

CITY OF BELLEVUE, OHIO

Basic Financial Statements

Year Ended December 31, 2019

With Independent Auditors' Report



CLARK SCHAEFER HACKETT
CPAS & ADVISORS



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City of Bellevue
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We have reviewed the *Independent Auditor's Report* of the City of Bellevue, Huron County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Bellevue is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 28, 2020

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TABLE OF CONTENTS

Independent Auditors' Report 1 - 3

Management's Discussion and Analysis 5 - 13

Basic Financial Statements:

 Government-wide Financial Statements

 Statement of Net Position 15

 Statement of Activities 16

 Fund Financial Statements

 Balance Sheet – Governmental Funds 17 - 18

 Statement of Revenues, Expenditures and Changes in Fund

 Balances – Governmental Funds 19 - 20

 Statement of Revenues, Expenditures and Changes in Fund Balance

 Budget (Non-GAAP Basis) and Actual – General Fund 21

 Statement of Revenues, Expenditures and Changes in Fund Balance

 Budget (Non-GAAP Basis) and Actual – Parks and Recreation Fund 22

 Statement of Net Position – Proprietary Funds 23

 Statement of Revenues, Expenses and Changes in Fund

 Net Position – Proprietary Funds 24

 Statement of Cash Flows – Proprietary Funds 25

 Statement of Fiduciary Net Position – Fiduciary Funds 26

 Statement of Changes in Fiduciary Net Position – Fiduciary Funds 27

Notes to Basic Financial Statements 29 - 86

Required Supplementary Information:

 Schedule of the City's Proportionate Share of the Net Pension Liability/Asset 87 - 88

 Schedule of City Pension Contributions 89 - 90

 Schedule of the City's Proportionate Share of the Net OPEB Liability 91 - 92

 Schedule of City OPEB Contributions 93 - 94

 Notes to the Required Supplementary Information 95 - 96

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* 97 - 98

Schedule of Prior Audit Findings 99

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Bellevue, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellevue, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Bellevue, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows, and the budgetary comparisons for the General Fund and Parks and Recreation Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Subsequent Event Footnote

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

Change in Accounting Principle

During the year ended December 31, 2019, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, Governmental Accounting Standards Board Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, and Governmental Accounting Standards Board Statement No. 95, *Postponement of the Effect Dates of Certain Authoritative Guidance* (See Note 3). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020 on our consideration of the City of Bellevue's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bellevue's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 30, 2020

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**CITY OF BELLEVUE
HURON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED**

The discussion and analysis of the City of Bellevue's (the City) financial performance provides an overall view of the City's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The City's net position increased \$4,916,796 as a result of this year's operations. The net position of the City's governmental activities increased by \$4,233,562, and net position for the City's business-type activities increased by \$683,234.
- During the year, the City had expenses for governmental activities in the amount of \$5,210,257, and program and general revenues of \$9,443,819. Business-type activities applied program revenues of \$6,660,569 to \$5,977,335 of expenses in 2019.

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED**

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED**

The City as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2019 compared to 2018:

Table 1 - Net Position

	Governmental Activities 2019	Business-Type Activities 2019	Total 2019	Total 2018
<u>Assets</u>				
Current and Other Assets	\$ 10,767,840	\$ 8,572,783	\$ 19,340,623	\$ 15,666,041
Capital Assets	15,075,218	25,600,868	40,676,086	40,812,097
Net Pension Asset	8,119	7,974	16,093	18,939
Total Assets	25,851,177	34,181,625	60,032,802	56,497,077
<u>Deferred Outflows of Resources</u>				
Deferral on Refunding	-	-	-	4,274
Pension	1,772,749	827,857	2,600,606	1,405,361
OPEB	322,400	96,712	419,112	426,011
Total Deferred Outflows of Resources	2,095,149	924,569	3,019,718	1,835,646
<u>Liabilities</u>				
Other Liabilities	207,516	293,362	500,878	519,843
Net Pension Liability	6,328,926	2,624,719	8,953,645	6,136,005
Net OPEB Liability	1,623,125	1,193,514	2,816,639	4,828,714
Long-Term Liabilities	434,144	3,815,694	4,249,838	4,822,974
Total Liabilities	8,593,711	7,927,289	16,521,000	16,307,536
<u>Deferred Inflows of Resources</u>				
Property Taxes	850,425	-	850,425	766,203
Pension	465,805	114,175	579,980	1,208,755
OPEB	366,643	46,233	412,876	278,786
Total Deferred Inflows of Resources	1,682,873	160,408	1,843,281	2,253,744
<u>Net Position</u>				
Net Investment in Capital Assets	14,972,248	21,987,021	36,959,269	36,554,681
Restricted	3,755,292	-	3,755,292	3,700,082
Unrestricted	(1,057,798)	5,031,476	3,973,678	(483,320)
Total Net Position	\$ 17,669,742	\$ 27,018,497	\$ 44,688,239	\$ 39,771,443

Current and Other Assets increased mainly due to the increase in equity in pooled cash and cash equivalents. The changes in deferred outflows of resources for Pension and OPEB, Net Pension Liability, Net OPEB Liability and deferred inflows of resources for Pension and OPEB are due to the recording of GASB 68 and 75 as described on the next page. Long-Term Liabilities (other than pension and OPEB) decreased by \$573,136, mainly due to the principal payment of bonds and loans.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED**

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2019 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” The City previously adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net pension asset.

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

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

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

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED**

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

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

Table 2 shows the changes in net position for the year 2019 compared to 2018:

Table 2 - Changes in Net Position

	Governmental Activities 2019	Business-Type Activities 2019	Total 2019	Total 2018
<u>Revenues</u>				
Program Revenues:				
Charges for Services	\$ 727,784	\$ 6,624,939	\$ 7,352,723	\$ 6,944,772
Operating Grants and Contributions	723,967	-	723,967	600,422
Capital Grants and Contributions	529,208	35,630	564,838	1,524,965
General Revenues:				
Municipal Income Taxes	5,952,249	-	5,952,249	4,758,581
Property Taxes	815,091	-	815,091	791,007
Grants and Entitlements	418,370	-	418,370	349,844
Investment Income	265,703	-	265,703	188,482
All Other Revenues	11,447	-	11,447	42,487
Total Revenues	9,443,819	6,660,569	16,104,388	15,200,560
<u>Program Expenses</u>				
General Government -Legislative and Executive	1,824,569	-	1,824,569	1,664,828
General Government -Judicial	405,406	-	405,406	349,524
Security of Persons and Property	698,999	-	698,999	2,937,807
Public Health and Welfare	147,740	-	147,740	132,909
Transportation	1,091,884	-	1,091,884	945,653
Community Environment	187,358	-	187,358	128,440
Leisure Time Activities	839,946	-	839,946	915,833
Interest and Fiscal Charges	14,355	-	14,355	9,072
Water	-	3,498,130	3,498,130	3,155,390
Wastewater Pollution	-	2,479,205	2,479,205	2,210,861
Total Expenses	5,210,257	5,977,335	11,187,592	12,450,317
Increase in Net Position	\$ 4,233,562	\$ 683,234	\$ 4,916,796	\$ 2,750,243

**CITY OF BELLEVUE
HURON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED**

Governmental Activities

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

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

Thus, the City depends on municipal income taxes due to the lack of property tax revenue growth. Municipal income and property taxes made up 71.66 percent of total revenues for governmental activities in calendar year 2019.

Total revenues increased by \$419,245 in 2019. This was mainly due to an increase in municipal income taxes, which was offset by a decrease in capital grants and contributions. Capital grants and contributions decreased due to onetime contribution received by the City in 2018. Municipal income taxes increased due to an increase in cash collections and accruals for 2019. The income tax rate went from 1.5% to 2.0% effective July 1, 2018.

General Government – Legislative, Executive, and Judicial comprise 42.80 percent; Security of Persons and Property comprise 13.42 percent; Leisure Time Activities comprise 16.12 percent; and Transportation comprised 20.96 percent of governmental program expenses.

Total expenses decreased by \$1,873,809 in 2019. The decrease was mainly due to the decrease in Security of Persons and Property expense. This decrease is mainly due to The Ohio Police and Fire Pension Fund (OP&F) making a change to its health care model. Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, OP&F management expects that it will be able to provide stipends to eligible participants for the next 15 years. This change decreased the City's security and persons of property expense by \$2,238,808 from 2018. See note 15 regarding the City's defined benefit OPEB plans.

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED**

Table 3 - Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018
General Government - Legislative and Executive	\$ 1,824,569	\$ 1,749,596	\$ 1,664,828
General Government - Judicial	405,406	193,134	349,524
Security of Persons and Property	698,999	591,008	2,937,807
Public Health and Welfare	147,740	132,765	132,909
Transportation	1,091,884	49,708	945,653
Community Environment	187,358	173,628	128,440
Leisure Time Activities	839,946	325,104	915,833
Interest and Fiscal Charges	14,355	14,355	9,072
Total Expenses	\$ 5,210,257	\$ 3,229,298	\$ 7,084,066

Business-Type Activities

Business-type activities include the Water and Wastewater Pollution funds. These programs had total revenues of \$6,660,569 and total expenses of \$5,977,335 for the year 2019 for an increase in net position of \$683,234. Business-type activities receive no support from tax revenues. Total revenues increased by \$484,583, or 7.85 percent, in 2019 whereas total expenses increased by \$611,084, or 11.39 percent.

