

**VILLAGE OF ST. BERNARD**

**Hamilton County, Ohio**



**Basic Financial Statements**

**December 31, 2019**



OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council  
Village of St. Bernard  
110 Washington Avenue  
St. Bernard, OH 45217

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

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 27, 2020

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**INDEPENDENT AUDITOR'S REPORT**

Village of St. Bernard  
110 Washington Ave.  
St. Bernard, Ohio 45217

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of St. Bernard (the Village), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 18 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. 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 that the management's discussion and analysis, budgetary comparison schedule, schedules of pension information and other postemployment information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Village's internal control over financial reporting and compliance.

*Plattensburg & Associates, Inc.*

Plattensburg & Associates, Inc.  
Cincinnati, Ohio  
June 29, 2020

**Village of St Bernard, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2019**  
**(Unaudited)**

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

**FINANCIAL HIGHLIGHTS**

**Key financial highlights for 2019 are as follows:**

- Net Position increased \$8,452,700, which represents an increase of 113% from 2018.
- General revenues accounted for \$12,722,474 in revenue or 90% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,390,353 or 10% of total revenues of \$14,112,827.
- The Village had \$5,660,127 in expenses related to governmental activities. General revenues (primarily taxes) of \$12,722,474 plus program revenues of \$1,390,353 were adequate to provide for these programs.
- Among major funds, the General Fund had \$12,723,001 in revenues and other financing sources and \$12,448,709 in expenditures and other financing uses. The General Fund's fund balance increased \$274,292 to \$3,973,589.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the Village:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the Village's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the Village, reporting the Village's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Government-Wide Financial Statements**

The government-wide statements report information about the Village as a whole using accepted methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**Village of St Bernard, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2019**  
**(Unaudited)**

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The two government-wide statements report the Village's Net Position and how they have changed. Net Position (the difference between the Village's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the Village's financial health or position.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Village you need to consider additional nonfinancial factors such as the Village's tax base and the condition of the Village's capital assets.

The government-wide financial statements of the Village reflect the following category of its activities:

- *Governmental Activities* – All of the Village's programs and services are reported here, including security of persons and property, public health and welfare services, leisure time activities, community environment, basic utility services, transportation, general government and other expenditures.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

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

***Fiduciary Funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village's own programs. All of the Village's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

### **FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

The following table provides a comparison of the Village's Net Position as of December 31, 2019 and 2018:



**Village of St Bernard, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2019**  
(Unaudited)

	Governmental Activities	
	2019	2018
Assets		
Current and Other Assets	\$14,547,660	\$13,242,400
Capital Assets	22,395,823	21,545,660
Total Assets	36,943,483	34,788,060
Deferred Outflows of Resources		
Pension	3,898,538	1,789,444
OPEB	850,205	980,853
Total Deferred Outflows of Resources	4,748,743	2,770,297
Liabilities		
Other Liabilities	437,792	534,905
Long-Term Liabilities		
Net Pension Liability	15,080,039	11,829,694
Net OPEB Liability	2,997,557	10,301,101
Other Amounts	18,801,200	19,696,911
Total Liabilities	37,316,588	42,362,611
Deferred Inflows of Resources		
Property Taxes	784,000	801,671
Grants and Other Taxes	42,170	40,008
OPEB	1,271,008	409,838
Pension	1,288,894	1,407,363
Total Deferred Inflows of Resources	3,386,072	2,658,880
Net Position		
Net Investment in Capital Assets	4,370,528	2,720,519
Restricted	7,865,813	7,505,769
Unrestricted	(11,246,775)	(17,689,422)
Total Net Position	\$989,566	(\$7,463,134)

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**Village of St Bernard, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2019**  
(Unaudited)

Changes in Net Position – The following table shows the changes in Net Position for the fiscal year 2019 and 2018:

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$1,101,892	\$833,623
Operating Grants and Contributions	288,461	249,584
General Revenues:		
Municipal Income Taxes	11,146,753	10,905,984
Property Taxes	738,704	853,968
Grants and Entitlements, Not Restricted	450,654	203,991
Revenue in Lieu of Taxes	42,171	40,008
Investment Earnings	91,836	57,010
Miscellaneous	252,356	349,915
Total Revenues	<u>14,112,827</u>	<u>13,494,083</u>
Program Expenses:		
General Government	2,864,698	5,787,461
Public Safety	469,784	5,234,040
Community Development	369,071	225,888
Leisure Time Activities	654,845	393,338
Transportation and Street Repair	263,990	720,516
Basic Utility Service	373,434	357,083
Public Health and Welfare Services	5,297	5,145
Other Expenditures	12,541	24,597
Interest and Fiscal Charges	646,467	679,049
Total Expenses	<u>5,660,127</u>	<u>13,427,117</u>
Change in Net Position	8,452,700	66,966
Net Position Beginning of Year	<u>(7,463,134)</u>	<u>(7,530,100)</u>
Net Position End of Year	<u><u>\$989,566</u></u>	<u><u>(\$7,463,134)</u></u>

