actual costs made from the capital improvement fund are reclassified against the debt established until it is complete or until a new estimate is made or if the EPA determines, based on their testing, that the City is no longer required to monitor the landfill.

During 2010, the City fulfilled its post-closure obligation and a new estimate has not been developed by the EPA. Therefore, this liability is not included within the financial statements or the schedule in Note 13.A. However, the City continues to monitor the landfill as required.

General obligation bonds - General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City. The majority of the business-type activity debt is general obligation debt, but it is anticipated that user charges will pay-off all the outstanding bonds.

On November 30, 2010, the City issued $6,940,000 capital improvement bonds - series 2010. $1,130,000 and $1,265,000 of the bonds was for the Riverfront improvement project and the S. Shaffer Park Drive improvement project, respectfully. The remaining $4,545,000 was for the Sewer Phase III project. The bonds bear interest rates ranging from 1.00% to 5.25%. Principal and interest payments for the Riverfront and S. Shaffer Park bonds are made from debt service funds (nonmajor governmental funds) created for these projects. Principal and interest payments for the Sewer Phase III bond are made from the sewer fund. The bonds were partially refunded in 2017, with the remaining outstanding bonds maturing on December 1, 2021.

NOTE 14 - LONG TERM OBLIGATIONS - (Continued)

On July 21, 2016, the City issued $3,895,000 sewer refunding bonds - series 2016 in order to advance refund previously outstanding bonds for a sewer separation project. Principal and interest payments are made from the sewer fund. The bonds mature on December 1, 2026. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the defeased debt at December 31, 2019, is $2,905,000.

On July 21, 2016, the City issued $2,250,000 capital improvement bonds – series 2016. The bonds were issued for payment to Seneca County for the deposit into the Series 2016 Joint Justice Center Project Fund held by the County Auditor, and to be used for the City's share of costs for the Joint Justice Center Project. The bonds bear interest rates ranging from 2.00% to 3.50%. Principal and interest payments for bonds are made from the debt service fund created for this project. The bonds mature on December 1, 2036.

On April 6, 2017, the City issued $4,250,000 capital improvement and sewer refunding bonds - series 2017 in order to advance refund a portion of the series 2010 S. Shaffer Park Drive, Riverfront and sewer improvement general obligation bonds. The bonds bear interest rates ranging from 2.00% to 3.25% and mature on December 1, 2030. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the defeased debt at December 31, 2019, is $3,745,000.

The reacquisition price exceeded the net carrying amount of the old debt by $418,382. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the life of the debt issuance by $248,463 and resulted in an economic gain of $213,412.

OWDA Loans - The City has entered into two debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction projects. The amounts due to OWDA are intended to be paid primarily from sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2019, the City had outstanding borrowings of $1,940,311.

The City has pledged future sewer revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and are payable through January 2033. Annual principal and interest payments on the loans are estimated to be 2.18 percent of net revenues and 1.39 percent of total operating revenues. The total principal and interest remaining to be paid on the loans is $1,265,368. Principal and interest paid for the current year were $93,731, net revenues were $4,291,504 and total operating revenues were $6,758,489.

In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City of pay any fines, penalties, interest, or late charges associated with the default.

OPWC Loan - In 2016 the City entered into a loan agreement with OPWC for repair of Sandusky Street. The interest-free loan requires semi-annual payments each January 1 and July 1 and matures on January 31, 2047.

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at

NOTE 14 - LONG TERM OBLIGATIONS - (Continued)

its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

Compensated absences - Compensated absences will be paid from the fund from which the employee is paid, which for the City, is primarily the General fund and Sewer fund and the following nonmajor governmental funds: street construction, maintenance & repair and parks & recreation.

See Note 15 for more detail on the capital leases, and Notes 16 and 17 for more details on the net pension liability and net OPEB liability, respectively.