The City's Funds

Information about the City's major funds, which are the General Fund and the Parks and Recreation Special Revenue fund, starts on page 17. All governmental funds had total revenues (including other financing sources) of \$9,405,348 and expenditures (including other financing uses) of \$6,997,843. The General Fund, which is always a major fund, had a net increase in fund balance of \$2,381,244 due to an increase in municipal income tax revenue.

General Fund Budgeting Highlights

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

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

For the General Fund, original and final budget basis revenue was \$5,777,874, plus a beginning unobligated cash balance of \$1,809,883, for an amount of \$7,587,757. This estimate was applied to the final budget amount of expenditures and prior year encumbrances of \$6,336,936, for a budget unobligated balance of \$1,345,297. The City's General Fund actual ending unobligated cash balance was \$4,158,163, for a favorable variance of \$2,812,866.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED**

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the City had \$40,676,086 invested in land and land improvements, buildings and improvements, furniture, fixtures, and equipment, vehicles, infrastructure, and construction in progress. \$15,075,218 is reported in the governmental activities while \$25,600,868 is reported in the business-type activities. Table 4 shows the 2019 balances compared to 2018.

Table 4 - Capital Assets, Net of Accumulated Depreciation - December 31,

	Governmental	Business-Type	Total 2019	Total 2018
	Activities 2019	Activities 2019		
Land and Land Improvements	\$ 1,480,630	\$ 2,796,359	\$ 4,276,989	\$ 4,235,796
Buildings and Improvements	6,947,293	16,862,926	23,810,219	23,682,880
Furniture, Fixtures, and Equipment	2,543,551	2,966,828	5,510,379	5,192,982
Vehicles	2,871,925	996,458	3,868,383	3,777,409
Infrastructure	18,095,217	20,415,877	38,511,094	36,953,756
Construction in Progress	-	295,456	295,456	663,733
Total Capital Assets	31,938,616	44,333,904	76,272,520	74,506,556
Accumulated Depreciation	(16,863,398)	(18,733,036)	(35,596,434)	(33,694,459)
Totals	\$ 15,075,218	\$ 25,600,868	\$ 40,676,086	\$ 40,812,097

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

Debt

At December 31, 2019, the City had \$3,716,817 in bonds, loans, and capital leases outstanding with \$647,069 due within one year. Table 5 summarizes bond and loans outstanding.

Table 5 - Outstanding Debt at Year End

	Governmental	Business-Type	Total 2019	Total 2018
	Activities 2019	Activities 2019		
Refunding Municipal Building Bond	\$ -	\$ -	\$ -	\$ 145,000
Capital Lease	-	207,749	207,749	251,491
Loan Payable	102,970	-	102,970	156,735
O.W.D.A. Loan	-	3,406,098	3,406,098	3,708,393
Total	\$ 102,970	\$ 3,613,847	\$ 3,716,817	\$ 4,261,619

Outstanding general obligation bonds consisted of a refunding municipal building bond issue. 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 outstanding capital lease consists of a lease for a vac truck. The outstanding O.W.D.A. loan consists of a loan agreement between the City and the Ohio Water Development Authority for construction of a wastewater treatment facility. The loan will be paid from resources of the Wastewater Pollution Fund. See Notes 11, 12, and 13 to the basic financial statements for additional detail on the City's debt activity.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED**

For the Future

The City is meeting its obligations. As the preceding information shows, the City heavily depends on its taxpayers. However, financially the future is not without challenges. In particular, the City recognizes that the COVID-19 pandemic will influence both the timing and degree of tax collections historically experienced by the City.

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

Contacting the City's Financial Management

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

Basic Financial Statements

**CITY OF BELLEVUE
HURON COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 7,707,093	\$ 7,314,238	\$ 15,021,331
Cash and Cash Equivalents:			
In Segregated Accounts	2,621	-	2,621
Materials and Supplies Inventory	48,424	355,611	404,035
Accounts Receivable	77,540	902,934	980,474
Intergovernmental Receivable	403,058	-	403,058
Municipal Income Taxes Receivable	1,591,140	-	1,591,140
Property Taxes Receivable	872,277	-	872,277
Notes Receivable	33,003	-	33,003
Restricted Assets:			
Deposits	32,684	-	32,684
Nondepreciable Capital Assets	1,228,768	2,495,668	3,724,436
Depreciable Capital Assets	13,846,450	23,105,200	36,951,650
Net Pension Asset	8,119	7,974	16,093
Total Assets	25,851,177	34,181,625	60,032,802
DEFERRED OUTFLOWS OF RESOURCES			
Pension	1,772,749	827,857	2,600,606
OPEB	322,400	96,712	419,112
Total Deferred Outflows of Resources	2,095,149	924,569	3,019,718
LIABILITIES			
Accounts Payable	39,039	163,218	202,257
Accrued Wages and Benefits	62,405	38,383	100,788
Intergovernmental Payable	50,239	25,445	75,684
Matured Compensated Absences Payable	15,113	-	15,113
Accrued Interest Payable	-	41,850	41,850
Claims Payable	40,720	24,466	65,186
Long-term Liabilities:			
Due within one year	128,367	692,826	821,193
Due in more than one year:			
Net Pension Liability	6,328,926	2,624,719	8,953,645
Net OPEB Liability	1,623,125	1,193,514	2,816,639
Other Amounts	305,777	3,122,868	3,428,645
Total Liabilities	8,593,711	7,927,289	16,521,000
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	850,425	-	850,425
Pension	465,805	114,175	579,980
OPEB	366,643	46,233	412,876
Total Deferred Inflows of Resources	1,682,873	160,408	1,843,281
NET POSITION			
Net Investment in Capital Assets	14,972,248	21,987,021	36,959,269
Restricted for:			
Capital Projects	1,381,553	-	1,381,553
Debt Service	23,376	-	23,376
Community Development	497,856	-	497,856
Streets and Highways	610,236	-	610,236
Police and Fire	560,513	-	560,513
Recreation	295,843	-	295,843
Other Purposes	385,915	-	385,915
Unrestricted	(1,057,798)	5,031,476	3,973,678
Total Net Position	\$ 17,669,742	\$ 27,018,497	\$ 44,688,239

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General Government:							
Legislative and Executive	\$ 1,824,569	\$ 74,973	\$ -	\$ -	\$ (1,749,596)	\$ -	\$ (1,749,596)
Judicial	405,406	212,272	-	-	(193,134)	-	(193,134)
Security of Persons and Property	698,999	2,991	105,000	-	(591,008)	-	(591,008)
Public Health and Welfare	147,740	14,975	-	-	(132,765)	-	(132,765)
Transportation	1,091,884	-	512,968	529,208	(49,708)	-	(49,708)
Community Environment	187,358	13,730	-	-	(173,628)	-	(173,628)
Leisure Time Activities	839,946	408,843	105,999	-	(325,104)	-	(325,104)
Interest and Fiscal Charges	14,355	-	-	-	(14,355)	-	(14,355)
Total Governmental activities	5,210,257	727,784	723,967	529,208	(3,229,298)	-	(3,229,298)
Business-type activities:							
Water	3,498,130	3,303,317	-	-	-	(194,813)	(194,813)
Wastewater Pollution	2,479,205	3,321,622	-	35,630	-	878,047	878,047
Total Business-type activities	5,977,335	6,624,939	-	35,630	-	683,234	683,234
Totals	\$ 11,187,592	\$ 7,352,723	\$ 723,967	\$ 564,838	(3,229,298)	683,234	(2,546,064)
General Revenues:							
Property Taxes levied for:							
General Purposes					275,511	-	275,511
Other Purposes					539,580	-	539,580
Municipal Income Taxes levied for:							
General Purposes					5,952,249	-	5,952,249
Grants & Entitlements not restricted to specific programs					418,370	-	418,370
Investment Income					265,703	-	265,703
All Other Revenues					11,447	-	11,447
Total General Revenues					<u>7,462,860</u>	<u>-</u>	<u>7,462,860</u>
Change in Net Position					4,233,562	683,234	4,916,796
Net Position - Beginning of Year					13,436,180	26,335,263	39,771,443
Net Position - End of Year					<u>\$ 17,669,742</u>	<u>\$ 27,018,497</u>	<u>\$ 44,688,239</u>