***Governmental Activities***

The governmental activities net position of the Village increased from 2018 to 2019 with an increase of \$8,452,700 due to the decrease in program expenses.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

**Village of St Bernard, Ohio**  
**Management’s Discussion and Analysis**  
**For The Year Ended December 31, 2019**  
(Unaudited)

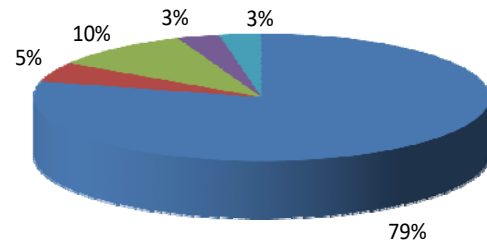
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The Village also receives an income tax. The income tax is based on 2.1% of all salaries, wages, commissions and other compensation and on net profits earned within the Village as well as on income of residents earned outside the Village.

During 2017, a large company had a net operating loss and did not owe the Village taxes that they normally would have. In 2018, a large company made larger payments than normal which caused the increase in income tax revenue that the Village received during the year. In 2019, the large company made normal payments again which caused a decrease in tax revenue.

Municipal income taxes and property taxes made up 79% and 5% respectively of revenues for governmental activities for the Village in fiscal year 2019. The Village’s reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2019	Percent of Total
Municipal Income Taxes	\$11,146,753	79%
Property Taxes	738,704	5%
Program Revenues	1,390,353	10%
Grants and Entitlements	450,654	3%
General Other	386,363	3%
<b>Total Revenues</b>	<b>\$14,112,827</b>	<b>100%</b>



**FINANCIAL ANALYSIS OF THE VILLAGE’S FUNDS**

The Village’s governmental funds reported a combined fund balance of \$11,935,603, which is an increase from last year’s balance of \$11,288,592. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2019 and 2018:

	Fund Balance December 31, 2019	Fund Balance December 31, 2018	Increase (Decrease)
General	\$3,973,589	\$3,699,297	\$274,292
Community Improvement Corporation	5,369,333	5,451,698	(82,365)
General Bond Retirement	303,972	187,001	116,971
Other Governmental	2,288,709	1,950,596	338,113
<b>Total</b>	<b>\$11,935,603</b>	<b>\$11,288,592</b>	<b>\$647,011</b>

General Fund – The Village’s General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

**Village of St Bernard, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2019**  
(Unaudited)

	2019 Revenues	2018 Revenues	Increase (Decrease)
All Taxes	\$11,080,921	\$12,087,227	(\$1,006,306)
Charges for Services	605,002	420,880	184,122
Intergovernmental Revenues	448,348	200,411	247,937
Fines, Licenses and Permits	282,901	192,732	90,169
All Other Revenue	305,829	266,443	39,386
<b>Total</b>	<b>\$12,723,001</b>	<b>\$13,167,693</b>	<b>(\$444,692)</b>

General Fund revenues in 2019 decreased 3.4% compared to revenues in fiscal year 2018. This can mostly be attributed to a decrease in income taxes received.

	2019 Expenditures	2018 Expenditures	Increase (Decrease)
General Government	\$4,583,227	\$5,003,354	(\$420,127)
Public Safety	4,129,712	4,284,471	(154,759)
Community Developments	17,328	0	17,328
Leisure Time Activities	375,897	113,171	262,726
Transportation and Street Repair	57,922	85,935	(28,013)
Public Health and Welfare	5,297	5,145	152
Other Expenditures	725,609	421,740	303,869
Debt Services:			
Principal Retirement	25,619	24,564	1,055
Interest	25,022	26,076	(1,054)
<b>Total</b>	<b>\$9,945,633</b>	<b>\$9,964,456</b>	<b>(\$18,823)</b>

General Fund expenditures decreased \$18,823 over the prior year due mainly to decreased costs associated with the general government expenditures.

The Village's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2019 the Village amended its General Fund budget several times.

