CITY OF CELINA
MERCER COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF CELINA
MERCER COUNTY
DECEMBER 31, 2019

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

City of Celina
Mercer County
225 North Main Street
Celina, Ohio 45822

To the City Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 26 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2020, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Robert R. Hinkle

Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor
Columbus, Ohio

August 12, 2020

CITY OF CELINA
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The discussion and analysis of the City of Celina's financial performance provides an overview 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.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Celina's financial position.

The statement of net position and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's nonmajor funds in a single column. The City's major funds are the General, GO Debt Service, Tax Increment Financing, Electric, Water, Sewer, and Stormwater funds.

REPORTING THE CITY AS A WHOLE

The statement of net position and the statement of activities reflect how the City did financially during 2019. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the City's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the City as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors can include changes in the City's property tax base and the condition of the City's capital assets (buildings; streets; electric, water, sewer, and stormwater lines). These factors must be considered when assessing the overall health of the City.

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

- Governmental Activities - Most of the City's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, basic utility services, transportation, and general government activities. These services are primarily funded by property taxes and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.

- Business-Type Activities - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's electric, water, sewer, and stormwater services are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the City's major funds, the General, GO Debt Service, Tax Increment Financing, Electric, Water, Sewer, and Stormwater funds. While the City uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The City's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services being provided.

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

Proprietary Funds - The City's enterprise funds use the accrual basis of accounting, the same as that used for the business-type activities on the government-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the City's programs. These funds also use the accrual basis of accounting.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net position for 2019 and 2018.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and Other Assets	$19,174,239	$18,149,281	$33,776,233	$30,416,760	$52,950,472	$48,566,041
Net Pension Asset	9,542	12,451	13,731	18,684	23,273	31,135
Capital Assets, Net	32,200,654	29,727,227	41,804,757	41,058,880	74,005,411	70,786,107
Total Assets	51,384,435	47,888,959	75,594,721	71,494,324	126,979,156	119,383,283

(continued)

Table 1
Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Deferred Outflows of Resources						
Pension	$3,107,314	$1,395,378	$1,319,061	$642,720	$4,426,282	$2,034,447
OPEB	923,068	1,098,340	407,563	654,571	1,330,631	1,752,911
Total Deferred Outflows of Resources	4,030,382	2,493,718	1,726,624	1,297,291	5,756,913	3,787,358
Liabilities						
Current and Other Liabilities	910,080	1,306,665	2,390,542	2,785,273	3,300,622	4,091,938
Long-Term Liabilities						
Pension	10,784,228	7,425,238	4,335,757	2,467,578	15,119,985	9,892,816
OPEB	2,263,588	6,937,140	2,009,742	2,401,635	4,273,330	9,338,775
Other Amounts	2,470,293	2,692,260	7,404,095	8,323,169	9,874,388	11,015,429
Total Liabilities	16,428,189	18,361,303	16,140,136	15,977,655	32,568,325	34,338,958
Deferred Inflows of Resources						
Pension	145,902	744,104	62,540	591,271	208,349	1,331,724
OPEB	560,665	181,307	493,461	178,906	1,054,126	360,213
Other Amounts	1,401,164	1,351,149	0	0	1,401,164	1,351,149
Total Deferred Inflows of Resources	2,107,731	2,276,560	556,001	770,177	2,663,639	3,043,086
Net Position						
Net Investment in Capital Assets	29,929,991	26,526,671	34,726,884	32,959,569	64,656,875	59,486,240
Restricted	6,852,212	6,558,581	549,360	976,330	7,401,572	7,534,911
Unrestricted (Deficit)	96,694	(3,340,438)	25,348,964	22,107,884	25,445,658	18,767,446
Total Net Position	$36,878,897	$29,744,814	$60,625,208	$56,043,783	$97,504,105	$85,788,597

The net pension liability (asset) and the net OPEB liability reported by the City at December 31, 2019, are reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No.75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, end users of these financial statements 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 (asset), and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 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 or net OPEB liability. GASB Statements No. 68 and No. 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 Statements No. 68 and No. 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service 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 health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution 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 against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. vacation and sick 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 pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the City. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the 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 Statements No. 68 and No. 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability (asset) and the net OPEB liability, respectively, not accounted for as deferred outflows/inflows.

Pension/OPEB changes noted in the above table reflect an overall increase in deferred outflows and overall decrease in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The increase in the net pension liability and decrease in the net OPEB liability represent the City's proportionate share of the unfunded benefits. For 2019, OPF recognized a change in benefit terms for their OPEB plan. Under this new model, OPF provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

For governmental activities, the increase in current and other assets was due to a combination of moderate increases in cash and cash equivalents, municipal income taxes receivable, prepaid items, and materials and supplies inventory. The increase in net capital assets was generally due to additions that were not financed with debt; note there was also an increase in invested in capital assets. The decrease in current and other liabilities was due to fewer contracts outstanding as of year end as well as to a reduction in the notes payable liability at the end of the year. The decrease in other long-term obligations reflects scheduled debt retirement.

For business-type activities, the increase in current and other assets was due to an increase in cash and cash equivalents and largely the result of changes in the Electric Fund; an increase in charges for services revenue and a decrease in expenses. The increase in net capital assets was due to non-financed asset additions. The decrease in current and other liabilities was primarily due to fewer contracts payable outstanding as of year end. The decrease in other long-term liabilities was due to scheduled debt retirement which also contributed to the increase in invested in capital assets (in addition to the non-financed additions mentioned above).

Table 2 reflects the change in net position for 2019 and 2018.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Services	$1,374,657	$1,309,582	$31,212,444	$30,629,902	$32,587,101	$31,939,484
Operating Grants, Contributions, and Interest	1,299,160	935,865	0	0	1,299,160	935,865
Capital Grants and Contributions	738,955	730,409	200,000	0	938,955	730,409
Total Program Revenues	3,412,772	2,975,856	31,412,444	30,629,902	34,825,216	33,605,758
General Revenues						
Property Taxes	218,051	85,931	0	0	218,051	85,931
Municipal Income Taxes	6,671,511	6,463,933	0	0	6,671,511	6,463,933
Payment in Lieu of Taxes	711,625	738,724	0	0	711,625	738,724
Other Local Taxes	635,512	622,075	0	0	635,512	622,075
Franchise Taxes	97,333	99,183	0	0	97,333	99,183
Grants and Entitlements not Restricted to Specific Programs	341,206	305,144	0	0	341,206	305,144
Interest	748,183	353,687	440,113	211,603	1,188,296	565,290
Other	974,675	525,318	337,846	601,743	1,312,521	1,127,061
Total General Revenues	10,398,096	9,193,995	777,959	813,346	11,176,055	10,007,341
Total Revenues	13,810,868	12,169,851	32,190,403	31,443,248	46,001,271	43,613,099

(continued)

CITY OF CELINA
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Table 2
Change in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Expenses						
Security of Persons and Property	$883,623	$5,489,855	$0	$0	$883,623	$5,489,855
Public Health	134,558	118,904	0	0	134,558	118,904
Leisure Time Activities	841,484	823,075	0	0	841,484	823,075
Community Environment	17,000	309	0	0	17,000	309
Basic Utility Services	231,918	165,554	0	0	231,918	165,554
Transportation	2,397,883	1,004,244	0	0	2,397,883	1,004,244
General Government	1,857,090	1,659,207	0	0	1,857,090	1,659,207
Interest and Fiscal Charges	94,956	87,653	0	0	94,956	87,653
Electric	0	0	21,853,364	23,304,450	21,853,364	23,304,450
Water	0	0	3,753,343	3,660,830	3,753,343	3,660,830
Sewer	0	0	2,076,803	1,899,161	2,076,803	1,899,161
Stormwater	0	0	143,741	133,617	143,741	133,617
Total Expenses	6,458,512	9,348,801	27,827,251	28,998,058	34,285,763	38,346,859
Excess of Revenues Over Expenses Before Transfers	7,352,356	2,821,050	4,363,152	2,445,190	11,715,508	5,266,240
Transfers	(218,273)	(34,095)	218,273	34,095	0	0
Increase in Net Position	7,134,083	2,786,955	4,581,425	2,479,285	11,715,508	5,266,240
Net Position Beginning of Year	29,744,814	26,957,859	56,043,783	53,564,498	85,788,597	80,522,357
Net Position End of Year	$36,878,897	$29,744,814	$60,625,208	$56,043,783	$97,504,105	$85,788,597

For governmental activities, the increase in program revenues is primarily due to an increase in operating grants and contributions resulting from a grant from the Ohio Department of Natural Resources for an amphitheater project. There was no one significant item that led to the increase in general revenues; however, increases were realized in municipal income taxes (based on economic conditions), interest revenue (better earnings on investments), and miscellaneous items reflected in other revenue.

The substantial decrease in expenses for governmental activities is primarily due to the decrease in OPEB expenses for OPF. As indicated earlier, OPF recognized a change in benefit terms for their OPEB plan changing from a self-insured health care plan to a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. These changes contributed to OPEB expense decreasing from $443,848 in 2018 to a negative OPEB expense of $4,241,781 for OPF for 2019.

For business-type activities, the increase in charges for services was primarily related to the Electric Fund (based on consumption) and capital grants and contributions from a grant from the Ohio Public Works Commission for utility improvements on West Market Street. The decrease in expenses was primarily found in the Electric Fund as less resources were needed to replenish materials and supplies.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Security of Persons and Property	$883,623	$5,489,855	$349,291	$4,902,798
Public Health	134,558	118,904	124,768	116,904
Leisure Time Activities	841,484	823,075	18,928	30,661
Community Environment	17,000	309	9,368	(4,866)
Basic Utility Services	231,918	165,554	231,918	165,554
Transportation	2,397,883	1,004,244	1,119,637	151,372
General Government	1,857,090	1,659,207	1,096,874	922,869
Interest and Fiscal Charges	94,956	87,653	94,956	87,653
Total Expenses	$6,458,512	$9,348,801	$3,045,740	$6,372,945

General revenues provided for 47 percent of the costs of providing governmental services in 2019 (68 percent in 2018). This significant change is the result of the reduction in expenses from the change in OPEB expense as discussed earlier. The City's most significant revenue source is municipal income taxes. Although dependence on municipal income taxes is critical to the City's operations, there are several programs which continue to be well supported through program revenues. The costs of the leisure time activities program are funded through charges for activities, donations from the Bryson Trust, and grants. The community environment program receives grant funding, primarily through the CDBG program. The transportation program receives charges for services in the form of permissive motor vehicle license monies and operating grants in the form of State levied motor vehicle license fees and gas taxes.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund, the GO Debt Service Fund, and Tax Increment Financing Fund.

Fund balance increased $578,079 in the General Fund (over 13 percent). This was primarily due to an 8 percent increase in revenues. Municipal income taxes continue to have a slight increase and interest revenue increased as earnings on investments improved. Expenses were similar to the prior year with modest increases in all programs.

Fund balance did not change significantly in the GO Debt Service fund; however, the fund continued to have a negative fund balance at year end.

Fund balance increased in the Tax Increment Financing Fund; debt retirement is lower as debt has been paid off. Revenues were similar to the prior year.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds are the Electric, Water, Sewer, and Stormwater funds.

Net position increased 10 percent in the Electric Fund largely due to a reduction in expenses for materials and supplies as addressed earlier.

Net position increased 5 percent in the Water Fund. Both revenues and expenses were similar to the prior year.

Net position increased 10 percent in the Sewer Fund. Revenues and expenses were fairly similar to the prior year.

Net position increased 9 percent in the Stormwater fund. Revenues and expenses were comparable to the prior year.

BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of January. The City's most significant budgeted fund is the General Fund. For revenues, there was no change from the original budget to the final budget. The increase from the final budget to actual revenues was a combination of conservative budgeting and municipal income outperforming estimates. For expenditures, changes from the original budget to the final budget were not significant. Actual expenditures were less than the final budgeted amounts for almost all programs due to conservative budgeting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2019, was $32,200,654 and $41,804,757, respectively (net of accumulated depreciation). This investment in capital assets includes land improvements; construction in progress; buildings; streets; furniture and equipment; vehicles; and electric, water, sewer, and stormwater lines. The most significant additions for governmental activities included ongoing and completed construction, playground equipment, a street sweeper, and vehicles. Disposals included miscellaneous equipment, a street sweeper, pumper truck, and other vehicles. For business-type activities, the largest additions were continuing construction, infrastructure improvements, a sludge storage building, and several vehicles. Disposals were not significant. For further information on the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2019, the City had $995,000 in outstanding bond anticipation notes payable from governmental activities. The City had a number of long-term obligations outstanding as of December 31, 2019, including $1,470,000 in general obligation bonds, $1,050,000 in mortgage revenue bonds, $215,371 in OPWC loans, $5,363,292 in OWDA loans, $152,275 due to AMP-Ohio, $253,811 in capital loans, and $165,135 in capital leases. Of this amount, $7,152,382 will be repaid from business-type activities.