B. The future annual debt service requirements to maturity for the City's debt outstanding as of December 31, 2019 are as follows:

	Governmental Activities			Governmental Activities		
Year Ended	General Obligations Principal	General Obligations Interest	Total	OPWC Principal	OPWC Interest	Total
2020	$ 200,000	$ 111,206	$ 311,206	$ 3,230	$ -	$ 3,230
2021	205,000	105,151	310,151	6,460	-	6,460
2022	210,000	98,538	308,538	6,461	-	6,461
2023	215,000	94,338	309,338	6,460	-	6,460
2024	220,000	89,663	309,663	6,460	-	6,460
2025 - 2029	1,185,000	348,465	1,533,465	32,301	-	32,301
2030 - 2034	645,000	183,300	828,300	32,300	-	32,300
2035 - 2039	560,000	90,575	650,575	32,300	-	32,300
2040 - 2044	250,000	11,250	261,250	32,300	-	32,300
2045 - 2047	-	-	-	19,380	-	19,380
Totals	$ 3,690,000	$ 1,132,486	$ 4,822,486	$ 177,652	$ -	$ 177,652

	Business-Type Activities			Business-Type Activities		
Year Ended	General Obligations Principal	General Obligations Interest	Total	OWDA Principal *	OWDA Interest	Total
2020	$ 620,000	$ 165,699	$ 785,699	$ 160,744	$ 29,307	$ 190,051
2021	630,000	148,150	778,150	66,274	27,457	93,731
2022	655,000	128,900	783,900	68,176	25,555	93,731
2023	665,000	115,800	780,800	70,133	23,598	93,731
2024	690,000	100,500	790,500	72,146	21,585	93,731
2025 - 2029	2,325,000	234,150	2,559,150	393,005	75,650	468,655
2030 - 2033	325,000	11,375	336,375	310,131	17,927	328,058
Totals	$ 5,910,000	$ 904,574	$ 6,814,574	$ 1,140,609	$ 221,079	$ 1,361,688

* The WWTP control plan upgrades loan, with an outstanding principal balance of $896,022, is not closed out therefore an amortization schedule is not yet available. However, the $96,320 principal payment made in January 2020 is included in this schedule.

NOTE 14 - LONG TERM OBLIGATIONS - (Continued)

C. The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2019, the City's total debt margin was $18,880,407 and the unvoted debt margin was $14,918,308.

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In a prior year the City entered into a capital lease agreement for turnout gear for the fire department. The equipment did not meet the City's capitalization threshold; therefore, no capital assets are recorded on the statement of net position. Principal payments in 2019 totaled $10,482 from the General fund.

In a prior year the City entered into a capital lease agreement to acquire an ambulance. In 2019 the City entered into a capital lease agreement to acquire cardiac equipment for the fire department. A long-term obligation was recorded for the present value of the minimum lease payments at the time of acquisition. Principal payments in 2019 totaled $48,991 from the Fire Vehicle fund (a nonmajor governmental fund) and $45,000 from the General Capital Improvement fund (a nonmajor governmental fund).

The net capital assets acquired through the capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	$ 155,550
Vehicles	210,618
Less: accumulated depreciation	(55,795)
Total	$ 310,373

The lease agreements provide for future minimum, annual payments as follows:

Year	Governmental Activities
2020	$ 83,293
2021	71,979
2022	17,488
2023	17,488
Total minimum lease payments	190,248
Less: Amounts representing interest	(13,392)
Present value of minimum lease payments	$ 176,856

NOTE 16 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

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

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

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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members 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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Traditional Plan Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Traditional Plan Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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 benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. 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. 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% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local	Public Safety	Law Enforcement
2019 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
2019 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %	0.0 %
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance
**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Member-Directed Plan was $466,247 for 2019. Of this amount, $35,648 is reported as due to other governments.