For the General Fund, actual budget basis revenues were less than final estimates due primarily to lower than anticipated property and income tax revenues. Final budgeted expenditures increased by \$604,047 versus original budget to account for transfers out. The General Fund had an adequate fund balance to cover expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal year 2019 the Village had \$22,395,823 net of accumulated depreciation invested in land, land improvements, buildings and improvements, infrastructure, and machinery and equipment. The following table shows fiscal year 2019 and 2018 balances:

**Village of St Bernard, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2019**  
(Unaudited)

	Governmental Activities		
	2019	2018	Increase (Decrease)
Land	\$1,768,505	\$1,768,505	\$0
Land Improvements	4,006,164	3,969,554	36,610
Buildings and Improvements	14,256,390	13,082,390	1,174,000
Infrastructure	18,769,544	18,289,049	480,495
Machinery and Equipment	4,825,898	4,711,547	114,351
Less: Accumulated Depreciation	(21,230,678)	(20,275,385)	(955,293)
Capital Assets, Net	<u>\$22,395,823</u>	<u>\$21,545,660</u>	<u>\$850,163</u>

The overall net change in capital assets is a result of depreciation expense being less than additions to land, improvements, infrastructure and machinery and equipment. Additional information on the Village's capital assets can be found in Note 7.

**Debt**

At December 31, 2019, the Village had \$17,091,363 in bonds outstanding, \$700,000 due within one year. The following table summarizes the Village's debt outstanding as of December 31, 2019 and 2018:

	Government Activities	
	2019	2018
OPWC Loans	\$336,958	\$352,524
Total General Obligation Bonds	17,091,363	17,799,644
Total Net Pension Liability	15,080,039	11,829,694
Net OPEB Liability	2,997,557	10,301,101
Accrued Pension Liability	569,474	595,093
Capital Leases	27,500	77,880
Compensated Absences	775,905	871,770
Total	<u>\$36,878,796</u>	<u>\$41,827,706</u>

Additional information on the Village's long-term debt can be found in Note 12.

**ECONOMIC FACTORS**

The preceding financial information reflects that with the lower property tax values and the decline in local government funds the Village still remains heavily dependent on its local earnings tax and property taxes. The Village is continuing to work with the Ohio EPA to address all issues related to the Bank Ave. litigation and remains positive everything will be addressed.

The Village's goal is to continue to offer outstanding services to its residents and businesses while upgrading housing stock and moving forward with major projects. With careful planning and monitoring of the Village's finances, management is confident that current and future funding challenges can be overcome and quality services will continue to be provided to the people and businesses of St. Bernard.

**Village of St Bernard, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2019**  
**(Unaudited)**

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**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Peggy Brickweg, Village Auditor of the Village of St. Bernard.

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Village of St. Bernard, Ohio  
Statement of Net Position  
December 31, 2019

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$6,045,526
Restricted Cash	25,938
Cash and Cash Equivalents with Fiscal Agent	279,417
Receivables (Net):	
Taxes	2,694,314
Accounts	73,404
Intergovernmental	258,584
Assets Held for Resale	4,911,783
Inventory	37,459
Prepaid Items	221,235
Nondepreciable Capital Assets	1,768,505
Depreciable Capital Assets, Net	<u>20,627,318</u>
 Total Assets	 <u>36,943,483</u>
Deferred Outflows of Resources:	
Pension	3,898,538
OPEB	<u>850,205</u>
 Total Deferred Outflows of Resources	 <u>4,748,743</u>
Liabilities:	
Accounts Payable	76,577
Accrued Wages and Benefits	301,762
Accrued Interest Payable	59,453
Long-Term Liabilities:	
Due Within One Year	853,498
Due In More Than One Year	
Net Pension Liability	15,080,039
Net OPEB Liability	2,997,557
Other Amounts	<u>17,947,702</u>
 Total Liabilities	 <u>37,316,588</u>
Deferred Inflows of Resources:	
Property Taxes	784,000
Grants and Other Taxes	42,170
OPEB	1,271,008
Pension	<u>1,288,894</u>
 Total Deferred Inflows of Resources	 <u>3,386,072</u>
Net Position:	
Net Investment in Capital Assets	4,370,528
Restricted for:	
Debt Service	250,775
Capital Projects	764,553
Street Improvements	665,807
Public Safety	426,402
Community Development	5,683,379
Other Purposes	74,897
Unrestricted	<u>(11,246,775)</u>
 Total Net Position	 <u><u>\$989,566</u></u>