In addition to the debt outlined above, the City's long-term obligations also include the net pension/OPEB liability and compensated absences. For further information on the City's debt, refer to Notes 18, 19, and 20 to the basic financial statements.

CURRENT ISSUES

On February 21, 2020, the City issued bond anticipation notes, in the amount of $495,000, to retire notes previously issued to purchase land. The notes have an interest rate of 3.35 percent and mature on February 19, 2021.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in our City's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Betty Strawn, Celina City Auditor, P.O. Box 297, Celina, Ohio 45822-0297.

City of Celina
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Total*
Assets			
Equity in Pooled Cash and Cash Equivalents	$14,980,771	$28,288,097	$43,268,868
Cash and Cash Equivalents with Fiscal Agents	0	181,403	181,403
Accounts Receivable	65,591	2,632,204	2,697,795
Accrued Interest Receivable	64,693	38,470	103,163
Due from Other Governments	1,159,156	6,746	1,165,902
Municipal Income Taxes Receivable	903,189	0	903,189
Internal Balances	(98,161)	98,161	0
Prepaid Items	166,768	57,639	224,407
Materials and Supplies Inventory	56,737	2,473,513	2,530,250
Property Taxes Receivable	790,610	0	790,610
Payment in Lieu of Taxes Receivable	1,023,924	0	1,023,924
Notes Receivable	60,961	0	60,961
Net Pension Asset	9,542	13,731	23,273
Nondepreciable Capital Assets	15,573,216	2,441,440	18,014,656
Depreciable Capital Assets, Net	16,627,438	39,363,317	55,990,755
Total Assets	51,384,435	75,594,721	126,979,156
Deferred Outflows of Resources			
Pension	3,107,314	1,319,061	4,426,282
OPEB	923,068	407,563	1,330,631
Total Deferred Outflows of Resources	4,030,382	1,726,624	5,756,913
Liabilities			
Accrued Wages Payable	105,403	66,508	171,911
Accounts Payable	153,386	155,480	308,866
Contracts Payable	9,033	1,606,344	1,615,377
Due to Other Governments	102,736	72,711	175,447
Accrued Interest Payable	39,522	58,160	97,682
Notes Payable	500,000	0	500,000
Deposits Held and Due to Others	0	431,339	431,339
Long-Term Liabilities			
Due Within One Year	686,728	981,230	1,667,958
Due in More Than One Year	1,783,565	6,422,865	8,206,430
Net Pension Liability	10,784,228	4,335,757	15,119,985
Net OPEB Liability	2,263,588	2,009,742	4,273,330
Total Liabilities	16,428,189	16,140,136	32,568,325
Deferred Inflows of Resources			
Property Taxes	377,240	0	377,240
Payment in Lieu of Taxes	1,023,924	0	1,023,924
Pension	145,902	62,540	208,349
OPEB	560,665	493,461	1,054,126
Total Deferred Inflows of Resources	2,107,731	556,001	2,663,639

(continued)

City of Celina
Statement of Net Position
December 31, 2019
(continued)

	Governmental Activities	Business-Type Activities	Total*
Net Position			
Net Investment in Capital Assets	$29,929,991	$34,726,884	$64,656,875
Restricted for			
Debt Service	0	181,403	181,403
Capital Projects	3,275,325	0	3,275,325
Other Purposes	3,576,887	0	3,576,887
Revenue Bond Operations and Maintenance	0	367,957	367,957
Unrestricted	96,694	25,348,964	25,445,658
Total Net Position	$36,878,897	$60,625,208	$97,504,105

*After deferred outflows and deferred inflows related to the change in internal proportionate share of pension related items have been eliminated.

See Accompanying Notes to the Basic Financial Statements

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

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Security of Persons and Property	$883,623	$510,192	$12,790	$11,350
Public Health	134,558	9,790	0	0
Leisure Time Activities	841,484	105,319	285,945	431,292
Community Environment	17,000	0	7,632	0
Basic Utility Services	231,918	0	0	0
Transportation	2,397,883	1,250	980,683	296,313
General Government	1,857,090	748,106	12,110	0
Interest and Fiscal Charges	94,956	0	0	0
Total Governmental Activities	6,458,512	1,374,657	1,299,160	738,955
Business-Type Activities				
Electric	21,853,364	23,935,207	0	0
Water	3,753,343	4,275,250	0	200,000
Sewer	2,076,803	2,628,350	0	0
Stormwater	143,741	373,637	0	0
Total Business-Type Activities	27,827,251	31,212,444	0	200,000
Total	$34,285,763	$32,587,101	$1,299,160	$938,955

General Revenues
Property Taxes Levied for General Purposes
Property Taxes Levied for Police Pension
Property Taxes Levied for Fire Pension
Municipal Income Taxes for General Purposes
Municipal Income Taxes for Other Purposes
Payment in Lieu of Taxes
Other Local Taxes
Franchise Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-Type Activities	Total
(349,291)	$0	($349,291)
(124,768)	0	(124,768)
(18,928)	0	(18,928)
(9,368)	0	(9,368)
(231,918)	0	(231,918)
(1,119,637)	0	(1,119,637)
(1,096,874)	0	(1,096,874)
(94,956)	0	(94,956)
(3,045,740)	0	(3,045,740)
0	2,081,843	2,081,843
0	721,907	721,907
0	551,547	551,547
0	229,896	229,896
0	3,585,193	3,585,193
(3,045,740)	3,585,193	539,453
161,327	0	161,327
28,362	0	28,362
28,362	0	28,362
4,472,171	0	4,472,171
2,199,340	0	2,199,340
711,625	0	711,625
635,512	0	635,512
97,333	0	97,333
341,206	0	341,206
748,183	440,113	1,188,296
974,675	337,846	1,312,521
10,398,096	777,959	11,176,055
(218,273)	218,273	0
10,179,823	996,232	11,176,055
7,134,083	4,581,425	11,715,508
29,744,814	56,043,783	85,788,597
$36,878,897	$60,625,208	$97,504,105

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City of Celina
Balance Sheet
Governmental Funds
December 31, 2019

	General	GO Debt Service	Tax Increment Financing	Other Governmental	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$4,385,901	$32,607	$3,258,431	7,286,460	$14,963,399
Accounts Receivable	65,591	0	0	0	65,591
Accrued Interest Receivable	62,567	0	0	2,126	64,693
Due from Other Governments	174,187	0	13,196	971,773	1,159,156
Municipal Income Taxes Receivable	608,451	0	0	294,738	903,189
Interfund Receivable	458,370	0	0	0	458,370
Prepaid Items	58,270	0	0	108,498	166,768
Materials and Supplies Inventory	19,333	0	0	37,404	56,737
Restricted Assets					
Equity in Pooled Cash and Cash Equivalents	17,372	0	0	0	17,372
Property Taxes Receivable	584,364	0	0	206,246	790,610
Payment in Lieu of Taxes Receivable	0	0	1,023,924		1,023,924
Notes Receivable	0	0	0	60,961	60,961
Total Assets	$6,434,406	$32,607	$4,295,551	$8,968,206	$19,730,770
Liabilities					
Accrued Wages Payable	$90,865	$0	$0	$14,538	$105,403
Accounts Payable	127,136	0	0	26,250	153,386
Contracts Payable	0	0	0	9,033	9,033
Due to Other Governments	48,254	0	0	54,482	102,736
Interfund Payable	155,115	0	0	401,416	556,531
Accrued Interest Payable	0	16,797	0	0	16,797
Notes Payable	0	500,000	0	0	500,000
Total Liabilities	421,370	516,797	0	505,719	1,443,886
Deferred Inflows of Resources					
Property Taxes	278,830	0	0	98,410	377,240
Payment in Lieu of Taxes	0	0	1,023,924	0	1,023,924
Unavailable Revenue	883,835	0	13,196	600,788	1,497,819
Total Deferred Inflows of Resources	1,162,665	0	1,037,120	699,198	2,898,983
Fund Balance					
Nonspendable	94,975	0	0	145,902	240,877
Restricted	0	0	3,258,431	3,274,964	6,533,395
Committed	300,000	0	0	4,496,979	4,796,979
Assigned	124,490	0	0	0	124,490
Unassigned (Deficit)	4,330,906	(484,190)	0	(154,556)	3,692,160
Total Fund Balance (Deficit)	4,850,371	(484,190)	3,258,431	7,763,289	15,387,901
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$6,434,406	$32,607	$4,295,551	$8,968,206	$19,730,770

See Accompanying Notes to the Basic Financial Statements

City of Celina
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2019

Total Governmental Fund Balance		$15,387,901
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		32,200,654
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	90,611	
Accrued Interest Payable	36,633	
Due from Other Governments	468,444	
Municipal Income Taxes Receivable	488,761	
Delinquent Property Taxes Receivable	413,370	
		1,497,819
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued Interest Payable	(22,725)	
Bond Anticipation Notes Payable	(495,000)	
General Obligation Bonds Payable	(1,225,000)	
OPWC Loan Payable	(82,479)	
Capital Loans Payable	(44,888)	
Capital Leases Payable	(165,135)	
Compensated Absences Payable	(457,791)	
		(2,493,018)
The net pension/OPEB liability (asset) is not due and payable in the current period, therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.		
Net Pension Asset	9,542	
Deferred Outflows - Pension	3,107,314	
Deferred Inflows - Pension	(145,902)	
Net Pension Liability	(10,784,228)	
Deferred Outflows - OPEB	923,068	
Deferred Inflows - OPEB	(560,665)	
Net OPEB Liability	(2,263,588)	
		(9,714,459)
Net Position of Governmental Activities		$36,878,897

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General	GO Debt Service	Tax Increment Financing	Other Governmental	Total Governmental Funds
Revenues					
Property Taxes	$253,549	$0	$0	$89,272	$342,821
Municipal Income Taxes	4,414,896	0	0	2,174,844	6,589,740
Payment in Lieu of Taxes	0	0	711,625	0	711,625
Other Local Taxes	635,512	0	0	0	635,512
Charges for Services	285,888	0	0	116,359	402,247
Fees, Licenses, and Permits	102,109	0	0	0	102,109
Fines and Forfeitures	301,669	0	0	232,005	533,674
Intergovernmental	701,358	0	26,930	1,852,867	2,581,155
Interest	735,022	0	0	31,261	766,283
Other	1,443,645	542,401	0	1,380,800	3,366,846
Total Revenues	8,873,648	542,401	738,555	5,877,408	16,032,012
Expenditures					
Current:					
Security of Persons and Property	3,525,194	0	0	3,007,687	6,532,881
Public Health	93,342	0	0	35,527	128,869
Leisure Time Activities	77,666	0	0	1,691,778	1,769,444
Community Environment	3,000	0	0	14,000	17,000
Basic Utility Services	167,732	0	0	0	167,732
Transportation	202,148	0	6,803	3,775,126	3,984,077
General Government	1,503,770	0	0	55,899	1,559,669
Debt Service:					
Principal Retirement	0	160,000	271,873	102,945	534,818
Current Refunding	0	500,000	0	0	500,000
Interest and Fiscal Charges	0	67,390	28,640	3,977	100,007
Total Expenditures	5,572,852	727,390	307,316	8,686,939	15,294,497
Excess of Revenues Over (Under) Expenditures	3,300,796	(184,989)	431,239	(2,809,531)	737,515
Other Financing Sources (Uses)					
Notes Issued	0	495,000	0	0	495,000
Bonds Issued	0	0	0	550,000	550,000
Current Refunding	0	(495,000)	0	0	(495,000)
Inception of Capital Lease	0	0	0	224,709	224,709
Sale of Capital Assets	13,656	0	0	1,993	15,649
Transfers In	0	179,658	106,276	2,729,500	3,015,434
Transfers Out	(2,736,373)	0	(148,888)	(164,776)	(3,050,037)
Total Other Financing Sources (Uses)	(2,722,717)	179,658	(42,612)	3,341,426	755,755
Changes in Fund Balance	578,079	(5,331)	388,627	531,895	1,493,270
Fund Balance (Deficit) Beginning of Year	4,272,292	(478,859)	2,869,804	7,231,394	13,894,631
Fund Balance (Deficit) End of Year	$4,850,371	($484,190)	$3,258,431	$7,763,289	$15,387,901