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 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 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

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

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

	Police	Firefighters
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	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $971,310 for 2019. Of this amount, $71,866 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 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 or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02333100%	0.04019400%	0.02724900%	0.20342300%	
Proportion of the net pension liability/asset current measurement date	0.02275000%	0.03563800%	0.01598400%	0.20133300%	
Change in proportionate share	-0.00058100%	-0.00455600%	-0.01126500%	-0.00209000%	
Proportionate share of the net pension liability	$ 6,230,764	$ -	$ -	$ 16,434,093	$ 22,664,857
Proportionate share of the net pension asset	-	(39,851)	(364)	-	(40,215)
Pension expense	1,361,168	11,059	(94)	2,257,606	3,629,739

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	$ 289	$ -	$ 1,517	$ 675,212	$ 677,018
Net difference between projected and actual earnings on pension plan investments	845,692	8,586	119	2,024,667	2,879,064
Changes of assumptions	542,404	8,900	112	435,690	987,106
Changes in employer's proportionate percentage/ difference between employer contributions	136,902	-	-	279,057	415,959
Contributions subsequent to the measurement date	439,115	19,703	7,429	971,310	1,437,557
Total deferred outflows of resources	$ 1,964,402	$ 37,189	$ 9,177	$ 4,385,936	$ 6,396,704

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	$ 81,814	$ 16,279	$ -	$ 15,348	$ 113,441
Changes in employer's proportionate percentage/ difference between employer contributions	256,710	-	-	216,434	473,144
Total deferred inflows of resources	$ 338,524	$ 16,279	$ -	$ 231,782	$ 586,585

$1,437,557 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2020.

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Year Ending December 31:					
2020	$ 485,740	$ 1,348	$ 251	$ 1,043,572	$ 1,530,911
2021	229,260	(368)	232	599,720	828,844
2022	78,456	(185)	235	622,782	701,288
2023	393,307	2,499	281	873,942	1,270,029
2024	-	(1,028)	211	42,828	42,011
Thereafter	-	(1,059)	538	-	(521)
Total	$ 1,186,763	$ 1,207	$ 1,748	$ 3,182,844	$ 4,372,562

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 prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The long-term expected rate of return on 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 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 2.94% for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS 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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
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 **-** The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. 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 7.20%, 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 (6.20%) or one-percentage-point higher (8.20%) than the current rate:

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 9,204,650	$ 6,230,764	$ 3,759,438
Combined Plan	(13,186)	(39,851)	(59,159)
Member-Directed Plan	(160)	(364)	(639)

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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%, plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2018 actuarial valuation.

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

Note: assumptions are geometric.
* levered 2x
** numbers include inflation

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	$21,601,482	$ 16,434,093	$12,115,992

NOTE 17 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. 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 requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

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 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The City's contractually required contribution was $2,972 for 2019. Of this amount, $227 is reported as due to other governments.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare 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. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org 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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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.

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City’s contractually required contribution to OP&F was $22,550 for 2019. Of this amount, $1,668 is reported as due to other governments.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 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:

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.02398000%	0.20342300%	
Proportion of the net OPEB liability current measurement date	0.02286600%	0.20133300%	
Change in proportionate share	-0.00111400%	-0.00209000%	
Proportionate share of the net OPEB liability	$ 2,981,187	$ 1,833,446	$ 4,814,633
OPEB expense	$ 220,019	$ (9,155,446)	$ (8,935,427)

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 1,009	$ -	$ 1,009
Net difference between projected and actual earnings on OPEB plan investments	136,669	62,064	198,733
Changes of assumptions	96,118	950,369	1,046,487
Changes in employer's proportionate percentage/ difference between employer contributions	85,955	-	85,955
Contributions subsequent to the measurement date	2,972	22,550	25,522
Total deferred outflows of resources	$ 322,723	$ 1,034,983	$ 1,357,706

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 8,089	$ 49,123	$ 57,212
Changes of assumptions	-	507,584	507,584
Changes in employer's proportionate percentage/ difference between employer contributions	184,576	209,775	394,351
Total deferred inflows of resources	$ 192,665	$ 766,482	$ 959,147

$25,522 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 the year ending December 31, 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:

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Year Ending December 31:			
2020	$ 51,356	$ 46,046	$ 97,402
2021	(14,396)	46,046	31,650
2022	21,278	46,047	67,325
2023	68,848	64,817	133,665
2024	-	35,223	35,223
Thereafter	-	7,772	7,772
Total	$ 127,086	$ 245,951	$ 373,037

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan 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%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

During 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 is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.60% for 2018.