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio  
Statement of Activities  
For the Fiscal Year Ended December 31, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$2,864,698	\$86,187	\$27,625	(\$2,750,886)
Public Safety	469,784	262,287	0	(207,497)
Community Development	369,071	274,091	0	(94,980)
Leisure Time Activities	654,845	93,244	3,100	(558,501)
Transportation and Street Repair	263,990	33,257	257,736	27,003
Basic Utility Service	373,434	352,826	0	(20,608)
Public Health and Welfare	5,297	0	0	(5,297)
Other	12,541	0	0	(12,541)
Interest and Other Charges	646,467	0	0	(646,467)
Totals	<u>\$5,660,127</u>	<u>\$1,101,892</u>	<u>\$288,461</u>	<u>(4,269,774)</u>

General Revenues:	
Income Taxes	11,146,753
Property Taxes Levied for:	
General Purposes	698,418
Police Operations	20,143
Fire Operations	20,143
Grants and Entitlements, Not Restricted	450,654
Revenue in Lieu of Taxes	42,171
Investment Earnings	91,836
Capital Contributions	71,430
Other Revenues	180,926
Total General Revenues	<u>12,722,474</u>
Change in Net Position	8,452,700
Net Position - Beginning of Year	<u>(7,463,134)</u>
Net Position - End of Year	<u>\$989,566</u>

See accompanying notes to the basic financial statements.



Village of St. Bernard, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2019

	General	Community Improvement Corporation	General Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$3,301,329	\$457,550	\$203,575	\$2,083,072	\$6,045,526
Restricted Cash	25,938	0	0	0	25,938
Cash and Cash Equivalents with Fiscal Agent	0	0	100,397	179,020	279,417
<b>Receivables (Net):</b>					
Taxes	2,647,990	0	0	46,324	2,694,314
Accounts	72,462	0	0	942	73,404
Intergovernmental	92,247	0	0	166,337	258,584
Assets Held for Resale	0	4,911,783	0	0	4,911,783
Inventory	37,459	0	0	0	37,459
Prepaid Items	216,429	0	0	4,806	221,235
<b>Total Assets</b>	<b>6,393,854</b>	<b>5,369,333</b>	<b>303,972</b>	<b>2,480,501</b>	<b>14,547,660</b>
<b>Liabilities:</b>					
Accounts Payable	53,509	0	0	23,068	76,577
Accrued Wages and Benefits	295,547	0	0	6,215	301,762
<b>Total Liabilities</b>	<b>349,056</b>	<b>0</b>	<b>0</b>	<b>29,283</b>	<b>378,339</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	779,726	0	0	46,324	826,050
Grants and Other Taxes	1,291,483	0	0	116,185	1,407,668
<b>Total Deferred Inflows of Resources</b>	<b>2,071,209</b>	<b>0</b>	<b>0</b>	<b>162,509</b>	<b>2,233,718</b>
<b>Fund Balances:</b>					
Nonspendable	253,888	0	0	4,806	258,694
Restricted	0	5,369,333	303,972	2,164,560	7,837,865
Committed	0	0	0	119,343	119,343
Assigned	144,241	0	0	0	144,241
Unassigned	3,575,460	0	0	0	3,575,460
<b>Total Fund Balances</b>	<b>3,973,589</b>	<b>5,369,333</b>	<b>303,972</b>	<b>2,288,709</b>	<b>11,935,603</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$6,393,854</b>	<b>\$5,369,333</b>	<b>\$303,972</b>	<b>\$2,480,501</b>	<b>\$14,547,660</b>

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 December 31, 2019

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Total Governmental Fund Balance		\$11,935,603
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		22,395,823
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Income Taxes	1,221,225	
Delinquent Property Taxes	42,050	
Intergovernmental	144,273	
		<u>1,407,548</u>
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(59,453)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(775,905)
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	3,898,538	
Deferred inflows of resources related to pensions	(1,288,894)	
Deferred outflows of resources related to OPEB	850,205	
Deferred inflows of resources related to OPEB	(1,271,008)	
		<u>2,188,841</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(15,080,039)	
Net OPEB Liability	(2,997,557)	
Other Amounts	(18,025,295)	
		<u>(36,102,891)</u>
Net Position of Governmental Activities		<u>\$989,566</u>