See Accompanying Notes to the Basic Financial Statements

City of Celina
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2019

Changes in Fund Balance - Total Governmental Funds		$1,493,270
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on 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 exceeded depreciation in the current year.		
Capital Outlay - Nondepreciable Capital Assets	1,636,710	
Capital Outlay - Depreciable Capital Assets	2,389,989	
Depreciation	(1,448,963)	
		2,577,736
The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position and is offset against the proceeds from the sale of capital assets resulting in a gain or loss on disposal of capital assets on the statement of activities.		
Proceeds from Sale of Capital Assets	(15,649)	
Gain on Disposal of Capital Assets	5,649	
Loss on Disposal of Capital Assets	(94,309)	
		(104,309)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Delinquent Property Taxes	(124,770)	
Municipal Income Taxes	81,771	
Fees, Licenses, and Permits	564	
Charges for Services	(1,143)	
Intergovernmental	(89,934)	
Interest	7,244	
Other	(525)	
		(126,793)
Debt proceeds are other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position.		
Bond Anticipation Notes	(495,000)	
General Obligation Bonds	(550,000)	
Capital Leases	(224,709)	
		(1,269,709)
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.		
Bond Anticipation Notes Payable	995,000	
General Obligation Bonds Payable	425,000	
OPWC Loan Payable	6,873	
Capital Loans Payable	43,371	
Capital Leases Payable	59,574	
		1,529,818
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense on the statement of activities.		
Pension Expense	(1,740,768)	
OPEB Expense	4,106,890	
		2,366,122
Contractually required pension contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.		
Contractually Required Contributions - Pension	689,007	
Contractually Required Contributions - OPEB	12,032	
		701,039
Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position.		5,051

(continued)

City of Celina
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2019
(continued)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	($38,142)
Change in Net Position of Governmental Activities	$7,134,083

See Accompanying Notes to the Basic Financial Statements

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	279,807	279,807	253,549	($26,258)
Municipal Income Taxes	3,605,000	3,605,000	4,406,513	801,513
Other Local Taxes	625,000	625,000	630,741	5,741
Charges for Services	254,000	254,000	288,926	34,926
Fees, Licenses, and Permits	95,250	95,250	101,609	6,359
Fines and Forfeitures	323,784	323,784	302,306	(21,478)
Intergovernmental	605,345	605,345	698,791	93,446
Interest	284,350	284,350	509,156	224,806
Other	1,287,810	1,287,810	1,443,450	155,640
Total Revenues	7,360,346	7,360,346	8,635,041	1,274,695
Expenditures				
Current:				
Security of Persons and Property	3,703,057	3,755,307	3,544,275	211,032
Public Health	93,131	93,131	93,342	(211)
Leisure Time Activities	107,708	107,708	77,684	30,024
Community Environment	3,000	3,000	3,000	0
Basic Utility Services	216,907	216,907	173,182	43,725
Transportation	264,323	264,323	200,251	64,072
General Government	1,528,432	1,568,092	1,379,825	188,267
Other	111,000	211,000	123,588	87,412
Total Expenditures	6,027,558	6,219,468	5,595,147	624,321
Excess of Revenues Over Expenditures	1,332,788	1,140,878	3,039,894	1,899,016
Other Financing Sources (Uses)				
Sale of Capital Assets	13,656	13,656	13,656	0
Advances Out	(154,790)	(154,790)	(154,790)	0
Transfers Out	(1,120,526)	(3,120,526)	(2,736,373)	384,153
Total Other Financing Sources (Uses)	(1,261,660)	(3,261,660)	(2,877,507)	384,153
Changes in Fund Balance	71,128	(2,120,782)	162,387	2,283,169
Fund Balance Beginning of Year	4,495,202	4,495,202	4,495,202	0
Prior Year Encumbrances Appropriated	42,592	42,592	42,592	0
Fund Balance End of Year	$4,608,922	$2,417,012	$4,700,181	$2,283,169

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Fund Net Position
Enterprise Funds
December 31, 2019

	Electric	Water	Sewer	Stormwater	Total
Assets					
Current Assets					
Equity in Pooled Cash and Cash Equivalents	$9,923,601	$11,668,051	$5,221,658	$675,491	$27,488,801
Accounts Receivable	1,963,300	394,942	240,519	33,443	2,632,204
Accrued Interest Receivable	0	25,244	13,226	0	38,470
Due from Other Governments	3,132	1,872	1,742	0	6,746
Interfund Receivable	244,845	0	0	0	244,845
Prepaid Items	25,409	17,635	14,595	0	57,639
Materials and Supplies Inventory	1,591,129	829,557	42,124	10,703	2,473,513
Total Current Assets	13,751,416	12,937,301	5,533,864	719,637	32,942,218
Non-Current Assets					
Restricted Assets					
Equity in Pooled Cash and Cash Equivalents	431,339	0	367,957	0	799,296
Cash and Cash Equivalents with Fiscal Agents	0	0	181,403	0	181,403
Net Pension Asset	5,585	4,887	3,259	0	13,731
Nondepreciable Capital Assets	190,491	2,080,144	170,805	0	2,441,440
Depreciable Capital Assets, Net	14,608,694	17,043,478	4,464,912	3,246,233	39,363,317
Total Non-Current Assets	15,236,109	19,128,509	5,188,336	3,246,233	42,799,187
Total Assets	28,987,525	32,065,810	10,722,200	3,965,870	75,741,405
Deferred Outflows of Resources					
Pension	549,131	465,599	319,983	0	1,334,713
OPEB	164,103	147,731	95,729	0	407,563
Total Deferred Outflows of Resources	713,234	613,330	415,712	0	1,742,276
Liabilities					
Current Liabilities					
Accrued Wages Payable	25,724	24,456	16,328	0	66,508
Accounts Payable	34,073	97,630	23,704	73	155,480
Contracts Payable	1,528,578	60,766	17,000	0	1,606,344
Compensated Absences Payable	33,316	34,422	21,391	0	89,129
Due to Other Governments	48,865	14,231	9,615	0	72,711
Interfund Payable	57,117	46,304	43,263	0	146,684
Accrued Interest Payable	0	51,636	4,590	1,934	58,160
General Obligation Bonds Payable	0	35,000	0	0	35,000
Mortgage Revenue Bonds Payable	0	0	135,000	0	135,000
OPWC Loan Payable	0	12,081	0	0	12,081
OWDA Loans Payable	0	445,150	0	0	445,150
AMP-Ohio Payable	152,275	0	0	0	152,275
Capital Loans Payable	0	19,525	46,535	46,535	112,595
Total Current Liabilities	1,879,948	841,201	317,426	48,542	3,087,117
Non-Current Liabilities					
Deposits Held and Due to Others	431,339	0	0	0	431,339
General Obligation Bonds Payable	0	210,000	0	0	210,000
Mortgage Revenue Bonds Payable	0	0	915,000	0	915,000
Net Pension Liability	1,763,698	1,543,235	1,028,824	0	4,335,757
Net OPEB Liability	817,522	715,332	476,888	0	2,009,742
OPWC Loan Payable	0	120,811	0	0	120,811
OWDA Loans Payable	0	4,918,142	0	0	4,918,142
Capital Loans Payable	0	0	48,164	48,164	96,328
Compensated Absences Payable	47,538	69,255	45,791	0	162,584
Total Non-Current Liabilities	3,060,097	7,576,775	2,514,667	48,164	13,199,703
Total Liabilities	4,940,045	8,417,976	2,832,093	96,706	16,286,820

(continued)

City of Celina
Statement of Fund Net Position
Enterprise Funds
December 31, 2019
(continued)

	Electric	Water	Sewer	Stormwater	Total
Deferred Inflows of Resources					
Pension	$25,439	$37,722	$15,031	$0	$78,192
OPEB	189,810	192,928	110,723	0	493,461
Total Deferred Inflows of Resources	215,249	230,650	125,754	0	571,653
Net Position					
Net Investment in Capital Assets	14,799,185	13,302,147	3,474,018	3,151,534	34,726,884
Restricted for					
Revenue Bond Operations and Maintenance	0	0	367,957	0	367,957
Revenue Bond Future Debt Service	0	0	181,403	0	181,403
Unrestricted	9,746,280	10,728,367	4,156,687	717,630	25,348,964
Total Net Position	$24,545,465	$24,030,514	$8,180,065	$3,869,164	$60,625,208

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Revenues, Expenses,
and Changes in Fund Net Position
Enterprise Funds
For the Year Ended December 31, 2019

	Electric	Water	Sewer	Stormwater	Total
Operating Revenues					
Charges for Services	$23,570,742	$4,275,250	$0	$373,637	$28,219,629
Charges for Services Pledged as Security on Mortgage Revenue Bonds	0	0	2,628,350	0	2,628,350
Other	236,159	71,063	29,823	0	337,045
Total Operating Revenues	23,806,901	4,346,313	2,658,173	373,637	31,185,024
Operating Expenses					
Personal Services	1,724,504	1,520,682	994,355	0	4,239,541
Materials and Supplies	18,855,083	1,274,399	572,887	29,679	20,732,048
Other	373,854	197,616	78,521	0	649,991
Depreciation	899,333	646,126	391,783	110,092	2,047,334
Total Operating Expenses	21,852,774	3,638,823	2,037,546	139,771	27,668,914
Operating Income	1,954,127	707,490	620,627	233,866	3,516,110
Non-Operating Revenues (Expenses)					
Excise Taxes	364,465	0	0	0	364,465
Gain on Disposal of Capital Assets	0	0	801		801
Loss on Disposal of Capital Assets	(590)	(323)	(323)	0	(1,236)
Interest Revenue	0	289,117	150,996	0	440,113
Interest Expense	0	(114,197)	(38,934)	(3,970)	(157,101)
Total Non-Operating Revenues (Expenses)	363,875	174,597	112,540	(3,970)	647,042
Income before Transfers	2,318,002	882,087	733,167	229,896	4,163,152
Transfers In	0	134,006	0	0	134,006
Transfers Out	0	0	0	(99,403)	(99,403)
Capital Contributions	0	200,000	0	183,670	383,670
Changes in Net Position	2,318,002	1,216,093	733,167	314,163	4,581,425
Net Position Beginning of Year	22,227,463	22,814,421	7,446,898	3,555,001	56,043,783
Net Position End of Year	$24,545,465	$24,030,514	$8,180,065	$3,869,164	$60,625,208

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2019

	Electric	Water	Sewer	Stormwater	Total Enterprise Funds
Increases (Decreases) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Customers	$23,508,046	$4,392,630	$2,745,340	$372,678	$31,018,694
Cash Received from Transactions with Other Funds	367,661	0	0	0	367,661
Cash Received from Other Revenues	254,645	69,303	28,155	0	352,103
Cash Received from Deposits	126,825	0	0	0	126,825
Cash Payments for Personal Services	(1,362,457)	(1,247,574)	(782,749)	0	(3,392,780)
Cash Payments for Materials and Supplies	(18,371,608)	(1,198,771)	(386,706)	(32,749)	(19,989,834)
Cash Payments for Transactions with Other Funds	(691,875)	(176,158)	(184,485)	0	(1,052,518)
Cash Payments for Other Expenses	(368,965)	(231,659)	(96,929)	0	(697,553)
Cash Payments for Deposits Refunded	(93,644)	0	0	0	(93,644)
Net Cash Provided by Operating Activities	3,368,628	1,607,771	1,322,626	339,929	6,638,954
Cash Flows from Noncapital Financing Activities					
Cash Received from Excise Taxes	364,465	0	0	0	364,465
Advances In	220,062	0	0	0	220,062
Advances Out	0	(32,636)	(32,636)	0	(65,272)
Transfers In	0	134,006	0	0	134,006
Net Cash Provided by (Used for) Noncapital Financing Activities	584,527	101,370	(32,636)	0	653,261
Cash Flows from Capital and Related Financing Activities					
Capital Grants	0	200,000	0	0	200,000
Principal Paid on General Obligation Bonds	0	(30,000)	0	(93,700)	(123,700)
Principal Paid on Mortgage Revenue Bonds	0	0	(135,000)	0	(135,000)
Principal Paid on OPWC Loan	0	(24,162)	0	0	(24,162)
Principal Paid on OWDA Loans	0	(435,132)	0	0	(435,132)
Principal Paid on Capital Loans	0	(18,864)	(44,962)	(44,962)	(108,788)
Interest Paid on General Obligation Bonds	0	(9,950)	0	(5,703)	(15,653)
Interest Paid on Mortgage Revenue Bonds	0	0	(35,245)	0	(35,245)
Interest Paid on OWDA Loans	0	(108,121)	0	0	(108,121)
Interest Paid on Capital Loans	0	(1,344)	(4,888)	(4,888)	(11,120)
Sale of Capital Assets	0	0	801	0	801
Acquisition of Capital Assets	(1,122,279)	(1,084,986)	(494,998)	(196,870)	(2,899,133)
Net Cash Used for Capital and Related Financing Activities	(1,122,279)	(1,512,559)	(714,292)	(346,123)	(3,695,253)
Cash Flows from Investing Activities					
Interest	0	284,170	148,201	0	432,371
Net Increase (Decrease) in Cash and Cash Equivalents	2,830,876	480,752	723,899	(6,194)	4,029,333
Cash and Cash Equivalents Beginning of Year	7,524,064	11,187,299	5,047,119	681,685	24,440,167
Cash and Cash Equivalents End of Year	$10,354,940	$11,668,051	$5,771,018	$675,491	$28,469,500