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate **-** A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% 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% and a municipal bond rate of 3.71%. 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%, 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%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 3,814,049	$ 2,981,187	$ 2,318,841

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

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

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 2,865,567	$ 2,981,187	$ 3,114,349

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Currrent measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset 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	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

Note: assumptions are geometric.
* levered 2x
** numbers include inflation

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The total OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

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%, 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%), or one percentage point higher (5.66%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 2,233,638	$ 1,833,446	$ 1,497,519

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

Changes Between Measurement Date and Report Date - Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current healthcare model to the stipend based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the City's net OPEB liability is expected to be significant.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) 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 that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

(e) Some funds are included in the General fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General fund
Budget basis	$ (877,517)
Net adjustment for revenue accruals	(2,028,469)
Net adjustment for expenditure accruals	(45,671)
Net adjustment for other financing sources/uses	2,342,227
Funds budgeted elsewhere	5,660
Adjustment for encumbrances	575,547
GAAP basis	$ (28,223)

Certain funds that are legally budgeted in a separate fund are considered part of the General fund on a GAAP basis. This includes the following funds: flexible spending plan, unclaimed money, payroll, payroll dental insurance premium, and payroll vision insurance premium.

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NOTE 19 - FUND BALANCE

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

Fund balance	General	Fair Ln., US 224, Market St. Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	$ 29,280	$ -	$ 129,955	$ 159,235
Prepayments	81,260	-	15,529	96,789
Unclaimed money	2,842	-	-	2,842
Permanent fund - Park Trust	-	-	25,000	25,000
Total nonspendable	113,382	-	170,484	283,866
Restricted:				
Debt service	-	-	27,498	27,498
Capital improvements	-	-	1,129,019	1,129,019
Transportation projects	-	-	891,375	891,375
Municipal court	-	-	900,908	900,908
Security of persons and property	-	-	290,567	290,567
Community environment	-	-	64,995	64,995
Economic development and assistance	-	-	807,479	807,479
Permanent fund - Park Trust	-	-	3,713	3,713
Other purposes	-	-	16,405	16,405
Total restricted	-	-	4,131,959	4,131,959
Committed:				
Debt service	-	-	4,822	4,822
Capital improvements	-	-	281,364	281,364
General government	189,605	-	-	189,605
Security of persons and property	179,501	-	256,955	436,456
Community environment	8,931	-	-	8,931
Flexible spending plan	45,214	-	-	45,214
Leisure-time activities	-	-	99,853	99,853
Economic development and assistance	-	-	24,012	24,012
Other purposes	-	-	8,740	8,740
Total committed	423,251	-	675,746	1,098,997
Assigned:				
Subsequent year appropriations	624,406	-	-	624,406
Unassigned (deficit)	1,891,408	(3,106,786)	(537,387)	(1,752,765)
Total fund balances	$ 3,052,447	$ (3,106,786)	$ 4,440,802	$ 4,386,463

NOTE 20 - CONTINGENT LIABILITIES

A. Federal and State Grants

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

B. Litigation

The City is not party to any lawsuits that, in the opinion of management, will have a material adverse effect on the City's financial condition.

NOTE 21 - OTHER COMMITMENTS

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

Fund	
General fund	$ 378,037
Nonmajor governmental	171,920
Total	$ 549,957

NOTE 22 - TAX ABATEMENTS AND TAX CREDITS

The City was part of multiple Enterprise Zone (EZ) tax abatement agreements with local businesses. Under the authority of ORC Sections 5709.62 and 5709.63, the EZ program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An EZ is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An EZ's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill. The total taxes abated by the EZ agreements in 2019 amounted to $408.