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2019

	General	Community Improvement Corporation	General Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Taxes	\$734,781	\$0	\$0	\$42,316	\$777,097
Income Taxes	10,346,140	0	0	0	10,346,140
Charges for Services	605,002	161,542	0	33,257	799,801
Investment Earnings	84,236	7,443	(556)	713	91,836
Intergovernmental	448,348	0	0	254,113	702,461
Fines, Licenses & Permits	282,901	0	0	9,135	292,036
Revenue in Lieu of Taxes	0	0	0	42,171	42,171
Rent	30,725	0	0	0	30,725
Other Revenues	190,868	0	0	0	190,868
<b>Total Revenues</b>	<b>12,723,001</b>	<b>168,985</b>	<b>(556)</b>	<b>381,705</b>	<b>13,273,135</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	4,583,227	0	0	179,549	4,762,776
Public Safety	4,129,712	0	0	10,753	4,140,465
Community Development	17,328	322,780	0	28,963	369,071
Leisure Time Activities	375,897	0	0	116,458	492,355
Transportation and Street Repair	57,922	0	0	206,068	263,990
Basic Utility Service	373,434	0	0	0	373,434
Public Health and Welfare	5,297	0	0	0	5,297
Other	12,541	0	0	0	12,541
Capital Outlay	339,634	0	0	489,069	828,703
<b>Debt Service:</b>					
Principal	25,619	0	725,380	15,566	766,565
Interest and Other Charges	25,022	0	657,093	242	682,357
<b>Total Expenditures</b>	<b>9,945,633</b>	<b>322,780</b>	<b>1,382,473</b>	<b>1,046,668</b>	<b>12,697,554</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,777,368</b>	<b>(153,795)</b>	<b>(1,383,029)</b>	<b>(664,963)</b>	<b>575,581</b>
<b>Other Financing Sources (Uses):</b>					
Capital Contributions	0	71,430	0	0	71,430
Transfers In	0	0	1,500,000	1,003,076	2,503,076
Transfers (Out)	(2,503,076)	0	0	0	(2,503,076)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,503,076)</b>	<b>71,430</b>	<b>1,500,000</b>	<b>1,003,076</b>	<b>71,430</b>
<b>Net Change in Fund Balance</b>	<b>274,292</b>	<b>(82,365)</b>	<b>116,971</b>	<b>338,113</b>	<b>647,011</b>
<b>Fund Balance - Beginning of Year</b>	<b>3,699,297</b>	<b>5,451,698</b>	<b>187,001</b>	<b>1,950,596</b>	<b>11,288,592</b>
<b>Fund Balance - End of Year</b>	<b>\$3,973,589</b>	<b>\$5,369,333</b>	<b>\$303,972</b>	<b>\$2,288,709</b>	<b>\$11,935,603</b>

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2019

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Net Change in Fund Balance - Total Governmental Funds \$647,011

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	1,963,246	
Depreciation Expense	<u>(1,109,450)</u>	
		853,796

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. (3,633)

Governmental funds report pension/OPEB contributions as expenditures. However in the Statement of Activites, the cost of pension/OPEB benefits earned net of employee contributions are reported as pension/OPEB expense.

Pension Contributions	902,120	
Pension Expense	(1,924,902)	
OPEB Contributions	14,752	
OPEB Expense	<u>6,296,974</u>	
		5,288,944

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

Income Taxes	800,613	
Delinquent Property Taxes	(38,280)	
Intergovernmental	<u>5,929</u>	
		768,262

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 766,565

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 2,609

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	95,865	
Amortization of Bond Premium	<u>33,281</u>	
		<u>129,146</u>

Change in Net Position of Governmental Activities \$8,452,700

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2019

	C-9 Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$50,000	\$16,402
Total Assets	<u>50,000</u>	<u>16,402</u>
Liabilities:		
Undistributed Monies	0	16,402
Total Liabilities	<u>0</u>	<u>\$16,402</u>
Net Position:		
Held in Trust	<u>50,000</u>	
Total Net Position	<u>\$50,000</u>	

See accompanying notes to the basic financial statements.

Village of St. Bernard, Ohio  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended December 31, 2019

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	C-9 Trust
Additions:	
Other	\$0
Total Additions	0
Deductions:	
Other	0
Total Deductions	0
Change in Net Position	0
Net Position - Beginning of Year	50,000
Net Position - End of Year	<u>\$50,000</u>

See accompanying notes to the basic financial statements.

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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**Note 1 - Summary of Significant Accounting Policies**

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**Reporting Entity**

The Village of St. Bernard, Ohio (the "Village") was incorporated as a village in 1878 and became a Village in 1912. The Village is a charter municipal corporation under the laws of the State of Ohio and operates under a Council-Mayor form of government.

The accompanying basic financial statements of the Village present the financial position of the various fund types, and the results of operations of the various fund types. The financial statements are presented as of December 31, 2019 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 61 *"The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,"* in that the financial statements include all organizations, activities, functions and component units for which the Village (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the Village.