(continued)

City of Celina
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2019
(continued)

	Electric	Water	Sewer	Stormwater	Total Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	$1,954,127	$707,490	$620,627	$233,866	$3,516,110
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	899,333	646,126	391,783	110,092	2,047,334
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	316,196	117,380	116,990	(959)	549,607
Increase in Due from Other Governments	(3,013)	(1,760)	(1,668)	0	(6,441)
Decrease in Interfund Receivable	10,268	0	0	0	10,268
(Increase) Decrease in Prepaid Items	(1,165)	2,465	(4,060)	0	(2,760)
(Increase) Decrease in Materials and Supplies Inventory	61,911	(70,769)	(10,684)	(2,854)	(22,396)
Increase in Net Pension Asset	(1,678)	(1,466)	(978)	0	(4,122)
Increase (Decrease) in Accrued Wages Payable	(157)	1,046	1,343	0	2,232
Increase (Decrease) in Accounts Payable	(23,937)	(25,179)	18,261	(216)	(31,071)
Decrease in Contracts Payable	(54,657)	0	0	0	(54,657)
Increase (Decrease) in Due to Other Governments	1,712	(33,126)	(17,311)	0	(48,725)
Increase (Decrease) in Interfund Payable	4,771	(4,469)	(5,768)	0	(5,466)
Increase in Deposits Held and Due to Others	33,181	0	0	0	33,181
Decrease in AMP-Ohio Payable	(191,508)	0	0	0	(191,508)
Increase (Decrease) in Compensated Absences Payable	5,039	(12,507)	12,984	0	5,516
Decrease in Net Pension Liability	(1,912)	(1,675)	(1,116)	0	(4,703)
Increase in Net OPEB Liability	44,782	39,185	26,122	0	110,089
Decrease in Deferred Outflows - Pension	402,079	343,496	230,567	0	976,142
Decrease in Deferred Outflows - OPEB	134,220	121,265	78,294	0	333,779
Decrease in Deferred Inflows - Pension	(114,803)	(113,621)	(70,833)	0	(299,257)
Decrease in Deferred Inflows - OPEB	(106,161)	(106,110)	(61,927)	0	(274,198)
Net Cash Provided by Operating Activities	$3,368,628	$1,607,771	$1,322,626	$339,929	$6,638,954

Non-Cash Capital Transactions

At December 31, 2019, the Water and Stormwater enterprise funds had payables related to the acquisition of capital assets, in the amount of $60,766 and $17,000, respectively.

The Stormwater enterprise fund received capital assets that were constructed in the City's governmental funds, in the amount of $183,670.

At December 31, 2018, the Water and Stormwater enterprise funds had paybles related to the acquisition of capital assets, in the amount of $199,373 and $166,749, respectively.

See Accompanying Notes to the Basic Financial Statements

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

Assets	
Equity in Pooled Cash and Cash Equivalents	$14,406
Cash and Cash Equivalents in Segregated Accounts	55,728
Total Assets	70,134
Liabilities	
Due to Other Governments	2,210
Net Position	
Restricted for Individuals, Organizations, and Other Governments	$67,924

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Changes in Fiduciary Net Position
Custodial Funds
December 31, 2019

Additions	
Licenses, Permits, and Fees for Others	$8,255
Fines and Forfeitures for Other Governments	511,184
Other	218,234
Total Additions	737,673
Deductions	
Licenses, Permits, and Fees Distributions to Others	7,450
Fines and Forfeitures Distributions to Other Governments	501,484
Distributions to Individuals	242,633
Total Deductions	751,567
Net Decrease in Fiduciary Net Position	(13,894)
Net Position Beginning of Year	81,818
Net Position End of Year	$67,924

See Accompanying Notes to the Basic Financial Statements

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NOTE 1 - DESCRIPTION OF THE CITY OF CELINA AND THE REPORTING ENTITY

A. The City

The City of Celina is a statutory municipal corporation operating under the laws of the State of Ohio. The City operates under a mayor-council form of government. Legislative power is vested in a seven member council and a council president, each elected to four-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. All City officials, with the exception of the Service-Safety Director, are elected positions. The Service-Safety Director is appointed by the Mayor.

The City of Celina is divided into various departments and financial management and control systems. Services provided include police protection, fire protection, parks and recreation, street maintenance and repair, and electric, water, sewer, and stormwater services as well as a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading.

The primary government of the City of Celina consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City, this includes all departments and activities that are directly operated by the elected City officials.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. There were no component units of the City of Celina in 2019.

The City of Celina participates in the Mercer County Community Improvement Corporation, the Grand Lake/Mercer County Research Corporation, and the Mercer County Planning Commission, jointly governed organizations; and the Ohio Municipal League City Equity Pooling Workers’ Compensation Group Rating Program and the Ohio Plan Risk Management, insurance purchasing pools. These organizations are presented in Notes 23 and 24 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

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

Fund Financial Statements

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

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

Governmental Funds

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

> General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> GO Debt Service Fund - The GO Debt Service Fund accounts for resources that are restricted for the payment of principal, interest, and fiscal charges on general obligation debt.
>
> Tax Increment Financing Fund - The Tax Increment Financing Fund accounts for payment in lieu of tax revenues restricted for infrastructure and recreational improvements and construction.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

> 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 following are the City's major enterprise funds:
>
>> Electric Fund - This fund accounts for the provision of electric distribution to residential and commercial users within the City.
>>
>> Water Fund - This fund accounts for the provision of water collection and distribution to residential and commercial users within the City.
>>
>> Sewer Fund - This fund accounts for the provision of wastewater treatment service to residential and commercial users within the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stormwater Fund - This fund accounts for the operation of the stormwater runoff system within the City.

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. Custodial funds are used to account for traffic fines remitted to the State of Ohio, the activity of the municipal court due to third-parties, and employee deductions not yet remitted to their specific vendors.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements

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

Like the government-wide financial statements, the proprietary and fiduciary funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its proprietary activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report 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 that time. Deferred outflows of resources are reported on the government-wide and enterprise funds statements of net position for pension and OPEB and explained in Notes 15 and 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources consists of property taxes, payment in lieu of taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes accrued interest, intergovernmental revenue including grants, municipal income taxes, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 18. Deferred inflows of resources related to pension and OPEB are reported on the government-wide and enterprise funds statements of net position and explained in Notes 15 and 16 to the basic financial statements.

Expenses/Expenditures

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

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

E. Budgetary Process

All funds, except custodial funds, are required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount City Council may appropriate. The appropriations ordinance is City Council’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of control has been established by City Council at the fund, department, and object level for some funds and at the fund level for other funds. Budgetary allocations at the department and object level within these funds are made by the City Auditor.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

F. Cash and Investments

To improve cash management, cash received by the City, except cash held by fiscal agents, is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Cash and cash equivalents that are held separately for the City by financial institutions acting as trustees to service its mortgage revenue bonded debt as principal and interest payments come due and invested in mutual funds is presented as “Cash and Cash Equivalents with Fiscal Agents”.

During 2019, the City invested in mutual funds, nonnegotiable and negotiable certificates of deposit, federal agency securities, United States Treasury securities, commercial paper, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, “Certain External Investment Pools and Pool Participants”. The City measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for 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 this purpose.

The City’s commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time purchase of less than one year.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2019 was $735,022, which includes $622,317 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Prepaid Items

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

H. Inventory

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

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use are reported as restricted.

Utility deposits from customers are classified as restricted assets on the statement of fund net position because their use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer.

Restricted assets also represent certain resources which are segregated from other resources of the City to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the City or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes.

J. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The City maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are depreciated, except for land, some land improvements, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City reports all infrastructure, including that acquired prior to 1980. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	15-40 years	20-30 years
Buildings	10-100 years	5-100 years
Improvements Other than Buildings	10-23 years	N/A
Streets	15-40 years	N/A
Electric, Water, Sewer, and Stormwater Lines	N/A	1-50 years
Furniture and Equipment	5-20 years	10-20 years
Vehicles	10-25 years	7-25 years

K. Interfund Activity

On fund financial statements, receivables and payables resulting from interfund loans and from interfund services provided and used are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are presented as "Internal Balances".

Deferred inflows of resources and deferred outflows of resources from the change in proportionate share related to pension/OPEB items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column on the government-wide statement of net position.

L. Compensated Absences

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on department policy and length of service.

M. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. The 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 to pay those benefits. Long-term notes, bonds, loans, and leases are recognized as liabilities on the fund financial statements when due.

N. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the City, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes activities for construction, repair, and maintenance of State highways and local streets, recreation, loans to local businesses, and other revenues restricted for use by the municipal court and police department. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund Balance

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

Nonspendable - The nonspendable classification 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" includes items that are not expected to be converted to cash.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt convents), grantors, contributors, or law or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinance).

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 purposes specified by the legislation.

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

Assigned - Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by City Council. The City Council has authorized the Service-Safety Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council has also assigned fund balance for certain resources for a wellness program and to cover a gap between estimated resources and appropriations in the 2020 budget.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City first applies restricted resources when an expenditure is 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 can be used.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric, water, sewer, and stormwater services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Capital Contributions

Capital contributions arise from contributions of capital assets from other governments and other funds.

R. Interfund Transactions

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

S. Pension/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, 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 retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement systems report investments at fair value.

T. 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 - CHANGE IN ACCOUNTING PRINCPLES

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

For 2019, the City has implemented GASB Statement No. 88, “Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements”, Statement No. 90, “Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61”, and related guidance from GASB Implementation Guide 2019-2, “Fiduciary Activities”.

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

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

GASB Statement No. 90 defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the government’s holding of the equity interest meets the definition of an investment. These changes were incorporated in the City’s 2019 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - ACCOUNTABILITY

At December 31, 2019, the Parks and Recreation, Police Pension, Fire Pension, JAG Law Enforcement, Ohio Department of Youth Services Grant, and Fire Escrow special revenue funds, the GO Debt Service debt service fund, and the CDBG capital projects fund had deficit fund balances, in the amount of $48,443, $23,232, $29,964, $104, $11,523, $14,000, $484,190, and $27,290, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - BUDGETARY 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 is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

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

	General Fund
GAAP Basis	$578,079
Increases (Decreases) Due To	
Revenue Accruals:	
Accrued 2018, Received in Cash 2019	369,379
Accrued 2019, Not Yet Received in Cash	(389,612)
Expenditure Accruals:	
Accrued 2018, Paid in Cash 2019	(268,219)
Accrued 2019, Not Yet Paid in Cash	266,255
Cash Adjustments:	
Unrecorded Activity 2018	(128,123)
Unrecorded Activity 2019	(90,251)
Prepaid Items	(3,748)
Materials and Supplies Inventory	(2,489)
Advances Out	(154,790)
Encumbrances Outstanding at Year End (Budget Basis)	(14,094)
Budget Basis	$162,387

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

2. Bonds, notes, debentures, or any other 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;

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

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

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

7. The State Treasurer's investment pool (STAR Ohio); and

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

Investments

As of December 31, 2019, the City had the following investments:

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Fair Value - Level One Inputs					
Mutual Funds	$1,282,681	$1,282,681	$0	$0	$0
Fair Value - Level Two Inputs					
Negotiable Certificates of Deposit	6,600,441	494,264	1,489,027	744,902	3,872,248
Federal Farm Credit Bank Notes	4,876,040	0	0	499,525	4,376,515
Federal Home Loan Bank Notes	1,732,604	0	0	0	1,732,604
Federal Home Loan Mortgage Corporation Notes	6,689,537	2,751,320	2,602,284	499,885	836,048
Federal National Mortgage Association Notes	3,299,668	0	1,049,953	0	2,249,715
United States Treasury Note	816,783	0	0	0	816,783
Total Fair Value - Level Two Inputs	24,015,073	3,245,584	5,141,264	1,744,312	13,883,913

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Amortized Cost					
Commercial Paper	$7,795,143	$4,310,386	$3,484,757	$0	$0
Net Value Per Share					
STAR Ohio	8,384,324	8,384,324	0	0	0
Total Investments	$41,477,221	$17,222,975	$8,626,021	$1,744,312	$13,883,913

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2019. The City's mutual funds measured at fair value are valued using quoted market prices (Level 1 inputs). The City's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the City.