NOTE 22 - TAX ABATEMENTS AND TAX CREDITS - (Continued)

The City entered into multiple property tax abatement agreements with property owners under The Ohio Community Reinvestment Area (CRA) program. Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill. The total taxes abated by the CRA agreements in 2019 amounted to $11,631.

The City, by Ordinance, may grant a refundable or nonrefundable credit against its tax on income to a taxpayer to foster job creation and/or for the purpose of fostering job retention in the City. Before the City passes an Ordinance granting a credit and/or allowing such a credit, the City and the taxpayer shall enter into an agreement specifying all the conditions of the credit. There were no taxes abated by these agreements in 2019.

NOTE 23 - OPERATING LEASE

The City has entered into an agreement with Seneca County to lease a portion of the Joint Justice Center owned by the County. The initial term of the agreement is 50 years, ending on December 31, 2067, with automatic subsequent 5-year renewal terms, unless terminated by either party. The City will pay 25% of the annual operating costs of the Center. In addition to the annual operating costs, the City will pay $10,000 in the first year of the agreement (2018) which is set aside by the County for capital improvement and replacement. This annual capital fee will be increased by 3% in each subsequent year of the agreement. Payments are made from the City's General fund and amounted to $92,913 in 2019. The estimated payments to be made in 2020 amount to $95,755.

NOTE 24 – SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The investments of the pension and other employee benefit plan in which the City participates 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 the 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.

CITY OF TIFFIN
SENECA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2019	2018	2017	2016
Traditional Plan:				
City's proportion of the net pension liability	0.022750%	0.023331%	0.023821%	0.022979%
City's proportionate share of the net pension liability	$ 6,230,764	$ 3,660,182	$ 5,409,344	$ 3,980,252
City's covered payroll	$ 2,859,957	$ 2,974,800	$ 3,097,367	$ 2,925,617
City's proportionate share of the net pension liability as a percentage of its covered payroll	217.86%	123.04%	174.64%	136.05%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
Combined Plan:				
City's proportion of the net pension asset	0.035638%	0.040194%	0.044002%	0.021150%
City's proportionate share of the net pension asset	$ 39,851	$ 54,717	$ 24,490	$ 10,292
City's covered payroll	$ 152,421	$ 164,615	$ 171,275	$ 72,108
City's proportionate share of the net pension asset as a percentage of its covered payroll	26.15%	33.24%	14.30%	14.27%
Plan fiduciary net position as a percentage of the total pension asset	126.64%	137.28%	116.55%	116.90%
Member Directed Plan:				
City's proportion of the net pension asset	0.015984%	0.027249%	0.026628%	0.023855%
City's proportionate share of the net pension asset	$ 364	$ 951	$ 111	$ 91
City's covered payroll	$ 91,370	$ 149,340	$ 109,433	$ 132,858
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.40%	0.64%	0.10%	0.07%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.46%	103.40%	103.91%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015		2014
	0.022409%		0.022409%
$	2,702,776	$	2,641,729
$	2,762,925	$	2,631,362
	97.82%		100.39%
	86.45%		86.36%
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a

CITY OF TIFFIN
SENECA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2019	2018	2017	2016
City's proportion of the net pension liability	0.20133300%	0.20342300%	0.20636900%	0.20167500%
City's proportionate share of the net pension liability	$ 16,434,093	$ 12,484,972	$ 13,071,183	$ 12,973,937
City's covered payroll	$ 4,490,715	$ 4,359,302	$ 4,222,823	$ 866,458
City's proportionate share of the net pension liability as a percentage of its covered payroll	365.96%	286.40%	309.54%	1497.35%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014	
	0.19261590%		0.19261590%
$	9,978,307	$	9,380,998
$	3,786,299	$	3,374,607
	263.54%		277.99%
	72.20%		73.00%