The St. Bernard Community Improvement Corporation (CIC), a non-profit organization, is an eleven-member board comprised of one Village official, three elected officials, five community representatives and two non-resident business advisors. Although it is legally separate from the Village, the CIC is reported as if it were part of the primary government because the Village can impose its will on the CIC. The CIC is responsible for research and development of the Village, including the assurance that mortgage payments will be made to foster such development, the acquisition, construction, equipment and improvement of buildings, structures and other properties, the acquisition of sites for such development, the lease, sale and subdivision of such sites and incurring of debt in order to carry out such development, and to make loans to any individual or business entity in order to carry out such development purpose for the Village. Funding to finance the CIC comes from the sale of properties owned by the CIC and contributions from the Village and private sources.

The Village of St. Bernard Mayor's Court is included in the reporting entity because it is not legally separate.

**Basis of Presentation - Fund Accounting**

The Village uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Village functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following fund types are used by the Village:

Governmental Funds

The governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the Village's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "Flow of Current Financial Resources." With this measurement focus, only current assets and current liabilities and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The following are the Village's major governmental funds:

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

Community Improvement Corporation Fund – This fund is used to account for the financial activities of the St. Bernard CIC.

General Bond Retirement Fund - This fund is used to account for financial resources to be used for the retirement of the Village's long-term obligations.

Fiduciary Funds

Fiduciary fund reporting focuses on Net Position and changes in Net Position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the Village holds in a trustee account or as an agent for individuals, private organizations, other governments, and other funds. The Village's fiduciary funds are a Private-Purpose Trust Fund and agency funds. The Village's Private Purpose Trust Fund accounts for monies held in trust for retired employees of the Village. The Village's agency funds account for monies held for hall rentals, building permit fees, and the Mayor's Court. The agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**Basis of Presentation – Financial Statements**

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Village 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 Village that are governmental and those that are considered business-type activities.



**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village 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 Village 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "measurable" means that the amount of the transaction can be determined. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the Village is considered to be 60 days after year-end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized for reporting purposes by the governmental activities and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Non-exchange transactions, in which the Village receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 Village must provide local resources to be used for a

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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specific purpose, and expenditure requirements, in which the resources are provided to the Village on a reimbursement basis.

Revenue considered susceptible to accrual at year-end includes income taxes withheld by employers, property taxes, interest on investments and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, is recorded as revenue when received in cash because generally this revenue is not measurable until received.

Property taxes measurable as of December 31, 2019, but not received within the available period are recorded as deferred inflows of resources as these resources are not intended to pay liabilities of the current period. Delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources.

The Village reports deferred inflows of resources in its balance sheet. Deferred inflows of resources arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred inflows of resources is removed from the combined balance sheet and revenue is recognized.

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources as certified.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. Since the Community Improvement Corporation is a legally separate entity it is not part of the Village's budget, therefore no budgetary statement is presented. The legal level of budgetary control for each fund is at the object level within each department. Budgetary modifications may only be made by ordinance of the Village Council.

Tax Budget

By July 15, the Village Finance Committee and Auditor submit an annual tax budget for the following fiscal year to Village Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

**Budgetary Process**

Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. By October 1 of each year, the Village accepts by resolution the tax rates as determined by the Budget Commission. As part of the certification

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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process, the Village receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates.

Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may be modified during the year by an ordinance of the Village Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. Administrative control is maintained through the establishment of more detailed line-item budgets.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities.

Lapsing of Appropriations

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

**Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is considered a cash equivalent because it is a highly liquid investment with an original maturity date of three months or less.

The Village pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and cash equivalents represents the balance on hand as if each fund maintained its own cash and cash equivalent account.

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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**Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the Village's Investment Policies. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the Village records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 3, "Cash, Cash Equivalents and Investments."

The Village's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the Village. The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides 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, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

**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. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

**Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased.

**Capital Assets and Depreciation**

Capital assets are defined by the Village as assets with an initial, individual cost of more than \$500.

Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost. The capital asset values were initially determined by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are capitalized at acquisition value, rather than fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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asset or materially extend asset lives are not capitalized. Improvements are capitalized. These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20-40 years
Buildings and Improvements	10-45 years
Infrastructure	20-50 years
Machinery and Equipment	5-20 years

**Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
Compensated Absences	General Fund Street Maintenance Fund
General Obligation Bonds	General Bond Retirement Fund
Accrued Pension Liability	The fund benefitting from their services
OPEB Liability	The fund benefitting from their services
Capital Leases	General Bond Retirement Fund
Ohio Public Works	Storm Sewer Improvement Fund
Commission Loans	General Bond Retirement Fund

**Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on 95% of the leave balances accumulated by employees who have ten years or more of service time with the Village. These employees are expected to become eligible in the future to receive such payments.