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Parks and Recreation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 4,215,491	\$ 306,057	\$ 3,185,545	\$ 7,707,093
Cash and Cash Equivalents:				
In Segregated Accounts	2,621	-	-	2,621
Materials and Supplies Inventory	-	-	48,424	48,424
Accounts Receivable	73,462	-	4,078	77,540
Intergovernmental Receivable	155,420	14,203	233,435	403,058
Restricted Assets:				
Deposits	-	-	32,684	32,684
Municipal Income Taxes Receivable	1,591,140	-	-	1,591,140
Property Taxes Receivable	297,687	277,014	297,576	872,277
Notes Receivable	-	-	33,003	33,003
Total Assets	<u>\$ 6,335,821</u>	<u>\$ 597,274</u>	<u>\$ 3,834,745</u>	<u>\$ 10,767,840</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 12,288	\$ 4,948	\$ 21,803	\$ 39,039
Accrued Wages and Benefits	49,797	4,568	8,040	62,405
Intergovernmental Payable	23,770	3,093	23,376	50,239
Matured Compensated Absences Payable	-	-	15,113	15,113
Claims Payable	34,850	1,831	4,039	40,720
<i>Total Liabilities</i>	<u>120,705</u>	<u>14,440</u>	<u>72,371</u>	<u>207,516</u>
Deferred Inflows of Resources:				
Property Taxes	289,915	269,850	290,660	850,425
Unavailable Revenue - Delinquent Property Taxes	7,772	7,164	6,916	21,852
Unavailable Revenue - Municipal Income Taxes	706,944	-	-	706,944
Unavailable Revenue - Other	130,298	14,203	142,139	286,640
<i>Total Deferred Inflows of Resources</i>	<u>1,134,929</u>	<u>291,217</u>	<u>439,715</u>	<u>1,865,861</u>
Fund Balances:				
Nonspendable	300	-	48,424	48,724
Restricted	35,888	291,617	3,274,235	3,601,740
Assigned	368,931	-	-	368,931
Unassigned	4,675,068	-	-	4,675,068
<i>Total Fund Balances</i>	<u>5,080,187</u>	<u>291,617</u>	<u>3,322,659</u>	<u>8,694,463</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,335,821</u>	<u>\$ 597,274</u>	<u>\$ 3,834,745</u>	<u>\$ 10,767,840</u>

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

Total Governmental Funds Balance \$ 8,694,463

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

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds 15,075,218

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

Municipal income taxes	706,944	
Delinquent property taxes	21,852	
Intergovernmental	230,686	
Charges for services	55,954	
Total	1,015,436	1,015,436

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

Net Pension Asset	8,119	
Deferred Outflows - Pension	1,772,749	
Deferred Inflows - Pension	(465,805)	
Net Pension Liability	(6,328,926)	
Deferred Outflows - OPEB	322,400	
Deferred Inflows - OPEB	(366,643)	
Net OPEB Liability	(1,623,125)	
Total	(6,681,231)	(6,681,231)

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

Loan Payable	(102,970)	
Compensated absences	(331,174)	
Total	(434,144)	(434,144)

Net Position of Governmental Activities \$ 17,669,742

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General Fund	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 275,984	\$ 257,085	\$ 283,616	\$ 816,685
Municipal Income Taxes	5,774,894	-	-	5,774,894
Intergovernmental	359,900	111,749	637,024	1,108,673
Interest	252,814	-	12,889	265,703
Fees, Licenses, and Permits	61,861	-	-	61,861
Fines and Forfeitures	184,965	-	30,753	215,718
Charges for Services	15,630	408,843	14,975	439,448
Contributions and Donations	-	22,657	-	22,657
All Other Revenues	3,238	33	8,176	11,447
Total Revenues	6,929,286	800,367	987,433	8,717,086
EXPENDITURES				
General Government:				
Legislative and Executive	1,523,739	-	-	1,523,739
Judicial	333,197	-	7,109	340,306
Security of Persons and Property	1,852,678	-	455,861	2,308,539
Public Health and Welfare	-	-	150,510	150,510
Transportation	-	-	419,610	419,610
Community Environment	150,166	-	7,748	157,914
Leisure Time Activities	-	625,772	5,790	631,562
Capital Outlay	-	10,041	558,171	568,212
Debt Service:				
Principal Retirement	-	53,765	145,000	198,765
Interest and Fiscal Charges	-	7,162	3,262	10,424
Total Expenditures	3,859,780	696,740	1,753,061	6,309,581
Excess of Revenues (Under) Expenditures	3,069,506	103,627	(765,628)	2,407,505
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	688,262	688,262
Transfers Out	(688,262)	-	-	(688,262)
Total Other Financing Sources (Uses)	(688,262)	-	688,262	-
Net Change in Fund Balances	2,381,244	103,627	(77,366)	2,407,505
Fund Balances - Beginning of Year	2,698,943	187,990	3,387,958	6,274,891
Increase (Decrease) in Inventory	-	-	12,067	12,067
Fund Balances - End of Year	\$ 5,080,187	\$ 291,617	\$ 3,322,659	\$ 8,694,463

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances-Total Governmental Funds \$ 2,407,505

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

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

Capital Outlay	\$ 568,212	
Capital Contributions	529,208	
Depreciation	<u>(1,053,618)</u>	
Total		43,802

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

Municipal income taxes	177,355	
Delinquent property taxes	(1,594)	
Intergovernmental	11,008	
Charges for services	<u>10,756</u>	
Total		197,525

Repayment of bond and loan principal is an expenditure in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 198,765

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

Pension		384,162
OPEB		4,837

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

Pension		(972,827)
OPEB		1,949,758

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

Compensated absences	11,899	
Accrued interest on bonds	272	
Amortization of bond premiums	71	
Amortization of loss on refunding	(4,274)	
Change in inventory	<u>12,067</u>	
Total		<u>20,035</u>

Change in Net Position of Governmental Activities \$ 4,233,562

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property Taxes	\$ 309,044	\$ 309,044	\$ 275,984	\$ (33,060)
Municipal Income Taxes	4,800,000	4,800,000	5,763,045	963,045
Intergovernmental	281,000	281,000	315,835	34,835
Interest	140,000	140,000	252,814	112,814
Fees, Licenses, and Permits	65,670	65,670	61,861	(3,809)
Fines and Forfeitures	156,500	156,500	179,061	22,561
Charges for Services	10,410	10,410	20,630	10,220
All Other Revenues	15,250	15,250	8,572	(6,678)
Total Revenues	<u>5,777,874</u>	<u>5,777,874</u>	<u>6,877,802</u>	<u>1,099,928</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive	1,974,326	1,974,326	1,572,058	402,268
Judicial	391,131	391,131	333,181	57,950
Security of Persons and Property	2,559,129	2,559,129	1,881,767	677,362
Community Environment	168,250	168,250	148,730	19,520
Total Expenditures	<u>5,092,836</u>	<u>5,092,836</u>	<u>3,935,736</u>	<u>1,157,100</u>
Excess of Revenues Over (Under) Expenditures	685,038	685,038	2,942,066	2,257,028
Other Financing (Uses)				
Transfers Out	(1,244,100)	(1,244,100)	(688,262)	555,838
Net Change in Fund Balance	(559,062)	(559,062)	2,253,804	2,812,866
Fund Balance - Beginning of Year	1,809,883	1,809,883	1,809,883	-
Prior Year Encumbrances Appropriated	94,476	94,476	94,476	-
Fund Balance - End of Year	<u>\$ 1,345,297</u>	<u>\$ 1,345,297</u>	<u>\$ 4,158,163</u>	<u>\$ 2,812,866</u>

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL -
PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 257,814	\$ 257,814	\$ 257,085	\$ (729)
Intergovernmental	54,550	54,550	111,749	57,199
Charges for Services	430,336	430,336	408,843	(21,493)
Contributions and Donations	700	700	2,804	2,104
All Other Revenues	20	20	33	13
Total Revenues	<u>743,420</u>	<u>743,420</u>	<u>780,514</u>	<u>37,094</u>
Expenditures:				
Current:				
Leisure Time Activities	901,913	901,913	685,736	216,177
Net Change in Fund Balance	(158,493)	(158,493)	94,778	253,271
Fund Balance - Beginning of Year	201,045	201,045	201,045	-
Prior Year Encumbrances Appropriated	6,963	6,963	6,963	-
Fund Balance - End of Year	<u>\$ 49,515</u>	<u>\$ 49,515</u>	<u>\$ 302,786</u>	<u>\$ 253,271</u>

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019**

	Business-Type Activities - Enterprise Funds		
	Water Fund	Wastewater Pollution Fund	Total
ASSETS			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 1,322,026	\$ 5,992,212	\$ 7,314,238
Materials and Supplies Inventory	315,710	39,901	355,611
Accounts Receivable	434,544	468,390	902,934
<i>Total Current Assets</i>	<u>2,072,280</u>	<u>6,500,503</u>	<u>8,572,783</u>
Noncurrent Assets:			
Capital Assets:			
Land	1,781,297	418,915	2,200,212
Construction in Progress	268,706	26,750	295,456
Depreciable Assets, Net of Depreciation	11,394,069	11,711,131	23,105,200
Net Pension Asset	4,853	3,121	7,974
<i>Total Noncurrent Assets</i>	<u>13,448,925</u>	<u>12,159,917</u>	<u>25,608,842</u>
Total Assets	<u>15,521,205</u>	<u>18,660,420</u>	<u>34,181,625</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	522,715	305,142	827,857
OPEB	60,038	36,674	96,712
Total Deferred Outflows of Resources	<u>582,753</u>	<u>341,816</u>	<u>924,569</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	103,008	60,210	163,218
Accrued Wages and Benefits	22,702	15,681	38,383
Intergovernmental Payable	15,734	9,711	25,445
Accrued Interest Payable	227	41,623	41,850
Compensated Absences Payable	38,314	40,040	78,354
Claims Payable	13,512	10,954	24,466
OWDA Loans Payable	-	406,723	406,723
Capital Leases Payable	104,218	103,531	207,749
<i>Total Current Liabilities</i>	<u>297,715</u>	<u>688,473</u>	<u>986,188</u>
Noncurrent Liabilities:			
Compensated Absences Payable	64,976	58,517	123,493
OWDA Loans Payable	-	2,999,375	2,999,375
Net Pension Liability	1,597,539	1,027,180	2,624,719
Net OPEB Liability	726,434	467,080	1,193,514
<i>Total Noncurrent Liabilities</i>	<u>2,388,949</u>	<u>4,552,152</u>	<u>6,941,101</u>
Total Liabilities	<u>2,686,664</u>	<u>5,240,625</u>	<u>7,927,289</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	58,379	55,796	114,175
OPEB	28,139	18,094	46,233
Total Deferred Inflows of Resources	<u>86,518</u>	<u>73,890</u>	<u>160,408</u>
NET POSITION			
Net Investment in Capital Assets	13,339,854	8,647,167	21,987,021
Unrestricted	(9,078)	5,040,554	5,031,476
Total Net Position	<u>\$ 13,330,776</u>	<u>\$ 13,687,721</u>	<u>\$ 27,018,497</u>