The negotiable certificates of deposit are generally covered by FDIC insurance. The Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, United States Treasury Note, and mutual funds carry a rating of Aaa by Moody's. The commercial paper carries a rating of P-1 by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The City has no investment policy for credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service, that commercial paper mature within two hundred seventy days, and that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The City places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of each investment to the City's total portfolio.

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	$6,600,441	15.91%
Federal Farm Credit Bank Notes	4,876,040	11.76
Federal Home Loan Bank Notes	1,732,604	4.18
Federal Home Loan Mortgage Corporation Notes	6,689,537	16.13
Federal National Mortgage Association Notes	3,299,668	7.96
United States Treasury Note	816,783	1.97
Commercial Paper	7,795,143	18.79

NOTE 7 - RECEIVABLES

Receivables at December 31, 2019, consisted of accounts (billings for user charged services, including unbilled utility services); accrued interest; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; interfund; property taxes; payment in lieu of taxes; and notes. All receivables are considered collectible in full and within one year, except for municipal income taxes, interfund, property taxes, and notes. Municipal income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Notes receivable represent low interest loans for development projects granted to eligible City businesses under the Federal Community Development Block Grant program. The loans have an annual interest rate of 2.41 to 5 percent and are to be repaid over twenty years. Principal, in the amount of $18,720, was repaid during 2019. Notes outstanding at December 31, 2019, were $60,961. Notes receivable, in the amount of $56,055, will not be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Property Tax Allocation	$17,446
Local Government	123,583
Mercer County	31,372
Ohio Bureau of Workers' Compensation	1,786
Total General Fund	174,187
Tax Increment Financing	
Property Tax Allocation	13,196
Total Major Funds	187,383
Nonmajor Funds	
Street	
Gasoline Tax	223,089
Motor Vehicle License Tax	155,258
Total Street	378,347

(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
State Highway	
Gasoline Tax	$18,088
Motor Vehicle License Tax	12,588
Total State Highway	30,676
Police Pension	
Property Tax Allocation	3,079
Fire Pension	
Property Tax Allocation	3,079
Permissive MVL	
Permissive MVL	2,247
Westview Quad Park	
Ohio Department of Natural Resources	554,345
Total Nonmajor Funds	971,773
Total Governmental Activities	$1,159,156
Business-Type Activities	
Electric	
Mercer County	$2,728
Ohio Bureau of Workers' Compensation	404
Total Electric	3,132
Water	
Mercer County	1,492
Ohio Bureau of Workers' Compensation	380
Total Water	1,872
Sewer	
Mercer County	1,492
Ohio Bureau of Workers' Compensation	250
Total Sewer	1,742
Total Business-Type Activities	$6,746

NOTE 8 - MUNICIPAL INCOME TAXES

The City levies and collects an income tax of 1.5 percent based on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the 1 percent of the tax owed. There is no credit allowed on the additional .5 percent tax. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Of the total income tax collected, 1 percent is credited to the General Fund and .5 percent is credited to the Additional Income Tax special revenue fund and used to fund operations of the police and fire departments as well as for various public right-of-way improvements. The additional .5 percent began collections on January 1, 2016, and will be collected for a period of seven years.

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2019 represent the collection of 2018 taxes. Real property taxes received in 2019 were levied after October 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2019 represent the collection of 2018 taxes. Public utility real and tangible personal property taxes received in 2019 became a lien on December 31, 2017, were levied after October 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Celina. The County Auditor periodically remits to the City its portion of the taxes collected.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2019, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2019 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

NOTE 9 - PROPERTY TAXES (continued)

The full tax rate for all City operations for the year ended December 31, 2019, was $2.30 per $1,000 of assessed value. The assessed values of real and public utility property upon which 2019 property tax receipts were based are as follows:

Category	Amount
Real Property	
Residential/Agricultural	$132,796,530
Commercial/Industrial	35,983,000
Public Utility Property	
Real	9,316,000
Personal	713,000
Total Assessed Value	$178,808,530

NOTE 10 - PAYMENT IN LIEU OF TAXES

According to State law, the City has established several tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may, therefore, spread the costs of the improvements to a larger number of property owners.

NOTE 11 - CAPITAL ASSETS

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

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
Governmental Activities				
Nondepreciable Capital Assets				
Land	$5,707,593	$0	$0	$5,707,593
Land Improvements	8,203,207	0	0	8,203,207
Construction in Progress	1,336,752	1,636,710	(1,311,046)	1,662,416
Total Nondepreciable Capital Assets	15,247,552	1,636,710	(1,311,046)	15,573,216

(continued)

NOTE 11 - CAPITAL ASSETS (continued)

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
Governmental Activities (continued)				
Depreciable Capital Assets				
Land Improvements	$3,599,143	$575,252	$0	$4,174,395
Buildings	2,495,874	38,493	0	2,534,367
Improvements Other than Buildings	1,706,773	0	0	1,706,773
Streets	15,652,793	1,686,942	(59,347)	17,280,388
Furniture and Equipment	1,232,509	364,910	(52,704)	1,544,715
Vehicles	4,928,660	1,035,438	(299,002)	5,665,096
Total Depreciable Capital Assets	29,615,752	3,701,035	(411,053)	32,905,734
Less Accumulated Depreciation for				
Land Improvements	(633,678)	(157,852)	0	(791,530)
Buildings	(553,012)	(60,041)	0	(613,053)
Improvements Other than Buildings	(1,341,938)	(40,304)	0	(1,382,242)
Streets	(9,629,973)	(743,874)	59,347	(10,314,500)
Furniture and Equipment	(702,776)	(125,932)	39,585	(789,123)
Vehicles	(2,274,700)	(320,960)	207,812	(2,387,848)
Total Accumulated Depreciation	(15,136,077)	(1,448,963)	306,744	(16,278,296)
Total Depreciable Capital Assets, Net	14,479,675	2,252,072	(104,309)	16,627,438
Governmental Activities Capital Assets, Net	$29,727,227	$3,888,782	($1,415,355)	$32,200,654

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
Business-Type Activities				
Nondepreciable Capital Assets				
Land	$368,946	$0	$0	$368,946
Construction in Progress	2,814,793	495,137	(1,237,436)	2,072,494
Total Nondepreciable Capital Assets	3,183,739	495,137	(1,237,436)	2,441,440
Depreciable Capital Assets				
Land Improvements	230,099	0	0	230,099
Buildings	33,500,313	463,445	0	33,963,758
Electric, Water, Sewer, and Stormwater Lines	42,850,794	2,775,904	(356,689)	45,270,009
Furniture and Equipment	1,066,824	17,217	(40,083)	1,043,958
Vehicles	3,098,545	280,180	(8,294)	3,370,431
Total Depreciable Capital Assets	80,746,575	3,536,746	(405,066)	83,878,255

(continued)

NOTE 11 - CAPITAL ASSETS (continued)

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
Business-Type Activities (continued)				
Less Accumulated Depreciation for				
Land Improvements	($110,062)	($11,308)	$0	($121,370)
Buildings	(19,899,392)	(677,662)	0	(20,577,054)
Electric, Water, Sewer, and Stormwater Lines	(20,783,137)	(1,109,605)	356,689	(21,536,053)
Furniture and Equipment	(581,562)	(77,345)	38,847	(620,060)
Vehicles	(1,497,281)	(171,414)	8,294	(1,660,401)
Total Accumulated Depreciation	(42,871,434)	(2,047,334)	403,830	(44,514,938)
Total Depreciable Capital Assets, Net	37,875,141	1,489,412	(1,236)	39,363,317
Business-Type Activities Capital Assets, Net	$41,058,880	$1,984,549	($1,238,672)	$41,804,757

The Stormwater enterprise fund accepted contributions of capital assets from governmental activities with a fair value of $183,670.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property	$327,461
Leisure Time Activities	238,057
Basic Utility Services	208
Transportation	837,854
General Government	45,383
Total Depreciation Expense - Governmental Activities	$1,448,963

NOTE 12 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2019, the General Fund had an interfund receivable, in the amount of $458,370; $401,253 from providing cash flow resources to other governmental funds and $57,117 from the Electric enterprise fund for the City's portion of the kilowatt hour tax. The entire amount is expected to be repaid within one year.

The Electric enterprise fund had an interfund receivable, in the amount of $244,845, for services provided by the Electric enterprise fund, in the amount of $155,115 to the General Fund, in the amount of $163 to the other governmental funds, in the amount of $46,304 to the Water enterprise fund, and in the amount of $43,263 to the Sewer enterprise fund. Of those amounts, only $154,790 from the General Fund, $67 from other governmental funds, $46,236 from the Water enterprise fund and $43,195 from the Sewer enterprise fund is expected to be repaid within one year.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the City contracted with the Ohio Plan Risk Management, an insurance purchasing pool, for the following coverage:

Type of Coverage	Coverage	Deductible
Property (building and contents)	$63,054,294	$2,500 - $25,000
General Liability - Aggregate	8,000,000	0
Public Official Liability - Aggregate	8,000,000	5,000
Law Enforcement Liability - Aggregate	8,000,000	5,000
Employee Benefits Liability - Aggregate	8,000,000	0
Automobile Liability	6,000,000	250/500

There has been no significant reduction in insurance coverage from 2018 and no insurance settlement has exceeded insurance coverage during the last three years.

Each participant of Ohio Plan Risk Management enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant. The firm of Hylant Administrative Services provides administrative, cost control, and actuarial services to the Plan.

B. Employee Medical Benefits

The City currently uses Medical Mutual for health insurance, Eye Med for vision insurance, and Superior Dental Care for dental insurance.

C. Workers' Compensation

For 2019, the City participated in the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The intent of the Program is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity redistribution" arrangement ensures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to participants that can meet the Program's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Program.

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2019:

Vendor	Outstanding Balance
Access Engineering Solutions	$32,300
Altec Industries, Inc.	186,893
Anixter	27,470
Bonded Chemicals, Inc.	54,720
Calgon Carbon Corporation	33,200
Hazen and Sawyer	309,028
J.W. Didado Electric, LLC	158,710
Miller Builders, LLC	308,780

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2019 are as follows:

General Fund	$14,094
Other Governmental Funds	355,975
Total	$370,069

NOTE 15 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability (Asset)/Net OPEB Liability

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

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

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

GASB Statements No. 68 and No. 75 assume 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 the employers. All pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contribution to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within thirty years. If the pension amortization period exceeds thirty years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

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

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	**Group C** Members not in other groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	**Traditional Plan Formula:**	**Traditional Plan Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years
Combined Plan Formula:	**Combined Plan Formula:**	**Combined Plan Formula:**
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 years
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Traditional Plan Formula:	**Traditional Plan Formula:**	**Traditional Plan Formula:**
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

Defined contribution plan benefits are established in the plan documents which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed plan participants must have attained the age of fifty-five, 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 member's contributions, vested employer contributions, and investment gains or losses resulting from the member's 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 account. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance net of taxes withheld, or a combination of these options.

NOTE 15 - 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	Public Safety	Law Enforcement
2019 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***
2019 Actual Contribution Rates			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Total Employee	10.0 %	12.0 %	13.0 %

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

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

*** This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

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

For 2019, the City's contractually required contribution was $530,841 for the traditional plan, $8,750 for the combined plan, and $6,436 for the member-directed plan. Of these amounts, $56,291 is reported as an intergovernmental payable for the traditional plan, $925 for the combined plan, and $681 for the member-directed plan.

Plan Description - Ohio Police and Fire Pension Fund (OPF)

Plan Description - Full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OPF), a cost-sharing multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information, required supplementary information, and detailed information about OPF's fiduciary net position that may be obtained by visiting the OPF 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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Upon attaining a qualifying age with sufficient years of service, an OPF member may retire and receive a lifetime monthly pension. OPF 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 fifty-two for normal service retirement with at least twenty-five years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is forty-eight for normal service retirement with at least twenty-five 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 twenty years of service credit, 2 percent for each of the next five years of service credit, and 1.5 percent for each year of service credit in excess of twenty-five years. The maximum pension of 72 percent of the allowable average annual salary is paid after thirty-three years of service credit. (See the OPF CAFR referenced above for additional information including requirements for deferred retirement option plan provisions and reduced and unreduced benefits.)