CITY OF TIFFIN
SENECA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	2018	2017	2016
Traditional Plan:				
Contractually required contribution	$ 439,115	$ 400,394	$ 386,724	$ 371,684
Contributions in relation to the contractually required contribution	(439,115)	(400,394)	(386,724)	(371,684)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,136,536	$ 2,859,957	$ 2,974,800	$ 3,097,367
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
Combined Plan:				
Contractually required contribution	$ 19,703	$ 21,339	$ 21,400	$ 20,553
Contributions in relation to the contractually required contribution	(19,703)	(21,339)	(21,400)	(20,553)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 140,736	$ 152,421	$ 164,615	$ 171,275
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
Member Directed Plan:				
Contractually required contribution	$ 7,429	$ 9,137	$ 14,934	$ 13,132
Contributions in relation to the contractually required contribution	(7,429)	(9,137)	(14,934)	(13,132)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 74,290	$ 91,370	$ 149,340	$ 109,433
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010
	$ 351,074	$ 331,551	$ 342,077	$ 226,896	$ 231,690	$ 273,998
	(351,074)	(331,551)	(342,077)	(226,896)	(231,690)	(273,998)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 2,925,617	$ 2,762,925	$ 2,631,362	$ 2,268,960	$ 2,316,900	$ 3,071,726
	12.00%	12.00%	13.00%	10.00%	10.00%	8.92%
	$ 8,653	$ 2,124	$ -	$ 403	$ 395	
	(8,653)	(2,124)	-	(403)	(395)	
	$ -	$ -	$ -	$ -	$ -	
	$ 72,108	$ 17,700	$ -	$ 5,069	$ 4,969	
	12.00%	12.00%	13.00%	7.95%	7.95%	
	$ 15,943					
	(15,943)					
	$ -					
	$ 132,858					
	12.00%					

CITY OF TIFFIN
SENECA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	2018	2017	2016
Police:				
Contractually required contribution	$ 373,922	$ 385,805	$ 365,687	$ 350,117
Contributions in relation to the contractually required contribution	(373,922)	(385,805)	(365,687)	(350,117)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,968,011	$ 2,030,553	$ 1,924,668	$ 1,842,721
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
Fire:				
Contractually required contribution	$ 597,388	$ 578,138	$ 572,139	$ 559,324
Contributions in relation to the contractually required contribution	(597,388)	(578,138)	(572,139)	(559,324)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,542,077	$ 2,460,162	$ 2,434,634	$ 2,380,102
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 331,911	$ 314,016	$ 241,806	$ 196,894	$ 205,579	$ 213,580
(331,911)	(314,016)	(241,806)	(196,894)	(205,579)	(213,580)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,746,900	$ 1,652,716	$ 1,522,388	$ 1,544,267	$ 1,612,384	$ 1,675,137
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%
$ 534,547	$ 501,392	$ 377,544	$ 355,925	$ 375,264	$ 352,641
(534,547)	(501,392)	(377,544)	(355,925)	(375,264)	(352,641)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,274,668	$ 2,133,583	$ 1,852,219	$ 2,063,333	$ 2,175,443	$ 2,044,296
23.50%	23.50%	20.38%	17.25%	17.25%	17.25%