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Business-Type Activities - Enterprise Funds		
	Water Fund	Wastewater Pollution Fund	Total
OPERATING REVENUES			
Charges for Services	\$ 3,279,675	\$ 3,300,112	\$ 6,579,787
Miscellaneous	-	19,750	19,750
Other Services	13,394	-	13,394
Total Operating Revenues	3,293,069	3,319,862	6,612,931
OPERATING EXPENSES			
Salaries	1,520,460	959,557	2,480,017
Materials and Supplies	753,725	174,074	927,799
Contractual Services	843,979	780,185	1,624,164
Depreciation	375,856	472,501	848,357
Other	816	816	1,632
Total Operating Expense	3,494,836	2,387,133	5,881,969
Operating Income (Loss)	(201,767)	932,729	730,962
NONOPERATING REVENUES (EXPENSES)			
Interest and Fiscal Charges	(3,294)	(92,072)	(95,366)
Tap-In Fees	10,248	1,760	12,008
Total Nonoperating Revenues (Expenses)	6,954	(90,312)	(83,358)
Capital Contributions from Grants	-	35,630	35,630
Change in Net Position	(194,813)	878,047	683,234
Net Position - Beginning of Year	13,525,589	12,809,674	26,335,263
Net Position - End of Year	\$ 13,330,776	\$ 13,687,721	\$ 27,018,497

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Business-Type Activities - Enterprise Funds		
	Water Fund	Wastewater Pollution Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Charges for Services	\$ 3,267,620	\$ 3,333,913	\$ 6,601,533
Cash Payments to Employees for Services	(1,199,591)	(799,443)	(1,999,034)
Cash Payments for Goods and Services	(1,567,772)	(971,633)	(2,539,405)
Other Cash Payments	(816)	(816)	(1,632)
Net Cash Provided by Operating Activities	499,441	1,562,021	2,061,462
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tap-In Fees	10,248	1,760	12,008
Net Cash Provided by Noncapital Financing Activities	10,248	1,760	12,008
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Grants Received	-	35,630	35,630
Issuance of Loan	-	94,447	94,447
Principal Paid on Debt	(21,871)	(418,613)	(440,484)
Interest Paid on Debt	(3,346)	(97,083)	(100,429)
Payments for Capital Acquisitions	(502,603)	(165,941)	(668,544)
Net Cash Used in Capital and Related Financing Activities	(527,820)	(551,560)	(1,079,380)
 Net Increase (Decrease) in Cash and Cash Equivalents	 (18,131)	 1,012,221	 994,090
Cash and Cash Equivalents - Beginning of Year	1,340,157	4,979,991	6,320,148
Cash and Cash Equivalents - End of Year	\$ 1,322,026	\$ 5,992,212	\$ 7,314,238
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (201,767)	\$ 932,729	\$ 730,962
Adjustments:			
Depreciation	375,856	472,501	848,357
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	(25,449)	14,051	(11,398)
Materials and Supplies Inventory	28,534	(6,197)	22,337
Net Pension Asset	859	552	1,411
Deferred Outflows of Resources - Pension	(185,311)	(150,597)	(335,908)
Deferred Outflows of Resources - OPEB	(13,027)	(6,446)	(19,473)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable	1,398	(11,177)	(9,779)
Accrued Wages and Benefits	1,952	2,484	4,436
Intergovernmental Payable	342	667	1,009
Claims Payable	1,106	(514)	592
Compensated Absences Payable	(11,211)	(5,153)	(16,364)
Net Pension Liability	633,770	407,499	1,041,269
Net OPEB Liability	88,789	57,089	145,878
Deferred Inflows of Resources - Pension	(170,291)	(128,680)	(298,971)
Deferred Inflows of Resources - OPEB	(26,109)	(16,787)	(42,896)
Net Cash Provided by Operating Activities	\$ 499,441	\$ 1,562,021	\$ 2,061,462

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
DECEMBER 31, 2019**

	Private-Purpose Trust Funds	Custodial Funds	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 111,750	\$ 33,704	\$ 145,454
Cash and Cash Equivalents in Segregated Accounts	-	3,047	3,047
Accounts Receivable	-	1,804	1,804
Total Assets	<u>111,750</u>	<u>38,555</u>	<u>150,305</u>
LIABILITIES			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted For:			
Pool Participants	111,750	-	111,750
Individuals, Organizations, and Other Governments	-	38,555	38,555
Total Net Position	<u>\$ 111,750</u>	<u>\$ 38,555</u>	<u>\$ 150,305</u>

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Private-Purpose</u>	<u>Custodial</u>	<u>Total</u>
ADDITIONS			
Interest, Dividends, and Other	\$ 426	\$ -	\$ 426
Fines and Forefeitures for Other Governments	-	799,794	799,794
Miscellaneous	476	-	476
Total Additions	<u>902</u>	<u>799,794</u>	<u>800,696</u>
DEDUCTIONS			
Fines and Forefeitures Distributions to Other Governments	-	793,712	793,712
Total Deductions	<u>-</u>	<u>793,712</u>	<u>793,712</u>
Net Increase (Decrease) in Fiduciary Net Position	902	6,082	6,984
Net Position - Beginning of Year, Restated	110,848	32,473	143,321
Net Position - End of Year	<u>\$ 111,750</u>	<u>\$ 38,555</u>	<u>\$ 150,305</u>

See accompany notes to the basic financial statements.

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

Notes to the Basic Financial Statements

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1: DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

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

Reporting Entity

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) or the City is obligated for the debt of the organization. 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 has not included the Bellevue City School District in its financial statements, as the City has no control over the District's operations and the District is an autonomous entity.

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

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

B. Fund Accounting

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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

Governmental Funds

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

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

Parks and Recreation Fund – The Parks and Recreation fund is used to account for all financial resources that support the recreation department, building, grounds and parks.

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

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds focus on the determination of the changes in net position, financial position, and cash flows, and are classified as either enterprise or internal service. The City presently does not have an Internal Service Fund.

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

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Fiduciary Funds

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

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance year 2020 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds' balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental grants, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amount became available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 18. The deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position and are explained in Notes 14 and 15.

Expenses/Expenditures

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budget

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

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, for the period January 1 to December 31 of the following year. This requirement was waived by the Sandusky County Auditor for calendar year 2019. All City funds are legally required to be budgeted. The purpose of the tax budget is to reflect the need for existing or increased tax rate.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2019.

Annual Budget

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budget (Continued)

Appropriations

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

Encumbrances

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

Lapsing of Appropriations

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

F. Equity in Pooled Cash and Cash Equivalents and Investments

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

During 2019, investments were limited to STAR Ohio, the State Treasurer's investment pool. The City's investment in State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The city measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during year 2019 amounted to \$252,814, which included \$107,443 assigned from other funds of the City.

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

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

G. Inventories

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

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

H. Capital Assets

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Pensions/Other Postemployment Benefits (OPEB)

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

M. Fund Balance

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

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

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (Continued)

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

N. Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Operating Revenues and Expenses

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

P. Interfund Activity

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

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

Q. Estimates

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

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

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

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*). The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 84, *Fiduciary Activities*. This Statement established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION (Continued)

The City reviewed its fiduciary funds and certain funds will be reported in the new fiduciary fund classification of custodial and private-purpose trust funds while other funds have been reclassified as governmental funds. These changes were incorporated in the City's 2019 financial statements; however, there was no effect on the beginning net position/fund balance. These fund reclassifications resulted in the restatement of beginning net position for custodial funds, in the amount of \$32,473.

GASSB Statement No. 95, *Postponement of the Effect Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The City has postponed the implementation of GASB Statement No. 83 and GASB Statement No. 88.

NOTE 4: BUDGET BASIS OF ACCOUNTING

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

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 4: BUDGET BASIS OF ACCOUNTING (Continued)

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

Net Change in Fund Balance		
	General	Parks and Recreation
GAAP Basis	\$ 2,381,244	\$ 103,627
Increase (Decrease) Due to:		
Revenue Accruals	(51,484)	(19,853)
Expenditure Accruals	(18,928)	14,275
Outstanding Encumbrances	(57,028)	(3,271)
Budgetary Basis	\$ 2,253,804	\$ 94,778

NOTE 5: DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United State Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Securities lending agreements in which the City lends securities and the eligible institution agrees to exchange either securities described in division (A) or (B) or cash or both securities and cash, equal value for equal value;
8. High grade commercial paper in an amount not to exceed five percent of the City's total average portfolio;
9. Bankers' acceptances and commercial paper notes in an amount not to exceed two hundred and seventy days and in an amount not to exceed ten percent of the City's total average portfolio; and
10. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 5: 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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

Cash On Hand

At year-end, \$1,030 was on hand throughout the City in the form of drawer change and petty cash.