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

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

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

	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 %
Postemployment Health Care Benefits	.50	.50
Total Employer	19.50 %	24.00 %
Total Employee	12.25 %	12.25 %

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was $467,776 for 2019. Of this amount, $53,231 is reported as an intergovernmental payable.

Pension Liability (Asset) , Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

The net pension liability (asset) for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OPF'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 Plan	OPERS Combined Plan	OPF	Total
Proportion of the Net Pension Liability/Asset				
Current Measurement Date	0.02683200%	0.02081200%	0.09520500%	
Prior Measurement Date	0.02621500%	0.02287000%	0.09417900%	
Change in Proportionate Share	0.00061700%	0.00205800%	0.00102600%	
Proportionate Share				
Net Pension Liability	$7,348,741	$0	$7,771,244	$15,119,985
Net Pension Asset	$0	($23,273)	$0	($23,273)
Pension Expense	$1,670,358	$6,837	$1,049,993	$2,727,188

Pension expense for the member-directed defined contribution plan was $6,436 for 2019. The aggregate pension expense for all pension plans was $2,733,624 for 2019.

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

	OPERS Traditional Plan	OPERS Combined Plan	OPF	Total
Deferred Outflows of Resources				
Difference Between Expected and Actual Experience	$339	$0	$319,289	$319,628
Changes of Assumptions	639,726	5,198	206,026	850,950
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	997,430	5,013	957,411	1,959,854
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	94,651	3,667	190,165	288,483
City Contributions Subsequent to the Measurement Date	530,841	8,750	467,776	1,007,367
Total Deferred Outflows of Resources	$2,262,987	$22,628	$2,140,667	$4,426,282
Deferred Inflows of Resources				
Difference Between Expected and Actual Experience	$96,493	$9,505	$7,256	$113,254
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	1,362	0	93,733	95,095
Total Deferred Inflows of Resources	$97,855	$9,505	$100,989	$208,349

$1,007,367 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase in the net pension asset in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	OPERS Traditional Plan	OPERS Combined Plan	OPF	Total
Year Ending December 31,				
2020	$722,845	$1,264	$481,825	$1,205,934
2021	355,036	264	272,468	627,768
2022	92,531	368	307,945	400,844
2023	463,879	1,940	475,261	941,080
2024	0	(123)	34,403	34,280
Thereafter	0	660	0	660
Total	$1,634,291	$4,373	$1,571,902	$3,210,566

NOTE 15 - 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 was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all periods included in the measurement in accordance with GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018, are presented below.

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

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

Preretirement mortality rates were 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. Postretirement mortality rates were 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. Postretirement mortality rates for disabled retirees were 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 were 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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

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

During 2018, OPERS managed investments in three investment portfolios; the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

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

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

Discount Rate **-** For 2018, the discount rate used to measure the total pension liability was 7.2 percent for the traditional and the combined plans. For 2017, the discount rate used to measure the total pension liability was 7.5 percent for the traditional and the combined plans. 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for all three plans was applied to all periods of projected benefit payments to determine the total pension liability.

<u>NOTE 15 - DEFINED BENEFIT PENSION PLANS</u> (continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the 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.

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
City's Proportionate Share of the Net Pension Liability (Asset)			
OPERS Traditional Plan	$10,856,227	$7,348,741	$4,433,988
OPERS Combined Plan	($7,700)	($23,273)	($34,548)

<u>Actuarial Assumptions - OPF</u>

OPF'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 OPF'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 payment, DROP interest rate, CPI based COLA, investment returns, salary increases, and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, are presented below.

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	entry age normal
Investment Rate of Return	8 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of .5 percent
Cost of Living Adjustments	3 percent simple; 2.2 percent simple for increases based on lesser of the increase in CPI and 3 percent

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

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

The long-term expected rate of return on 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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2018, are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equities	16.00	5.50
Non-U.S. Equities	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income*	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	120.00 %	

Note: assumptions are geometric
* levered 2x

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

OPF's Board of Trustees has incorporated the risk parity concept into OPF'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 pension liability was calculated using the discount rate of 8 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 earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and, to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8 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 percent) or one percentage point higher (9 percent) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's Proportionate Share of the Net Pension Liability	$10,214,764	$7,771,244	$5,729,329

NOTE 16 - POSTEMPLOYMENT BENEFITS

See Note 15 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans; the traditional 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.

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment 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 and combined pension 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 and combined pension plans must have twenty or more years of qualifying Ohio service credit and a minimum age of sixty or generally thirty years of service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 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 which 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.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contribution to health care for the traditional and combined pension plans.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2019.

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $2,575 for 2019. Of this amount, $273 is reported as an intergovernmental payable.

Plan Description - Ohio Police and Fire Pension Fund (OPF)

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

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

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as a percentage of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, 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.

The Board of Trustees is authorized to allocate a portion of the total employer contribution for retiree health care benefits. For 2019, the portion of the employer contribution allocated to health care was .5 percent of covered payroll. The amount of the employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

The OPF 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 OPF was $10,977 for 2019. Of this amount, $1,251 is reported as an intergovernmental payable.

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

The net OPEB liability and the 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. OPF's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share.

	OPERS	OPF	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.02612700%	0.09520500%	
Prior Measurement Date	0.03686000%	0.09417900%	
Change in Proportionate Share	0.01073300%	0.00102600%	
Proportionate Share of the Net OPEB Liability	$3,406,343	$866,987	$4,273,330
OPEB Expense	$306,081	($4,241,781)	($3,935,700)

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

	OPERS	OPF	Total
Deferred Outflows of Resources			
Difference Between Expected and Actual Experience	$1,153	$0	$1,153
Changes of Assumptions	109,824	449,404	559,228
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	156,161	29,348	185,509
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	414,045	157,144	571,189
City Contributions Subsequent to the Measurement Date	2,575	10,977	13,552
Total Deferred Outflows of Resources	$683,758	$646,873	$1,330,631

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

	OPERS	OPF	Total
Deferred Inflows of Resources			
Difference Between Expected and Actual Experience	$9,242	$23,229	$32,471
Changes of Assumptions	0	240,023	240,023
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	781,632	0	781,632
Total Deferred Inflows of Resources	$790,874	$263,252	$1,054,126

$13,552 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

	OPERS	OPF	Total
Year Ending December 31,			
2020	$116,448	$65,110	$181,558
2021	(318,790)	65,110	(253,680)
2022	13,983	65,110	79,093
2023	78,668	73,987	152,655
2024	0	59,993	59,993
Thereafter	0	43,334	43,334
Total	($109,691)	$372,644	$262,953

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 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 Statement No. 74.

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current Measurement Date	3.96 percent
Prior Measurement Date	3.85 percent
Investment Rate of Return	6 percent
Municipal Bond Rate	
Current Measurement Date	3.71 percent
Prior Measurement Date	3.31 percent
Health Care Cost Trend Rate	
Current Measurement Date	10 percent initial 3.25 percent ultimate in 2029
Prior Measurement Date	7.25 percent initial 3.25 percent ultimate in 2028
Actuarial Cost Method	individual entry age

In October 2018, the OPERS Board adopted a change in the investment rate of return assumption reducing it from 6.5 percent to 6 percent. The change was effective beginning with the 2018 valuation.

Preretirement mortality rates were 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. Postretirement mortality rates were 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. Postretirement mortality rates for disabled retirees were 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 were 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.

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

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 assets for health care expenses for the traditional plan, the combined plan, and the 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 was a loss of 5.6 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. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board approved asset allocation policy for 2018 and the long-term expected real rates of return.

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

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 twenty 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 the expected rate of return on the health care investment portfolio of 6 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on those 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 2031 and the municipal bond rate was applied to all health care costs after that date.

NOTE 16 - POSTEMPLOYMENT BENEFITS (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	$4,357,984	$3,406,343	$2,649,539

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 assumed trend rates and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1 percent lower or 1 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 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	$3,274,236	$3,406,343	$3,558,497

Actuarial Assumptions - OPF

OPF'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 OPF's actuaries in accordance with GASB Statement No. 74 as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications as actual results are compared with past expectations and new estimates are made about the future.

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

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 effect 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 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 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of .5 percent
Single Discount Rate:	
Current Measurement Date	4.66 percent
Prior Measurement Date	3.24 percent
Cost of Living Adjustments	3 percent simple; 2.2 percent simple for increases based on lesser of the increase in CPI and 3 percent

Mortality for nondisabled participants was based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries were 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 was based on the RP-2014 Disabled Mortality Table rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

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

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

The OPF health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

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

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

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's Proportionate Share of the Net OPEB Liability	$1,056,228	$866,987	$708,137

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

NOTE 17 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. City employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by City policy and union contracts. Upon retirement, employees are entitled to the value of their accumulated unused sick leave at varying percentages to a maximum of eighty to one hundred twenty days based on City policy and union contracts.

NOTE 18 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2019, were as follows:

	Interest Rate	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
Governmental Activities					
Direct Placements					
Revenue Anticipation Notes					
West Bank Walkway	2.60%	$300,000	$0	$300,000	$0
Bond Anticipation Notes					
Land Acquisition	2.70	500,000	0	500,000	0
Land Acquisition	3.93	0	500,000	0	500,000
Total Bond Anticipation Notes		500,000	500,000	500,000	500,000
Total Governmental Activities		$800,000	$500,000	$800,000	$500,000

According to Ohio law, notes can be issued in anticipation of bond proceeds and levies or for up to 50 percent of anticipated revenue collections. The liability for all notes is presented in the fund receiving the proceeds. All of the City's revenue anticipation notes are backed by the full faith and credit of the City of Celina.

The revenue anticipation notes issued through a direct placement, in the amount of $300,000, were issued on February 2, 2018, to partially retire notes previously issued for the acquisition of property and the construction and installation of the West Bank Walkway. The notes matured on February 1, 2019. As of December 31, 2019, all of the proceeds had been spent.

The bond anticipation notes issued through a direct placement, in the amount of $500,000, were issued on February 22, 2019, to partially retire notes previously issued to purchase land. The notes matured on February 21, 2020.

NOTE 19 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2019, was as follows:

	Interest Rate	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental Activities						
Bond Anticipation Notes from Direct Placements						
Land Acquisition	2.70%	$995,000	$0	$995,000	$0	$0
Land Acquisition	3.93	0	495,000	0	495,000	0
Total Bond Anticipation Notes		995,000	495,000	995,000	495,000	0
General Obligation Bonds						
2010 Various Purpose	2 - 4	860,000	0	265,000	595,000	275,000
General Obligation Bonds from Direct Placements						
Municipal Building Court Improvement	1.54 - 2.45	240,000	0	160,000	80,000	60,000
Byson Park Phase Three	4.10	0	550,000	0	550,000	110,000
Total General Obligation Bonds		1,100,000	550,000	425,000	1,225,000	445,000
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		1,645,048	1,367,936	0	3,012,984	0
Ohio Police and Fire Pension Fund		5,780,190	1,991,054	0	7,771,244	0
Total Net Pension Liability		7,425,238	3,358,990	0	10,784,228	0
Net OPEB Liability						
Ohio Public Employees Retirement System		1,601,090	0	204,489	1,396,601	0
Ohio Police and Fire Pension Fund		5,336,050	0	4,469,063	866,987	0
Total OPEB Liability		6,937,140	0	4,673,552	2,263,588	0
OPWC Loan Payable from Direct Borrowings	0	89,352	0	6,873	82,479	3,437
Capital Loans Payable from Direct Borrowings	3.5	88,259	0	43,371	44,888	44,888
Capital Leases Payable		0	224,709	59,574	165,135	52,462
Compensated Absences Payable		419,649	58,327	20,185	457,791	140,941
Total Other Long-Term Obligations		14,959,638	3,642,026	4,803,555	13,798,109	241,728
Total Governmental Activities		$17,054,638	$4,687,026	$6,223,555	$15,518,109	$686,728

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Business-Type Activities						
General Obligation Bonds						
2010 Various Purpose	2 - 4%	$275,000	$0	$30,000	$245,000	$35,000
Mortgage Revenue Bonds						
2011 Wastewater Refunding	2 - 3.4	1,185,000	0	135,000	1,050,000	135,000
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		2,467,578	1,868,179	0	4,335,757	0
Net OPEB Liability						
Ohio Public Employees Retirement System		2,401,635	0	391,893	2,009,742	0
OPWC Loan Payable from Direct Borrowings	0	157,054	0	24,162	132,892	12,081
OWDA Loans Payable from Direct Borrowings	3.25-4.99	5,798,424	0	435,132	5,363,292	445,150
AMP-Ohio Payable		343,783	8,389	199,897	152,275	152,275
Capital Loans Payable from Direct Borrowings	3.5	317,711	0	108,788	208,923	112,595
Compensated Absences Payable		246,197	43,761	38,245	251,713	89,129
Total Other Long-Term Obligations		11,732,382	1,920,329	1,198,117	12,454,594	811,230
Total Business-Type Activities		$13,192,382	$1,920,329	$1,363,117	$13,749,594	$981,230

Bond Anticipation Notes

The City issued bond anticipation notes through a direct placement in 2019, in the amount of $495,000, to retire notes previously issued to purchase land. The notes matured on February 21, 2020, and were paid from the Parks and Recreation special revenue fund. As of December 31, 2019, all proceeds were spent.