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable available financial resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of Net Position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

**Net Position**

Net Position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Position – net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Village applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

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

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

**Intergovernmental Revenues**

In governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, and shared revenues are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

**Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

**Interfund Assets/Liabilities**

Receivables and payables arising between funds for goods provided or services rendered are classified as "Due From/To Other Funds" on the balance sheet. Short-term interfund loans are classified as "Interfund Receivables/Payables," while long-term interfund loans are classified as "Interfund Loan Receivable/ Payable."

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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**Estimates**

The preparation of 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.

**Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

*Nonspendable* – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

*Restricted* – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Village to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village’s highest level of decision making authority. For the Village, these constraints consist of ordinances and resolutions passed by Village Council. Committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

*Assigned* – Assigned fund balance consists of amounts that are constrained by the Village’s intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned* – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the Village, deferred outflows of resources are reported for pension and OPEB amounts (See Notes 8 and 9). The amounts are reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the items, property taxes and grants and other taxes are reported on the governmental funds balance sheet and government-wide statements. The governmental funds report unavailable amounts for delinquent property taxes, income taxes and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. See Notes 8 and 9 for more information.

**Fair Market Value**

The Village 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.

**Assets Held for Resale**

According to GASB 72, Assets Held for Resale are recorded at acquisition value. The value of the asset is not adjusted for transaction costs even if those costs are separable.

Assets Held for Resale are defined by the St. Bernard CIC (“the CIC”) as assets with an initial, individual cost of more than \$1,000.

Depreciation has been not been provided for land and buildings. It is the CIC's practice to sell land and buildings after the appropriate improvements have been made. Because it is not the CIC's intent to use these properties themselves, they have not been depreciated.

**Note 2 – Fund Balance Classification**

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



**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

Fund Balances	General	Community Improvement Corporation	General Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Supplies Inventory	\$37,459	\$0	\$0	\$0	\$37,459
Prepaid Items	216,429	0	0	4,806	221,235
Total Nonspendable	<u>253,888</u>	<u>0</u>	<u>0</u>	<u>4,806</u>	<u>258,694</u>
<u>Restricted for:</u>					
Community Environment	0	5,369,333	0	0	5,369,333
Security of Persons	0	0	0	705,462	705,462
Court Improvements	0	0	0	32,662	32,662
Street Improvements	0	0	0	661,883	661,883
Debt Service	0	0	303,972	0	303,972
Capital Improvements	0	0	0	764,553	764,553
Total Restricted	<u>0</u>	<u>5,369,333</u>	<u>303,972</u>	<u>2,164,560</u>	<u>7,837,865</u>
<u>Committed to:</u>					
Swimming Pool	0	0	0	119,338	119,338
Capital Improvements	0	0	0	5	5
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>119,343</u>	<u>119,343</u>
<u>Assigned to:</u>					
Goods and Services	144,241	0	0	0	144,241
Total Assigned	<u>144,241</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>144,241</u>
<u>Unassigned</u>	<u>3,575,460</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,575,460</u>
Total Fund Balances	<u>\$3,973,589</u>	<u>\$5,369,333</u>	<u>\$303,972</u>	<u>\$2,288,709</u>	<u>\$11,935,603</u>

**Note 3 – Cash, Cash Equivalents and Investments**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the Village into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the Village. Such funds must be maintained either as cash in the Village Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

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

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2019, \$2,127,493 of the Village’s bank balance of \$2,627,493 was exposed to custodial credit risk because it was uninsured and collateralized.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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**Investments**

The Village's investments at December 31, 2019 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$199,864	N/A	0.00
STAROhio	<u>3,790,817</u>	N/A	0.14
Total Fair Value	<u><u>\$3,990,681</u></u>		

The Village categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation used to measure the fair value of an 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 table identifies the Village's recurring fair value measurements as of December 31, 2019. STAROhio is reported at its share price (Net Asset value per share).

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date, the Village has no policy beyond what Ohio Revised Code requires.

*Credit Risk* – It is the Village's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. Investments in STAROhio were rated AAAM by Standard & Poors. Investments in Money Market Funds were not rated.

*Concentration of Credit Risk* – The Village places no limit on the amount the Village may invest in one issuer. Of the Village's total investments 5% are Money Market Funds and 95% are STAR Ohio.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Village has no policy beyond what Ohio Revised Code requires for custodial credit risk.