Deposits

At December 31, 2019, the carrying amount of the City's deposits was \$3,630,155 (including \$5,668 in cash in segregated accounts of the court). Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2019, \$425,655 of the City's bank balance of \$3,938,301 was covered by Federal Depository Insurance and \$3,512,646 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Investments

Statutes authorize the City to invest in obligations of U.S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, and repurchase agreements. STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The following table identify the City's recurring fair value measurement as of December 31, 2019. As previously discussed, Star Ohio is reported at its net asset value.

<u>Investment Type</u>	<u>Investment Maturity (In Years)</u>	<u>Credit Rating</u>	<u>Net Asset Value</u>
STAR Ohio	< 3 months	AAAm	\$11,541,268
Total Investments			\$11,541,268

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

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

	<u>Reconciliation to the Statement of Net Position</u>
City's Deposits	\$3,630,155
Petty Cash and Drawer Change	1,030
Investments	11,541,268
Total	\$15,172,453
Per Statement of Net Position	
Government-wide Statement of Net Position:	
Equity in Pooled Cash and Cash Equivalents	\$15,021,331
Cash and Cash Equivalents in Segregated Accounts	2,621
Statement of Fiduciary Net Position:	
Equity in Pooled Cash and Cash Equivalents	145,454
Cash and Cash Equivalents in Segregated Accounts	3,047
Total	\$15,172,453

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 6: RECEIVABLES

Receivables at December 31, 2019, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements, shared revenues, accounts, and notes receivable. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Property Taxes

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

2019 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2019, the lien date. State law at 35 percent of appraised market value establishes assessed values. 2019 real property taxes are collected in and intended to finance 2020.

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

The full tax rate for all City operations for the year ended December 31, 2019, was \$6.60 per \$1,000 of assessed value. The 2018 assessed values of real estate and public utility property upon which the 2019 property tax receipts were based on are as follows:

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 6: RECEIVABLES (Continued)

Property Taxes (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Bellevue. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real property, tangible personal property, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2019, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor were they levied to finance 2019 operations.

Income Taxes

Early in 2018, voters approved an increase in the income tax rate from 1.5 percent to 2.0 percent effective July 1, 2018. The City levies income tax on substantially all income earned within the City. In addition, City residents employed in municipalities having a lower income tax rate must pay the difference to the City. Additional increases in the income tax rate require voter approval.

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

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

Intergovernmental Receivable

A summary of intergovernmental receivable follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government Revenue Assistance	\$ 97,977
Homestead and Rollback	42,118
Gasoline Tax	184,283
Motor Vehicle License Fees	33,375
Permissive Motor Vehicle License Tax	3,393
Bureau of Workers Compensation	5,248
Muni Court	36,664
Total	<u><u>\$ 403,058</u></u>

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 7: REVOLVING LOAN PROGRAM

The revolving loan program offers incentives in the form of low-interest revolving loans, deferred loan payments, and interest and tax abatements which are offered to attract prospective firms. The City loans money for the purchase or improvement of industrial sites. The following notes receivable are secured by mortgages on the property and equipment purchased with loan monies. Balances outstanding at December 31, 2019 were as follows:

	Rate	Beginning Balance 2018	Issuance	Paid	Ending Balance 2019
Selbro, Inc.	3%	\$ 32,804	\$ -	\$ 11,261	\$ 21,543
A La Chic	3%	14,430	-	2,970	11,460
		<u>\$ 47,234</u>	<u>\$ -</u>	<u>\$ 14,231</u>	<u>\$ 33,003</u>

NOTE 8: RISK MANAGEMENT

The City provides employee medical/vision/prescription drug benefits through a self-insured plan. The plan provides medical/vision/prescription drug benefits, which are 100 percent paid of reasonable and customary charges. Major medical expense coverage includes deductibles of \$500 for individual and \$1,000 for family plans and followed by a \$10 employee co-payment. A third party administrator, HealthSmart, reviews, processes, and pays all claims. The City purchased stop-loss coverage of \$500,000 per individual from Sun Life through Jefferson Health Plan. There is an internal pool from \$35,000 to \$499,999 for stop loss coverage. The premiums are paid by the fund that paid the salary for the employee and is based on historical cost information.

The liability for unpaid claims of \$65,186 reported at December 31, 2019, is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in the City's claims liability amount in 2018 and 2019 were as follows:

	Beginning of Year	Claims	Claim Payments	End of Year
2018	\$65,133	\$682,237	(\$678,138)	\$69,232
2019	69,232	750,599	(754,645)	65,186

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 8: RISK MANAGEMENT (Continued)

The City is exposed to various risks of loss related to torts; theft, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the City contracted with USI Insurance Services, LLC. for property, fleet, crime, and liability insurance which are insured through Zurich Insurance Group. Coverage provided is as follows:

Building and Contents-		
Replacement Cost	\$2,500 Deductible, 90% Co-Insured	\$ 50,237,744
Commercial General Liability:	Aggregate	3,000,000
	Per Occurrence Limit	1,000,000
Public Officials Liability:	Aggregate	2,000,000
	Each Claim	1,000,000
Employment Practices:	Aggregate	2,000,000
	Each Claim	1,000,000
Law Enforcement	Aggregate	2,000,000
	Each Claim (\$5,000 Deductible)	1,000,000
Automobile:		
Comprehensive	\$500 Deductible	1,000,000
Collision	\$500 Deductible	1,000,000
Inland Marine	\$500 Deductible	2,164,926
Public Employee Dishonesty	\$500 Deductible/Per Loss	50,000
Forgery or Alteration	\$250 Deductible/Per Loss	5,000
Theft, Disappearance, and Destruction	\$250 Deductible, Inside and Outside	5,000

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 9: CAPITAL ASSETS

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

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<u>Governmental Activities</u>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 1,187,575	\$ 41,193	\$ -	\$ 1,228,768
Construction in Progress	534,035	18,563	(552,598)	-
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,721,610</u>	<u>59,756</u>	<u>(552,598)</u>	<u>1,228,768</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	251,862	-	-	251,862
Buildings and Improvements	6,880,715	66,578	-	6,947,293
Furniture, Fixtures, and Equipment	2,440,467	103,084	-	2,543,551
Vehicles	2,845,610	26,315	-	2,871,925
Infrastructure:				
Street Base	3,575,809	403,560	-	3,979,369
Street Surface	7,915,077	893,390	-	8,808,467
Street Storm Sewers	1,272,027	97,335	-	1,369,362
Street Lighting	2,667,190	-	-	2,667,190
Culverts	63,266	-	-	63,266
Sidewalks	1,207,563	-	-	1,207,563
<i>Total Capital Assets Being Depreciated</i>	<u>29,119,586</u>	<u>1,590,262</u>	<u>-</u>	<u>30,709,848</u>
<i>Total Capital Assets at Cost</i>	<u>30,841,196</u>	<u>1,650,018</u>	<u>(552,598)</u>	<u>31,938,616</u>
Less: Accumulated Depreciation:				
Land Improvements	(103,140)	(10,484)	-	(113,624)
Buildings and Improvements	(4,299,037)	(156,602)	-	(4,455,639)
Furniture, Fixtures, and Equipment	(921,326)	(199,290)	-	(1,120,616)
Vehicles	(2,485,192)	(112,000)	-	(2,597,192)
Infrastructure:				
Street Base	(1,756,512)	(47,220)	-	(1,803,732)
Street Surface	(3,883,173)	(337,110)	-	(4,220,283)
Street Storm Sewers	(553,873)	(16,509)	-	(570,382)
Street Lighting	(1,785,424)	(133,360)	-	(1,918,784)
Culverts	(1,977)	(791)	-	(2,768)
Sidewalks	(20,126)	(40,252)	-	(60,378)
<i>Total Accumulated Depreciation</i>	<u>(15,809,780)</u>	<u>(1,053,618) *</u>	<u>-</u>	<u>(16,863,398)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>13,309,806</u>	<u>536,644</u>	<u>-</u>	<u>13,846,450</u>
<i>Total Governmental Activities</i>				
Capital Asset, Net	<u>\$ 15,031,416</u>	<u>\$ 596,400</u>	<u>\$ (552,598)</u>	<u>\$ 15,075,218</u>

*Depreciation expense was charged to governmental functions as follows:

General Government - Legislative	\$ 166,064
General Government - Judicial	791
Security of Persons and Property	114,309
Public Health and Welfare	1,150
Transportation	614,558
Leisure Time Activities	156,746
Total Depreciation Expense	<u>\$ 1,053,618</u>

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 9: CAPITAL ASSETS (Continued)