Governmental Activities General Obligation Bonds

In 2010, the City issued general obligation bonds, in the original amount of $2,830,000, to retire bond anticipation notes issued for recreational, street, water, sewer, and stormwater improvements. These bonds will fully mature in 2030. The bonds will be paid with transfers from the Tax Incremental Financing capital projects fund and the Stormwater enterprise fund.

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2021 through 2023 (with the balance of $50,000 to be paid at stated maturity on December 1, 2024), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2021	$50,000
2022	50,000
2023	50,000

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2025 through 2029 (with the balance of $15,000 to be paid at stated maturity on December 1, 2030), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2025	$55,000
2026	10,000
2027	10,000
2028	15,000
2029	15,000

The bonds maturing on or after December 1, 2024, are subject to prior redemption, by and at the sole option of the City, either in whole or in part, on any date on or after December 1, 2020, at par plus accrued interest to the redemption date.

In 2015, the City issued general obligation bonds through a direct placement, in the original amount of $600,000, for improvements to the municipal court building. The bonds will mature on December 1, 2025. The bonds will be paid from resources from the Court Special Projects special revenue fund.

In 2019, the City issued general obligation bonds through a direct placement, in the amount of $550,000, for improvements to Bryson Park. The bonds will mature on March 8, 2024. The bonds will be paid from the Tax Incremental Financing capital projects fund. At December 31, 2019, the City had $250,872 in unspent proceeds.

The bonds maturing on March 8, 2024, are subject to mandatory sinking fund redemption, in part by lot, on March 8, in each of the years 2020 through 2023 (with the balance of $110,000 to be paid at stated maturity on March 8, 2024), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2020	$110,000
2021	110,000
2022	110,000
2023	110,000

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

OPWC Loan Payable

On August 11, 2011, the City obtained an interest free loan from a direct borrowing from the Ohio Public Works Commission, in the original amount of $137,465, for the construction of Buckeye Street. The loan was issued for a twenty year period, with final maturity in 2031. The loan is to be repaid from the Tax Incremental Financing capital projects fund.

In the event of default on the loan, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General's office for collection and, as provided by law, OPWC may require that the payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amount shall, at OPWC's option, become immediately due and payable.

Business-Type Activities General Obligation Bonds

The general obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment to the extent resources are not available from the applicable enterprise fund to make principal and interest payments. The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

In 2010, the City issued general obligation bonds, in the original amount of $500,000, to retire bond anticipation notes issued for water improvements. These bonds will fully mature in 2030. The bonds will be paid from the Water enterprise fund.

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2021 through 2023 (with the balance of $20,000 to be paid at stated maturity on December 1, 2024), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2021	$20,000
2022	20,000
2023	20,000

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2025 through 2029 (with the balance of $25,000 to be paid at stated maturity on December 1, 2030), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2025	$20,000
2026	20,000
2027	20,000
2028	20,000
2029	25,000

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The bonds maturing on or after December 1, 2024, are subject to prior redemption, by and at the sole option of the City, either in whole or in part, on any date on or after December 1, 2020, at par plus accrued interest to the redemption date.

Mortgage Revenue Bonds

Mortgage revenue bonds are special obligations of the City secured by a mortgage upon the assets of the sewer system. The bonds are payable solely from the gross revenues of the system after provisions for reasonable operation and maintenance expenses.

In 2011, the City issued $3,140,000 in Wastewater Refunding bonds to currently refund 1999 Wastewater Refunding bonds and to provide funds to make various improvements to the City's wastewater system. The refunded bonds were fully retired in 2011.

The bond indentures have certain restrictive covenants and principally require that bond reserves be maintained and charges for services to customers be sufficient to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties.

Fund assets, whose use are restricted under the bond indenture to improvement and replacement and debt service requirements are presented as restricted assets on the statement of fund net position. These assets are further segregated between those held by the City and those held by the trustee. Restricted assets relating to the mortgage revenue bond issue were as follows as of December 31, 2019:

	Restricted Assets
	Wastewater Refunding
Restricted Assets held by the City for:	
Revenue Bond Operations and Maintenance	$367,957
Restricted Assets held by Fiscal Agent for:	
Revenue Bond Future Debt Service	181,403

The bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption, in part by lot, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2020	$135,000

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2021 and 2022, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2021	$140,000
2022	145,000

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2023 and 2024, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2023	$150,000
2024	155,000

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2025 and 2026, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2025	$160,000
2026	165,000

The mortgage revenue bonds will be paid solely from the revenues of the Sewer enterprise fund. Annual principal and interest payments on the bonds are expected to require less than 100 percent of these net revenues in future years. The total principal and interest remaining to be paid on the mortgage revenue bonds are $1,050,000 and $138,261 respectively. Principal and interest for the current year and total net revenues were $170,245 and $1,012,410, respectively.

OPWC Loan Payable

On August 26, 2002, the City obtained an interest free loan from a direct borrowing from the Ohio Public Works Commission, in the amount of $483,243, for the construction of a 1.5 million gallon water tower and the installation of a twenty inch water line. The loan is to be repaid from the Water enterprise fund.

In the event of default on the loan, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General's office for collection and, as provided by law, OPWC may require that the payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amount shall, at OPWC's option, become immediately due and payable.

The OPWC loan will be paid solely from the net revenues of the Water enterprise fund. Annual principal payments on the loan are expected to require less than 100 percent of these net revenues in future years. The total principal remaining on the OPWC loan is $132,892. Principal for the current year and total net revenues were $24,162, and $1,353,616, respectively.

OWDA Loans Payable

On April 11, 2005, the City obtained a loan from a direct borrowing from the Ohio Water Development Authority, in the amount of $1,878,426, for the design of the granular activated carbon process. On August 13, 2007, the City increased this loan to include the construction of the granular activated carbon process system. The total loan amount was $8,542,544.

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

On June 25, 2015, the City obtained a loan from a direct borrowing from the Ohio Water Development Authority, for the construction of an industrial park water tower. The total amount of the loan was $2,351,631.

In the event of default on the loans, (1) the amount of the default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

The OWDA loans are to be repaid from the net revenues of the Water enterprise fund. Annual principal and interest payments on the loans are expected to require less than 100 percent of these net revenues in future years. The total principal and interest remaining on the OWDA loans are $5,363,292 and $496,548, respectively. Principal and interest for the current year and total net revenues were $543,253 and $1,353,616, respectively.

AMP-Ohio Payable

The City of Celina is a member of American Municipal Power (AMP) and a participant in the American Municipal Power Generating Station Project (AMPGS). This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share of the project was 19,000 kW of a total capacity of 771,281 kW, giving the City a 2.46 percent share of the project.

The AMPGS project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability.

The City's estimated share of the impaired costs at March 31, 2014, was $3,296,136. The City received a credit of $709,787 related to its participation in the AMP Fremont Energy Center (AFEC) project, a credit of $859,272 related to the AMPGS costs deemed to have future benefit for the project participants, have incurred additional costs of $83,021, and have made payments of $1,657,823 leaving a net impaired cost estimate of $152,275. The City is reporting a payable to AMP in its business-type activities and in its Electric enterprise fund for these impaired costs. AMP financed these costs in its revolving line of credit. Any additional costs (including line of credit interest and legal fees) or amounts received related to the project may result in a future liability to the City. These amounts will be recorded as they become estimable.

The City is paying its liability to AMP by making monthly payments. The liability should be paid in full during 2020.

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Capital Loans Payable

On February 20, 2018, the City entered into loans from direct borrowings for the purchase of vehicles, in the amount of $130,163 for governmental activities and $56,616 and $359,126 for business-type activities. The loans have an interest rate of 3.5 percent. The City is paying the loans in equal annual payments over a three and four year period with final maturity on June 1, 2020, and June 1, 2021. The loans are being repaid from resources of the Street and State Highway special revenue funds and the Water, Sewer, and Stormwater enterprise funds.

Net Pension/OPEB Liability

There is no repayment schedule for the net pension/OPEB liability; however, employer pension contributions are paid from the General Fund, the Police Pension and Fire Pension special revenue funds, and the Electric, Water, and Sewer enterprise funds. For additional information related to the net pension/OPEB liability, see Notes 15 and 16 to the basic financial statements.

Capital Leases Payable

Capital lease obligations will be paid from the fund that maintains custody of the related asset.

Compensated Absences Payable

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds are the General Fund, the Parks and Recreation, Street, and State Highway special revenue funds, and the Electric, Water, and Sewer enterprise funds.

The City's legal debt margin was $16,427,529 at December 31, 2019.

The following is a summary of the City's future annual debt service requirements for governmental activities:

	Governmental Activities						
			From Direct Placements		From Direct Borrowings		
	General Obligation Bonds		General Obligation Bonds		OPWC Loan	Capital Loans	
Year	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2020	$275,000	$20,050	$170,000	$28,523	$3,437	$44,888	$1,572
2021	50,000	11,800	130,000	22,723	6,873	0	0
2022	50,000	10,050	110,000	16,927	6,873	0	0
2023	50,000	8,300	110,000	6,840	6,873	0	0
2024	50,000	6,550	110,000	2,280	6,873	0	0
2025-2029	105,000	12,600	0	0	34,366	0	0
2030-2031	15,000	600	0	0	17,184	0	0
Total	$595,000	$69,950	$630,000	$77,293	$82,479	$44,888	$1,572

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The City's future annual debt service requirements, including mandatory sinking fund requirements, payable from the business-type activities are as follows:

	2010 Various Purpose General Obligation Bonds		Wastewater Refunding Mortgage Revenue Bonds	
Year	Principal	Interest	Principal	Interest
2020	$35,000	$9,050	$135,000	$31,870
2021	20,000	8,000	140,000	28,495
2022	20,000	7,300	145,000	24,645
2023	20,000	6,600	150,000	20,658
2024	20,000	5,900	155,000	15,933
2025-2029	105,000	18,000	325,000	16,660
2030	25,000	1,000	0	0
	$245,000	$55,850	$1,050,000	$138,261

	From Direct Borrowings				
	OPWC Loan	OWDA Loans		Capital Loans	
Year	Principal	Principal	Interest	Principal	Interest
2020	$12,081	$445,150	$93,615	$112,595	$7,313
2021	24,162	455,882	88,621	96,328	3,371
2022	24,162	466,967	78,391	0	0
2023	24,162	478,413	67,824	0	0
2024	24,162	490,236	56,911	0	0
2025-2029	24,163	2,204,688	111,186	0	0
2030-2034	0	587,905	0	0	0
2035-2036	0	234,051	0	0	0
	$132,892	$5,363,292	$496,548	$208,923	$10,684

NOTE 20 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into a capitalized lease for a vehicle. New capital leases are reflected in the accounts "Transportation" and "Inception of Capital Lease" in the fund which will be making the lease payments. Capital lease payments are reflected as function expenditures on a budgetary perspective and as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2019 were $59,574.

	Governmental Activities
Vehicle	$224,709
Less Accumulated Depreciation	(22,471)
	$202,238

NOTE 20 - CAPITAL LEASES - LESSEE DISCLOSURE (continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2019.