CITY OF TIFFIN
SENECA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2019	2018	2017
City's proportion of the net OPEB liability	0.022866%	0.023980%	0.024435%
City's proportionate share of the net OPEB liability	$ 2,981,187	$ 2,604,051	$ 2,467,993
City's covered payroll	$ 3,103,748	$ 3,288,755	$ 3,378,075
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	96.05%	79.18%	73.06%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TIFFIN
SENECA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2019	2018	2017
City's proportion of the net OPEB liability	0.20133300%	0.20342300%	0.20636900%
City's proportionate share of the net OPEB liability	$ 1,833,446	$ 11,525,646	$ 9,795,872
City's covered payroll	$ 4,490,715	$ 4,359,302	$ 4,222,823
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	40.83%	264.39%	231.97%
Plan fiduciary net position as a percentage of the total OPEB liability	46.57%	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TIFFIN
SENECA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	**2018**	**2017**	**2016**
Contractually required contribution	$ 2,972	$ 3,655	$ 37,368	$ 71,593
Contributions in relation to the contractually required contribution	(2,972)	(3,655)	(37,368)	(71,593)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,351,562	$ 3,103,748	$ 3,288,755	$ 3,378,075
Contributions as a percentage of covered payroll	0.09%	0.12%	1.14%	2.12%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014		2013		2012		2011		2010
$	58,512	$	54,667	$	26,314	$	172,670	$	176,317	$	156,170
	(58,512)		(54,667)		(26,314)		(172,670)		(176,317)		(156,170)
$	-	$	-	$	-	$	-	$	-	$	-
$	3,130,583	$	2,780,625	$	2,631,362	$	2,274,029	$	2,321,869	$	3,071,726
	1.87%		1.97%		1.00%		7.59%		7.59%		5.08%

CITY OF TIFFIN
SENECA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	2018	2017	2016
Police:				
Contractually required contribution	$ 9,840	$ 10,153	$ 9,623	$ 9,463
Contributions in relation to the contractually required contribution	(9,840)	(10,153)	(9,623)	(9,463)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,968,011	$ 2,030,553	$ 1,924,668	$ 1,842,721
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
Fire:				
Contractually required contribution	$ 12,710	$ 12,301	$ 12,173	$ 11,901
Contributions in relation to the contractually required contribution	(12,710)	(12,301)	(12,173)	(11,901)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,542,077	$ 2,460,162	$ 2,434,634	$ 2,380,102
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010
	$ 8,971	$ 8,200	$ 55,218	$ 104,238	$ 108,836	$ 113,072
	(8,971)	(8,200)	(55,218)	(104,238)	(108,836)	(113,072)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 1,746,900	$ 1,652,716	$ 1,522,388	$ 1,544,267	$ 1,612,384	$ 1,675,137
	0.50%	0.50%	3.62%	6.75%	6.75%	6.75%
	$ 11,373	$ 10,538	$ 67,071	$ 139,275	$ 146,842	$ 137,994
	(11,373)	(10,538)	(67,071)	(139,275)	(146,842)	(137,994)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 2,274,668	$ 2,133,583	$ 1,852,219	$ 2,063,333	$ 2,175,443	$ 2,044,296
	0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2019.

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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

CITY OF TIFFIN
SENECA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR / ***Pass Through Grantor*** / **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Ohio Department of Development			
Community Development Block Grants/State's Program and			
Non-Entitlement Grants in Hawaii	14.228	A-F-18-2DX-1	$ 10,942
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Ohio Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	#80526	1,470,673
Highway Planning and Construction	20.205	#100391	55,211
Highway Planning and Construction	20.205	#104016	789,722
Highway Planning and Construction	20.205	#107041	1,148,585
Total Highway Planning and Construction Cluster			3,464,191
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 3,475,133**

The accompanying notes are an integral part of this schedule

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Tiffin, Seneca County, Ohio (the City) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SUBRECIPIENTS

The City did not provide funds to subrecipients during the 2019 audit period.

NOTE E – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the City's local program income account as of December 31, 2019 is $108,432.

NOTE F – MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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 Tiffin
Seneca County
53 East Market Street
Tiffin, Ohio 44883

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tiffin, Seneca 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 December 16, 2020, wherein we noted the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities.* We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of Tiffin
Seneca County
53 East Market Street
Tiffin, Ohio 44883

To the City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Tiffin, Seneca County, Ohio's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Tiffin's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Tiffin complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2020

CITY OF TIFFIN
SENECA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Highway Planning and Construction Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

City of Tiffin

Office of the Finance Director, Kathleen Kaufman

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419/448-5403 Fax 419/448-5406 financedirector@tiffinohio.gov

TIFFIN
OHIO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Significant deficiency due to errors over financial reporting.	Corrected.	

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF TIFFIN

SENECA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 12/31/2020

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