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<u>Business-Type Activities - Water Fund:</u>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 1,781,297	\$ -	\$ -	\$ 1,781,297
Construction in Progress	98,560	181,601	(11,455)	268,706
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,879,857</u>	<u>181,601</u>	<u>(11,455)</u>	<u>2,050,003</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	20,297	-	-	20,297
Buildings and Improvements	8,634,355	56,373	-	8,690,728
Furniture, Fixtures, and Equipment	778,661	48,372	-	827,033
Vehicles	479,326	64,659	-	543,985
Infrastructure	11,274,238	163,053	-	11,437,291
<i>Total Capital Assets Being Depreciated</i>	<u>21,186,877</u>	<u>332,457</u>	<u>-</u>	<u>21,519,334</u>
<i>Total Capital Assets at Cost</i>	<u>23,066,734</u>	<u>514,058</u>	<u>(11,455)</u>	<u>23,569,337</u>
Less: Accumulated Depreciation:				
Land Improvements	(8,795)	(1,353)	-	(10,148)
Buildings and Improvements	(5,665,266)	(125,696)	-	(5,790,962)
Furniture, Fixtures, and Equipment	(319,574)	(60,130)	-	(379,704)
Vehicles	(360,488)	(59,122)	-	(419,610)
Infrastructure	(3,395,286)	(129,555)	-	(3,524,841)
<i>Total Accumulated Depreciation</i>	<u>(9,749,409)</u>	<u>(375,856)</u>	<u>-</u>	<u>(10,125,265)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>11,437,468</u>	<u>(43,399)</u>	<u>-</u>	<u>11,394,069</u>
Total Business-Type Activities Capital Assets - Water Fund, Net	<u>\$ 13,317,325</u>	<u>\$ 138,202</u>	<u>\$ (11,455)</u>	<u>\$ 13,444,072</u>
<u>Business-Type Activities - Wastewater Pollution Fund:</u>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 418,915	\$ -	\$ -	\$ 418,915
Construction in Progress	31,138	-	(4,388)	26,750
<i>Total Capital Assets Not Being Depreciated</i>	<u>450,053</u>	<u>-</u>	<u>(4,388)</u>	<u>445,665</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	575,850	-	-	575,850
Buildings and Improvements	8,167,810	4,388	-	8,172,198
Furniture, Fixtures, and Equipment	1,973,854	165,941	-	2,139,795
Vehicles	452,473	-	-	452,473
Infrastructure	8,978,586	-	-	8,978,586
<i>Total Capital Assets Being Depreciated</i>	<u>20,148,573</u>	<u>170,329</u>	<u>-</u>	<u>20,318,902</u>
<i>Total Capital Assets at Cost</i>	<u>20,598,626</u>	<u>170,329</u>	<u>(4,388)</u>	<u>20,764,567</u>
Less: Accumulated Depreciation:				
Land Improvements	(171,162)	(15,767)	-	(186,929)
Buildings and Improvements	(2,934,214)	(197,619)	-	(3,131,833)
Furniture, Fixtures, and Equipment	(1,371,392)	(95,080)	-	(1,466,472)
Vehicles	(285,950)	(51,777)	-	(337,727)
Infrastructure	(3,372,552)	(112,258)	-	(3,484,810)
<i>Total Accumulated Depreciation</i>	<u>(8,135,270)</u>	<u>(472,501)</u>	<u>-</u>	<u>(8,607,771)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>12,013,303</u>	<u>(302,172)</u>	<u>-</u>	<u>11,711,131</u>
Total Business-Type Activities Capital Assets - Wastewater Pollution, Net	<u>\$ 12,463,356</u>	<u>\$ (302,172)</u>	<u>\$ (4,388)</u>	<u>\$ 12,156,796</u>
Business-type Activities Capital Assets, Net	<u>\$ 25,780,681</u>	<u>\$ (163,970)</u>	<u>\$ (15,843)</u>	<u>\$ 25,600,868</u>

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 10: COMPENSATED ABSENCES

The City accrues unpaid vacation as it is earned and certain portions of sick leave pay as payment becomes probable. Sick leave accumulates at various rates as defined by City policy and union contracts. Up to three times a year, employees may choose to convert sick leave to cash to be paid at various rates of pay and various percentages of current pay, subject to City policy and union contracts, provided the total accrued and unused sick leave hours does not fall below a certain minimum hours specified in the union contract. Employees who have one year of service, are entitled to receive pay for all accrued but unused sick leave upon resignation or retirement paid at various rates of pay and various percentages of current pay, subject to City policy and union contracts. At December 31, 2019, a liability has been recognized in the accompanying financial statements for sick leave for employees in the amount \$358,896.

A liability for accrued compensatory time, holiday, personal leave, and vacation for \$174,125 has been recognized. City employees earn vacation at varying rates depending on the length of service as defined by City policy and union contracts. Vacation leave may be accumulated up to a maximum of three times the employee's annual vacation allowance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation.

NOTE 11: LONG TERM LIABILITIES

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
\$1,110,000 Municipal Building					
2012 1.00% - 2.25%	\$ 145,000	\$ -	\$ 145,000	\$ -	\$ -
Unamortized Bond Premium	71	-	71	-	-
Total General Obligation Bonds	<u>145,071</u>	<u>-</u>	<u>145,071</u>	<u>-</u>	<u>-</u>
Loan Payable	<u>156,735</u>	<u>-</u>	<u>53,765</u>	<u>102,970</u>	<u>32,597</u>
Net Pension Liability					
OPERS	1,612,208	1,060,181	-	2,672,389	-
OP&F	<u>2,940,347</u>	<u>716,190</u>	<u>-</u>	<u>3,656,537</u>	<u>-</u>
Total Net Pension Liability	<u>4,552,555</u>	<u>1,776,371</u>	<u>-</u>	<u>6,328,926</u>	<u>-</u>
Net OPEB Liability					
OPERS	1,066,663	148,527	-	1,215,190	-
OP&F	<u>2,714,415</u>	<u>-</u>	<u>2,306,480</u>	<u>407,935</u>	<u>-</u>
Total Net OPEB Liability	<u>3,781,078</u>	<u>148,527</u>	<u>2,306,480</u>	<u>1,623,125</u>	<u>-</u>
Compensated Absences	<u>343,073</u>	<u>99,662</u>	<u>111,561</u>	<u>331,174</u>	<u>95,770</u>
Total Government Activities	<u>\$ 8,978,512</u>	<u>\$ 2,024,560</u>	<u>\$ 2,616,877</u>	<u>\$ 8,386,195</u>	<u>\$ 128,367</u>

continued

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 11: LONG TERM LIABILITIES (Continued)

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019	Due Within One Year
Business-Type Activities:					
Direct Placements - O.W.D.A Loans:					
\$7,627,918 WWTP Improvement	\$ 3,708,393	\$ -	\$ 396,742	\$ 3,311,651	\$ 406,723
\$959,814 WWTP Basins Rehab	-	94,447	-	94,447	-
<i>Total O.W.D.A Loan</i>	<u>3,708,393</u>	<u>94,447</u>	<u>396,742</u>	<u>3,406,098</u>	<u>406,723</u>
Capitalized Lease Agreement:					
\$426,371 Vactor Truck, 2015	251,491	-	43,742	207,749	207,749
Net Pension Liability - OPERS	1,583,450	1,041,269	-	2,624,719	-
Net OPEB Liability - OPERS	1,047,636	145,878	-	1,193,514	-
Compensated Absences	<u>218,211</u>	<u>73,802</u>	<u>90,166</u>	<u>201,847</u>	<u>78,354</u>
<i>Total Business-Type Activities</i>	<u>\$ 6,809,181</u>	<u>\$ 1,355,396</u>	<u>\$ 530,650</u>	<u>\$ 7,633,927</u>	<u>\$ 692,826</u>

Outstanding general obligation bonds consist of a municipal building issue. 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.

In April 2012, new Municipal Refunding Bonds were issued in the amount of \$1,110,000. These refunding bonds were issued to pay off the 1999 issue of outstanding bonds of \$1,050,000. The economic gain to the City was a savings of \$87,710. This bond was paid off in 2019.

The outstanding O.W.D.A. loans consists of loan agreements between the City and the Ohio Water Development Authority for construction of a wastewater treatment facility and rehabilitation of wastewater basins. These loans will be paid from resources of the Wastewater Pollution fund.

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

See note 12 for further information regarding the capital lease.

There is no repayment schedule for the net pension and net OPEB liability. However, employer pension contributions are made from the following funds; the general fund, street construction, cemetery, park and recreation, the police pension, fire pension, and firefighter grant special revenue funds, and the water and wastewater pollution funds. See notes 14 and 15 for further information regarding net pension and net OPEB liability.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 11: LONG TERM LIABILITIES (Continued)

The annual requirements to amortize all debts outstanding as of December 31, 2019 are as follows:

Year	Governmental Activities				Business-Type Activities	
	<u>General Obligation</u>		<u>Loan Payable</u>		<u>OWDA Loans</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ -	\$ -	\$ 32,597	\$ 4,860	\$ 406,723	\$ 80,265
2021	-	-	34,197	3,560	416,954	70,033
2022	-	-	35,341	2,204	427,443	59,544
2023	-	-	835	779	438,196	48,792
2024	-	-	-	-	449,220	37,768
2025-2027	-	-	-	-	1,173,115	44,356
Totals	\$ -	\$ -	\$ 102,970	\$ 11,403	\$ 3,311,651	\$ 340,758

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

NOTE 12: CAPITAL LEASE

In prior years, the City entered into a lease agreement as lessee for financing the acquisition of a Vactor Truck. The lease agreement qualified as a capital lease for accounting purposes (title transferable at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The cost of this capital lease is included in the business-type activities. The original cost of the asset acquired under capital lease and included in the governmental activities was \$426,371 and the net book value at December 31, 2019 was \$61,824. The following is a schedule of the future minimum lease payments for capital leases and the present value of net minimum lease payments as of December 31, 2019:

Year	Payments
2020	\$ 213,186
Total Minimum Lease Pmts.	213,186
Less: Amount Representing Interest	(5,437)
Present Value of Minimum Lease Pmts.	\$ 207,749

NOTE 13: CONDUIT DEBT

To provide for the acquisition, construction, and equipping of a replacement acute care hospital in the City and other hospital facilities, the City issued Hospital Revenue Bonds dated August 26, 2004. These bonds are special limited obligations of the City, payable solely from the revenues, as defined in the Bond Indenture, and other amounts derived from its ownership, leasing, sale, or subleasing of the existing facilities.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 13: CONDUIT DEBT (Continued)

The bonds do not constitute a debt or pledge of the faith and credit of the City or the State, and accordingly have not been reported in the accompanying financial statements. In February 2012, the City refunded the old issue of \$8,474,000 for refunding bonds of \$8,310,000 for the purpose of reducing the interest that would be paid from 9 percent to 5.75 percent. As of December 31, 2019, Hospital Facilities Revenue Bonds outstanding aggregated \$7,750,000.