Fiscal Year	Principal
2020	$52,462
2021	55,004
2022	57,669
	$165,135

NOTE 21 - FUND BALANCE

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

Fund Balance	General	GO Debt Service	Tax Increment Financing	Other Governmental	Total Governmental Funds
Nonspendable for:					
Prepaid Items	$58,270	$0	$0	$108,498	$166,768
Materials and Supplies Inventory	19,333	0	0	37,404	56,737
Unclaimed Monies	17,372	0	0	0	17,372
Total Nonspendable	94,975	0	0	145,902	240,877
Restricted for:					
Street Construction and Maintenance	0	0	3,258,431	786,053	4,044,484
Capital Improvements	0	0	0	250,872	250,872
Cemetery	0	0	0	34,810	34,810
Economic Development and Rehabilitation	0	0	0	257,559	257,559
Police and Fire Operations	0	0	0	37,877	37,877
Police and Fire Operations and Street Construction and Maintenance	0	0	0	1,214,665	1,214,665
Drug Enforcement	0	0	0	3,301	3,301
Court Operations	0	0	0	689,809	689,809
Recreation	0	0	0	18	18
Total Restricted	0	0	3,258,431	3,274,964	6,533,395

(continued)

NOTE 21 - FUND BALANCE (continued)

Fund Balance	General	GO Debt Service	Tax Increment Financing	Other Governmental	Total Governmental Funds
Committed for:					
Economic Development	$300,000	$0	$0	$0	$300,000
Police and Fire Operations	0	0	0	758,033	758,033
Recreation	0	0	0	27	27
Street Construction and Maintenance	0	0	0	3,738,919	3,738,919
Total Committed	300,000	0	0	4,496,979	4,796,979
Assigned for:					
Projected Budget Shortage	4,897	0	0	0	4,897
Wellness Program	107,541	0	0	0	107,541
Unpaid Obligations	12,052	0	0	0	12,052
Total Assigned	124,490	0	0	0	124,490
Unassigned (Deficit)	4,330,906	(484,190)	0	(154,556)	3,692,160
Total Fund Balance (Deficit)	$4,850,371	($484,190)	$3,258,431	$7,763,289	$15,387,901

NOTE 22 - INTERNAL BALANCES AND TRANSFERS

The City uses an internal proportionate share to allocate its net pension/OPEB liability (asset) and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the government-wide statement of net position thus allowing the total column to present the change in proportionate share for the City as a whole.

Eliminations made in the total column of the government-wide statement of net position include deferred outflows of resources - pension for the business-type activities and deferred inflows of resources - pension for the governmental activities, in the amount of $93.

Eliminations made in the business-type activities column related to pension include deferred outflows of resources and deferred inflows of resources, in the amount of $15,652.

NOTE 22 - INTERNAL BALANCES AND TRANSFERS (continued)

Balances related to the internal proportionate share for pension at December 31, 2019, were as follows.

	Deferred Outflows	Deferred Inflows
Governmental Activities		
Governmental Activities	$15,162	$93
Business-Type Activities		
Electric	583	0
Water	0	15,461
Sewer	0	191
Total Business-Type activities	583	15,652
Total	$15,745	$15,745

During 2019, the General Fund made transfers to the Tax Increment Financing Fund and other governmental funds, in the amount of $6,873 and $2,729,500, respectively, to move receipts as debt payments became due and to subsidize various programs in other funds. The Tax Increment Financing Fund made transfers to the General Bond Retirement debt service fund and the Water enterprise fund, in the amounts of $14,882 and 134,006, respectively, to move receipts as debt payments became due. Other governmental funds made transfers to the GO Debt Service debt service fund, in the amount of $164,776, to move receipts as debt payments became due.

The Stormwater enterprise fund made transfers to the Tax Increment Financing Fund, in the amount of $99,403, as debt payments became due.

NOTE 23 - JOINTLY GOVERNED ORGANIZATIONS

A. Mercer County Community Improvement Corporation

The Mercer County Community Improvement Corporation (Corporation) was designated as an agency of Mercer County for industrial, commercial, distribution, and research development in Mercer County. The seventeen members of the Corporation consist of representatives from the County, the City, and villages within the county, along with additional appointments as established by the bylaws. The Corporation received land in 2013 from the City of Celina, with a value of $18,300, for the benefit of a company. The Corporation adopts its own budget, authorizes expenditures, hires and fires staff, and currently relies on Mercer County to finance deficits. Financial information can be obtained from the Mercer County Auditor, Courthouse, Celina, Ohio 45822.

NOTE 23 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. Grand Lake/Mercer County Research Corporation

The Grand Lake/Mercer County Research Corporation (Corporation) was created to enhance the economic environment of Mercer County by attracting new business and industry, retaining existing business and industry, and thereby creating and retaining job opportunities. The twenty-one members of the Corporation consist of representatives based on the eight largest cumulative private contributors, two representatives from the City of Celina, two representatives from Mercer County, one representative from the villages within the County, any contributor of $5,000 or more in one year, and four representatives from the community. The Corporation adopts its own budget, authorizes expenditures, hires and fires staff, and does not rely on the City to finance deficits. Financial information can be obtained from the Grand Lake/Mercer County Research Corporation, Wright State University, 7600 State Route 703, Celina, Ohio 45822.

C. Mercer County Planning Commission

The City participates in the Mercer County Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Mercer County, and the municipalities and townships within the County. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services within the County. Financial information can be obtained from the Mercer County Auditor, Courthouse, Celina, Ohio 45822.

NOTE 24 - INSURANCE PURCHASING POOLS

A. Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program

The City is a participant in the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance officers, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the program.

B. Ohio Plan Risk Management

The City participates in the Ohio Plan Risk Management (Plan), an insurance purchasing pool consisting of various entities in the State of Ohio. The intent of the Plan is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Plan. Membership in the Plan is by written application subject to the approval of the Plan Manager. Financial information may be obtained from the Ohio Plan Risk Management, 811 Madison Avenue, 11th Floor, P.O. Box 2083, Toledo, Ohio 43603-2083.

NOTE 25 - CONTINGENT LIABILITIES

A. Litigation

There are currently no matters in litigation with the City as defendant.

B. Federal and State Grants

For the period January 1, 2019, to December 31, 2019, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

NOTE 26 - SUBSEQUENT EVENTS

On February 21, 2020, the City issued bond anticipation notes, in the amount of $495,000, to retire notes previously issued to purchase land. The notes have an interest rate of 3.35 percent and mature on February 19, 2021.

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

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

	2019	2018	2017
City's Proportion of the Net Pension Liability	0.02683200%	0.02621500%	0.02574400%
City's Proportionate Share of the Net Pension Liability	$7,348,741	$4,112,626	$5,846,025
City's Covered Payroll	$3,619,200	$3,464,223	$3,327,958
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	203.05%	118.72%	175.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%

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

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

See Accompanying Notes to the Required Supplementary Information

2016	2015	2014
0.02613500%	0.02644500%	0.02644500%
$4,526,912	$3,189,562	$3,117,521
$3,252,764	$3,242,133	$3,119,438
139.17%	98.38%	99.94%
81.08%	86.45%	86.36%

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

	2019	2018
City's Proportion of the Net Pension Asset	0.02081200%	0.02287000%
City's Proportionate Share of the Net Pension Asset	$23,273	$31,135
City's Covered Payroll	$88,857	$93,662
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	26.19%	33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.64%	137.28%

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

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

See Accompanying Notes to the Required Supplementary Information

City of Celina
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)

	2019	2018	2017
City's Proportion of the Net Pension Liability	0.09520500%	0.09417900%	0.09086300%
City's Proportionate Share of the Net Pension Liability	$7,771,244	$5,780,190	$5,755,171
City's Covered Payroll	$2,108,561	$2,048,843	$1,929,038
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	368.56%	282.12%	298.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	70.91%	68.36%

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

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

See Accompanying Notes to the Required Supplementary Information

2016	2015	2014
0.09427600%	0.09363010%	0.09363010%
$6,064,840	$4,850,430	$4,560,080
$1,888,076	$1,832,511	$2,122,212
321.22%	264.69%	214.87%
66.77%	71.71%	73.00%

City of Celina
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	0.02612700%	0.03686000%	0.02525000%
City's Proportionate Share of the Net OPEB Liability	$3,406,343	$4,002,725	$2,550,336
City's Covered Payroll	$3,784,107	$3,614,810	$3,489,416
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	90.02%	110.73%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.04%

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

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

See Accompanying Notes to the Required Supplementary Information

City of Celina
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	0.09520500%	0.09417900%	0.09086300%
City's Proportionate Share of the Net OPEB Liability	$866,987	$5,336,050	$4,313,062
City's Covered Payroll	$2,108,561	$2,048,843	$1,929,038
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	41.12%	260.44%	223.59%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%	14.13%	15.96%

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

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

See Accompanying Notes to the Required Supplementary Information

City of Celina
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Seven Years (1) (2)

	2019	2018	2017	2016
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	$530,841	$506,688	$450,349	$399,355
Contributions in Relation to the Contractually Required Contribution	(530,841)	(506,688)	(450,349)	(399,355)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll	$3,791,721	$3,619,200	$3,464,223	$3,327,958
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%
Net Pension Asset - Combined Plan				
Contractually Required Contribution	$8,750	$12,440	$12,176	$12,970
Contributions in Relation to the Contractually Required Contribution	(8,750)	(12,440)	(12,176)	(12,970)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll	$62,500	$88,857	$93,662	$108,083
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%
Net OPEB Liability - OPEB Plan (2)				
Contractually Required Contribution	$2,575	$3,042	$37,856	$70,856
Contributions in Relation to the Contractually Required Contribution	(2,575)	(3,042)	(37,856)	(70,856)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll (3)	$3,918,596	$3,784,107	$3,614,810	$3,489,416
OPEB Contributions as a Percentage of Covered Payroll	0.04%	0.04%	1.02%	2.04%

(1) Information prior to 2013 is not available.
(2) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See Accompanying Notes to the Required Supplementary Information

2015	2014	2013
$390,331	$389,056	$405,527
(390,331)	(389,056)	(405,527)
$0	$0	$0
$3,252,764	$3,242,133	$3,119,438
12.00%	12.00%	13.00%
$8,867	$8,451	$7,883
(8,867)	(8,451)	(7,883)
$0	$0	$0
$73,892	$70,425	$60,638
12.00%	12.00%	13.00%

City of Celina
Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	$467,776	$449,546	$435,658	$411,762
Contributions in Relation to the Contractually Required Contribution	(467,776)	(449,546)	(435,658)	(411,762)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll	$2,195,308	$2,108,561	$2,048,843	$1,929,038
Contributions as a Percentage of Covered Payroll	21.31%	21.32%	21.26%	21.35%
Net OPEB Liability				
Contractually Required Contribution	$10,977	$10,542	$10,244	$9,645
Contributions in Relation to the Contractually Required Contribution	(10,977)	(10,542)	(10,244)	(9,645)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll	$2,195,308	$2,108,561	$2,048,843	$1,929,038
Contributions as a Percentage of Covered Payroll Covered Payroll	0.50%	0.50%	0.50%	0.50%

(1) The City's Covered payroll is the same for pension and OPEB.

See Accompanying Notes to the Required Supplementary Information

2015	2014	2013	2012	2011	2010
$403,914	$391,836	$387,214	$273,412	$261,881	$263,081
(403,914)	(391,836)	(387,214)	(273,412)	(261,881)	(263,081)
$0	$0	$0	$0	$0	$0
$1,888,076	$1,832,511	$2,122,212	$1,815,974	$1,742,468	$1,749,224
21.39%	21.38%	18.25%	15.06%	15.03%	15.04%
$9,440	$9,163	$76,753	$122,578	$117,617	$118,072
(9,440)	(9,163)	(76,753)	(122,578)	(117,617)	(118,072)
$0	$0	$0	$0	$0	$0
$1,888,075	$1,832,511	$2,122,212	$1,815,974	$1,742,468	$1,749,224
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

Changes in Assumptions - OPERS Pension - Traditional Plan

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

	2019	2017	2016 and Prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA			
Pre-January 7, 2013	3 percent simple	3 percent simple	3 percent simple
Post-January 7, 2013	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age	individual entry age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 Mortality Improvement Scale to the above described tables.

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

Changes in Assumptions - OPERS Pension - Combined Plan

For 2019, the investment rate changed from 7.5 percent to 7.2 percent.

Changes in Assumptions - OPF Pension

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

	2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	individual entry age	individual entry age
Investment Rate of Return	8 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	inflation rate of 2.75 percent plus productivity increase rate of .5 percent	inflation rate of 3.25 percent plus productivity increase rate of .5 percent
Cost of Living Adjustments	3 percent simple; 2.2 percent simple for increase based on the lesser of the increase in CPI and 3 percent	3 percent simple; 2.6 percent simple for increase based on the lesser of the increase in CPI and 3 percent

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

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

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

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

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP-2000 Combined Table age adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis with a base year of 2009 using Mortality Improvement Scale AA.

Changes in Assumptions - OPERS OPEB

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

Changes in Assumptions - OPF OPEB

For 2019, the single discount rate changed from 3.24 percent to 4.66 percent. For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

Changes in Benefit Terms - OPF OPEB

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

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

City of Celina
Mercer County
225 North Main Street
Celina, Ohio 45822

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Celina, Mercer County, (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 12, 2020, wherein we noted the financial impact of COVID-19 and the ensuring emergency measures will impact subsequent periods of the City.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor
Columbus, Ohio

August 12, 2020

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF CELINA

MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 9/8/2020

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