NOTE 14: DEFINED BENEFIT PENSION PLANS

Net Pension Liability and Net Pension Asset

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable. The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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 62 with 60 months of service credit or Age 57 with 25 years of service credit
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	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	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

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.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

- * Member contributions within combined plan are not used to fund the defined benefit retirement allowance
- ** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contributions was \$382,845 for 2019. Of this amount, \$40,801 is reported as an intergovernmental payable.

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

	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 %

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$191,017 for 2019. Of this amount, \$22,255 is reported as an intergovernmental payable.

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

The net pension liability/asset for OPERS was measured as of December 31, 2018, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability/asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.020370%	0.013912%	0.032194%	0.015714%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.019341%	0.014392%	0.029726%	0.015070%	
Change in Proportionate Share	<u>-0.001029%</u>	<u>0.000480%</u>	<u>-0.002468%</u>	<u>-0.000644%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,297,108	\$ (16,093)	\$ 2,426,427	\$ 1,230,110	\$ 8,937,552
Pension Expense	\$ 1,125,562	\$ 4,510	\$ 284,571	\$ 155,685	\$ 1,570,328

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**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: 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 Pension Plan	OPERS Combined Plan	OP&F Police	OP&F Fire	Total
Deferred Outflows of Resources					
Net difference between projected and actual earnings on pension plan investments	\$ 718,962	\$ 3,465	\$ 298,933	\$ 151,546	\$ 1,172,906
Changes of assumptions	461,124	3,594	64,327	32,611	561,656
Differences between expected and actual experience	245	-	99,694	50,540	150,479
Changes in proportion and differences between City contributions and proportionate share of contributions	50,579	878	53,927	36,319	141,703
City contributions subsequent to the measurement date	<u>373,730</u>	<u>9,115</u>	<u>130,718</u>	<u>60,299</u>	<u>573,862</u>
Total Deferred Outflows of Resources	<u>\$ 1,604,640</u>	<u>\$ 17,052</u>	<u>\$ 647,599</u>	<u>\$ 331,315</u>	<u>\$ 2,600,606</u>
Deferred Inflows of Resources					
Differences between expected and actual experience	\$ 69,554	\$ 6,574	\$ 2,264	\$ 1,147	\$ 79,539
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>178,255</u>	<u>637</u>	<u>255,125</u>	<u>66,434</u>	<u>500,451</u>
Total Deferred Inflows of Resources	<u>\$ 247,809</u>	<u>\$ 7,211</u>	<u>\$ 257,389</u>	<u>\$ 67,581</u>	<u>\$ 579,990</u>

\$573,862 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020.

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	OP&F Police	OP&F Fire	Total
Year Ending December 31:					
2020	\$405,155	\$582	\$105,239	\$64,769	\$575,745
2021	176,881	(109)	39,871	31,628	\$248,271
2022	66,697	(38)	32,315	35,324	\$134,298
2023	334,372	1,050	84,059	67,273	\$486,754
2024	-	(377)	(1,992)	4,441	2,072
Thereafter	<u>-</u>	<u>(382)</u>	<u>-</u>	<u>-</u>	<u>(382)</u>
Total	<u>\$983,105</u>	<u>\$726</u>	<u>\$259,492</u>	<u>\$203,435</u>	<u>\$1,446,758</u>

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - OPERS

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was at a loss of 2.94 percent for 2018.

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

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	<u>100.00 %</u>	5.95 %

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

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

City's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	\$7,825,369	5,297,108	\$3,196,100
Combined Plan	(\$5,325)	(16,093)	(\$23,891)

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple, 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Mortality rates for active members were based on the RP2014 Total employee and Healthy Annuitant Mortality Tables rolled back to 2006, and projected with the Buck Modified 2016 Improvement Scale.

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

The most recent experience study was completed January 1, 2017.

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

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**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 year Expected Real Rate of Return **</u>	<u>30 year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	0.00 %	1.00 %	0.80 %
Domestic Equity	16.00	5.60	5.50
Non-US Equity	16.00	6.10	5.90
Core Fixed Income *	23.00	2.20	2.60
U.S. Inflation Linked Bond	17.00	1.30	2.30
High Yield Fixed Income	7.00	4.20	4.80
Real Estate	12.00	5.70	6.10
Private Markets	8.00	8.40	8.40
Master Limited Partnership	8.00	6.70	6.40
Private Credit	5.00	8.30	7.50
Real Assets	8.00	7.00	7.00
Total	<u>120.00 %</u>		

Note: Assumptions are geometric

* levered 2x

** numbers are net of expected inflation

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 14: DEFINED BENEFIT PENSION PLANS (Continued)

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 4,806,266	\$ 3,656,537	\$ 2,695,773

NOTE 15: DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

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. During 2019, 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 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$226 for 2019.

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.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$4,723 for 2019. Of this amount, \$548 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.019470%	0.047908%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.018475%</u>	<u>0.044796%</u>	
Change in Proportionate Share	<u>-0.000995%</u>	<u>-0.003112%</u>	
Proportionate Share of the Net OPEB			
Liability	\$ 2,408,704	\$ 407,935	\$ 2,816,639
OPEB Expense	\$ 174,815	\$ (2,040,952)	\$ (1,866,137)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 816	\$ -	\$ 816
Changes of assumptions	77,658	211,454	289,112
Net difference between projected and actual earnings on pension plan investments	110,425	13,810	124,235
City contributions subsequent to the measurement date	<u>226</u>	<u>4,723</u>	<u>4,949</u>
Total Deferred Outflows of Resources	<u>\$ 189,125</u>	<u>\$ 229,987</u>	<u>\$ 419,112</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 6,535	\$ 10,930	\$ 17,465
Changes of assumptions	-	112,936	112,936
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>86,771</u>	<u>195,704</u>	<u>282,475</u>
Total Deferred Inflows of Resources	<u>\$ 93,306</u>	<u>\$ 319,570</u>	<u>\$ 412,876</u>

\$4,949 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

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

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2020	\$38,656	(\$14,543)	\$24,113
2021	(15,751)	(14,543)	(30,294)
2022	17,058	(14,541)	2,517
2023	55,630	(10,367)	45,263
2024	-	(16,951)	(16,951)
Thereafter	-	(23,361)	(23,361)
Total	<u>\$95,593</u>	<u>(\$94,306)</u>	<u>\$1,287</u>

Actuarial Assumptions - OPERS

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

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: 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 percent 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.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

The table on the next page displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	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	<u>100.00 %</u>	5.16 %

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

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

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	\$3,081,630	\$2,408,704	\$1,873,550

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the 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 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$2,315,287	\$2,408,704	\$2,516,295

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.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

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
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	4.66 percent
Prior measurement date	3.24 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 year Expected Real Rate of Return **</u>	<u>30 year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	0.00 %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Core Fixed Income *	23.00	2.20	2.60
U.S. Inflation Linked Bonds *	17.00	1.30	2.30
High Yield Fixed Income	7.00	4.20	4.80
Real Estate	12.00	5.70	6.10
Private Markets	8.00	8.40	8.40
Master Limited Partnerships	8.00	6.70	6.40
Private Credit	5.00	8.30	7.50
Real Assets	8.00	7.00	7.00
Total	120.00 %		

Note: Assumptions are geometric

* levered 2x

** numbers are net of expected inflation

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

Discount Rate The total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 15: DEFINED BENEFIT OPEB PLANS (Continued)

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

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$496,976	\$407,935	\$333,193

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

Changes between Measurement Date and Report Date

Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place is a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years.

NOTE 16: COMMITMENTS

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

Significant encumbrances as of December 31, 2019 were:

Fund	Oustanding Encumbrances
Major Governmental Funds:	
General	\$ 46,822
Non-major Governmental Funds	1,030
	\$ 47,852

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 17: 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 government expects such amounts, if any, to be immaterial.

B. Litigation

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

NOTE 18: INSURANCE POOLS

Ohio Rural Water Association Workers' Compensation Group Rating Plan

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

CompManagement, Inc. serves as the managed care organization for the Plan. Each year, the participating members pay an enrollment fee to ORWA to cover the costs of administering the program. Employee health benefits are provided through a private carrier.

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**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 19: FUND BALANCES

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

Fund Balances	General	Parks and Recreation	Other Governmental Funds	Total
<i>Nonspendable</i>				
Inventories	\$ -	\$ -	\$ 48,424	\$ 48,424
Unclaimed Monies	300	-	-	300
<i>Total Nonspendable</i>	<u>300</u>	<u>-</u>	<u>48,424</u>	<u>48,724</u>
<i>Restricted for</i>				
Parks and Recreation	-	291,617	-	291,617
Police Pension	-	-	72,705	72,705
Fire Pension	-	-	16,868	16,868
Firefighter Grant	-	-	26	26
Law Enforcement	-	-	50,982	50,982
Street Construction	-	-	364,668	364,668
State Highway Improvements	-	-	41,696	41,696
Motor Vehicle License	-	-	73,846	73,846
Cemetery	-	-	9,197	9,197
EMS Contract	-	-	446,435	446,435
Clerk of Court Computer	-	-	66,840	66,840
Railroad Crossing Improvement	-	-	101,751	101,751
Revolving Loans	-	-	497,856	497,856
Capital Improvement	-	-	252,815	252,815
Street Sweeper	-	-	32,175	32,175
Elm Street Drainage	-	-	82,943	82,943
Special Fire Equipment	-	-	700,330	700,330
Storm Water Pump Station	-	-	59,781	59,781
Probation Service	-	-	41,593	41,593
Bellevue Central Park	-	-	73,599	73,599
Police Training	-	-	9,420	9,420
Hotel tax	-	-	1,824	1,824
Special Assessment Sewer	-	-	19,349	19,349
Special Assessment Water Main	-	-	4,027	4,027
Paving Projects	-	-	253,509	253,509
K-9 Unit	35,888	-	-	35,888
<i>Total Restricted</i>	<u>35,888</u>	<u>291,617</u>	<u>3,274,235</u>	<u>3,601,740</u>
<i>Assigned to</i>				
Fiscal Year 2020 Appropriations	322,109	-	-	322,109
Purchases on Orders:				
Security of Person & Property	4,325	-	-	4,325
General Government -				
Legislative and Executive	42,377	-	-	42,377
Judicial	120	-	-	120
<i>Total Assigned</i>	<u>368,931</u>	<u>-</u>	<u>-</u>	<u>368,931</u>
<i>Unassigned</i>	4,675,068	-	-	4,675,068
Total Fund Balances	<u>\$ 5,080,187</u>	<u>\$ 291,617</u>	<u>\$ 3,322,659</u>	<u>\$ 8,694,463</u>

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 20: INTERFUND TRANSFERS

The following interfund transfers were made during 2019:

	<u>Transfers Out</u>	<u>Transfers In</u>
<i>Major Funds:</i>		
General Fund	\$ 688,262	\$ -
<i>Total Major Funds</i>	<u>688,262</u>	<u>-</u>
 <i>Nonmajor Governmental Funds:</i>		
<i>Special Revenue Funds:</i>		
Cemetery Fund	-	95,000
Police Pension Fund	-	100,000
Bellevue Central Park Fund	-	40,000
<i>Total Special Revenue Funds</i>	<u>-</u>	<u>235,000</u>
 <i>Debt Service Funds:</i>		
G.O. Bond Retirement Fund	-	148,262
<i>Total Debt Service Funds:</i>	<u>-</u>	<u>148,262</u>
 <i>Capital Project Funds:</i>		
Capital Improvement Fund	-	100,000
Paving Project Fund	-	200,000
Street Sweeper Fund	-	5,000
<i>Total Capital Project Funds</i>	<u>-</u>	<u>305,000</u>
<i>Total Nonmajor Governmental Funds</i>	<u>-</u>	<u>688,262</u>
 Total Transfers	 <u><u>\$ 688,262</u></u>	 <u><u>\$ 688,262</u></u>

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

NOTE 21: TAX ABATEMENTS

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area in 1978. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements. Since that time additional land has been added. In 2016, any remaining land not already included in an area was added so that all land within the City was deemed to be a Community Reinvestment Area. The total CRA real property taxes exempted for the 100 active CRA agreements is approximately \$127,000.

**CITY OF BELLEVUE
HURON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 22: SUBSEQUENT EVENT NOTE

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. 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 BELLEVUE
HURON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX YEARS (1)**

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

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

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

See accompanying notes to the required supplementary information

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

Police	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.029726%	0.0321940%	0.0345660%	0.0361180%	0.0331210%	0.0331210%
City's Proportionate Share of the Net Pension Liability	\$2,426,427	\$1,975,889	\$2,189,405	\$2,323,519	\$1,715,790	\$1,613,082
City's Covered Payroll	\$745,695	\$781,474	\$830,584	\$818,342	\$729,516	\$869,453
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	325.39%	252.84%	263.60%	283.93%	235.20%	185.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%
Fire	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.015070%	0.0157143%	0.0149700%	0.0162520%	0.0158640%	0.0158640%
City's Proportionate Share of the Net Pension Liability	\$1,230,110	\$964,458	\$948,157	\$1,045,523	\$821,801	\$772,607
City's Covered Payroll	\$306,723	\$311,247	\$292,787	\$297,596	\$282,502	\$379,679
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	401.05%	309.87%	323.84%	351.32%	290.90%	203.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

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

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

See accompanying notes to the required supplementary information

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>							
Traditional Plan	373,730	368,327	349,206	319,722	299,634	283,938	301,857
Combined Plan	9,115	8,618	7,407	7,337	6,716	6,899	7,328
Total Required Contributions	\$382,845	\$376,945	\$356,613	\$327,059	\$306,350	\$290,837	\$309,185
Contributions in Relation to the Contractually Required Contribution	(\$382,845)	(\$376,945)	(\$356,613)	(\$327,059)	(\$306,350)	(\$290,837)	(\$309,185)
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>City's Covered Payroll</u>							
Traditional Plan	\$2,669,500	\$2,630,907	\$2,686,200	\$2,664,350	\$2,496,950	\$2,366,150	\$2,321,977
Combined Plan	\$65,107	\$61,557	\$56,977	\$61,142	\$55,967	\$57,492	\$56,369
<u>Pension Contributions as a Percentage of Covered Payroll</u>							
Traditional Plan	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

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

See accompanying notes to the required supplementary information

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Contractually Required Contributions</u>										
Police	\$130,718	\$141,682	\$148,480	\$157,811	\$155,485	\$138,608	\$136,765	\$129,622	\$111,015	\$132,106
Fire	\$60,299	\$72,080	\$73,143	\$68,805	\$69,935	\$66,388	\$76,809	\$68,110	\$71,147	\$71,147
Total Required Contributions	\$191,017	\$213,762	\$221,623	\$226,616	\$225,420	\$204,996	\$213,574	\$197,732	\$182,162	\$203,253
Contributions in Relation to the Contractually Required Contribution	(\$191,017)	(\$213,762)	(\$221,623)	(\$226,616)	(\$225,420)	(\$204,996)	(\$213,574)	(\$197,732)	(\$182,162)	(\$203,253)
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>City's Covered Payroll</u>										
Police	\$687,989	\$745,695	\$781,474	\$830,584	\$818,342	\$729,516	\$869,453	\$1,016,643	\$870,706	\$1,036,125
Fire	\$256,591	\$306,723	\$311,247	\$292,787	\$297,596	\$282,502	\$379,679	\$394,841	\$412,446	\$412,446
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Police	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	[1]	12.75%	12.75%	12.75%
Fire	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	[1]	17.25%	17.25%	17.25%

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

See accompanying notes to the required supplementary information

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

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

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

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

See accompanying notes to the required supplementary information

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

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.044796%	0.047908%	0.049540%
City's Proportionate Share of the Net OPEB Liability	\$ 407,935	\$ 2,714,415	\$ 2,351,552
City's Covered Payroll	\$ 1,052,418	\$ 1,092,721	\$ 1,123,371
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.76%	248.41%	209.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%	14.13%	15.96%

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

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

See accompanying notes to the required supplementary information

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

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

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

See accompanying notes to the required supplementary information

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution	\$ 4,723	\$ 5,262	\$ 5,464	\$ 5,617	\$ 5,580	\$ 5,069	\$ 36,941	\$ 95,275	\$ 86,613	\$ 97,779
Contributions in Relation to the Contractually Required Contribution	(4,723)	(5,262)	(5,464)	(5,617)	(5,580)	(5,069)	(36,941)	(95,275)	(86,613)	(97,779)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 944,580	\$ 1,052,418	\$ 1,092,721	\$ 1,123,371	\$ 1,115,938	\$ 1,012,018	\$ 1,249,132	\$ 1,411,484	\$ 1,283,152	\$ 1,448,571
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

See accompanying notes to the required supplementary information

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2019.

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Net Pension Liability

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

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

Net OPEB Liability

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

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS****INDEPENDENT AUDITORS' REPORT**

To the City Council
City of Bellevue, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellevue, Ohio ("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 June 30, 2020, wherein we noted the financial impact of COVID-19 on subsequent periods and the City implemented GASB Statement No. 84, 90, and 95.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 30, 2020

City of Bellevue, Ohio
Schedule of Prior Audit Findings
Year Ended December 31, 2019

2018-001 Audit Adjustment

Throughout the year, the City maintains its books and records on the cash basis of accounting and converts its financial statements at year-end to generally accepted account principles (GAAP). As part of a transaction in which capital assets were contributed to the City, the City assumed the remaining loan obligation on the property. This loan obligation was not originally recorded in the financials and an adjustment was needed to record the loan balance.

Status: Corrected.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF BELLEVUE

HURON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/11/2020

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

This report is a matter of public record and is available online at
www.ohioauditor.gov