**Note 4 – Taxes**

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**Property Taxes**

Property taxes include amounts levied against all real estate and public utility property and located in the Village. Real property taxes (other than public utility) collected during 2019 were levied after October 1, 2018 on assessed values as of January 1, 2018, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. Taxes collected in 2019 are intended to finance 2020 operations. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as the real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the Village of St. Bernard. The County Auditor periodically remits to the Village its portion of the taxes collected.

The assessed value on which the 2019 levy was based was \$80,368,840. This amount constitutes \$75,188,470 in real property assessed value and \$5,180,370 in public utility assessed value.

**Income Tax**

The Village levies a tax of 2.1% on all salaries, wages, commissions and other compensation and on net profits earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of up to 2.1% of the tax paid to another municipality.

Employers within the Village are required to withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**Note 5 – Receivables**

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Receivables at December 31, 2019, consisted of taxes, accounts receivable and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred inflows of resources.

**Note 6 – Transfers and Advances**

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Following is a summary of transfers in and out and advances to and from for all funds for 2019:

Fund	Transfers In	Transfers Out
General	\$0	\$2,503,076
General Bond Retirement	1,500,000	0
Other Governmental	1,003,076	0
Total	\$2,503,076	\$2,503,076

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

**Note 7 - Capital Assets**

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Summary by category of changes in governmental activities capital assets at December 31, 2019:

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$1,768,505	\$0	\$0	\$1,768,505
Capital Assets Being Depreciated:				
Land Improvements	3,969,554	40,000	3,390	4,006,164
Buildings and Improvements	13,082,390	1,174,000	0	14,256,390
Infrastructure	18,289,049	480,495	0	18,769,544
Machinery and Equipment	4,711,547	268,751	154,400	4,825,898
Totals at Historical Cost	<u>41,821,045</u>	<u>1,963,246</u>	<u>157,790</u>	<u>43,626,501</u>
Less Accumulated Depreciation:				
Land Improvements	3,102,854	163,881	3,390	3,263,345
Building and Improvements	2,561,313	264,178	0	2,825,491
Infrastructure	10,738,517	472,957	0	11,211,474
Machinery and Equipment	3,872,701	208,434	150,767	3,930,368
Total Accumulated Depreciation	<u>20,275,385</u>	<u>1,109,450</u>	<u>154,157</u>	<u>21,230,678</u>
Governmental Activities Capital Assets, Net	<u>\$21,545,660</u>	<u>\$853,796</u>	<u>\$3,633</u>	<u>\$22,395,823</u>

Depreciation expense was charged to governmental programs as follows:

Security of Persons and Property	\$181,360
Leisure Time Activities	162,490
Transportation	451,859
General Government	313,741
Total Depreciation Expense	<u>\$1,109,450</u>

**Note 8 – Defined Benefit Pension Plans**

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

***Net Pension Liability/Net OPEB Liability***

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability and the net OPEB liability represent the Village’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 calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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

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

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

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

**Plan Description**

Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While employees may elect the member-directed plan or the combined plan, substantially all employees are in the traditional plan; therefore, the following disclosure focuses on the traditional 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 [opers.org/financial/reports.shtml](http://opers.org/financial/reports.shtml), by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

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

**Funding Policy**

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

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2019 Statutory Maximum Contribution Rates			
Employer	14.00%	18.10%	18.10%
Employee (a)	10.00%	(b)	(c)
2019 Actual Contribution Rates			
Employer:			
Pension (d)	14.00%	18.10%	18.10%
Post-employment Health Care Benefits (d)	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Employer	<u>14.00%</u>	<u>18.10%</u>	<u>18.10%</u>
Employee	<u>10.00%</u>	<u>12.00%</u>	<u>13.00%</u>

- (a) Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- (b) This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- (c) This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2% greater than the Public Safety rate.
- (d) These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4% for health care with the remainder going to pension.

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

For 2019, the Village's contractually required contribution was \$262,211, of this amount \$19,010 is reported in accrued wages and benefits.

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

**Plan Description**

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

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



**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

**Funding Policy**

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

	<u>Police</u>	<u>Firefighters</u>
2019 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2019 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-Employment Health Care Benefits	<u>0.50%</u>	<u>0.50%</u>
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$639,909 for 2019, of this amount \$51,982 is reported as accrued wages and benefits.

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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

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

	OPERS		
	Traditional Plan	OP&F	Total
Proportionate Share of the Net Pension Liability	\$3,721,477	\$11,358,562	\$15,080,039
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01358800%	0.13915300%	
Prior Measurement Date	0.01578800%	0.15239000%	
Change in Proportionate Share	-0.00220000%	-0.01323700%	
Pension Expense	\$639,718	\$1,285,184	\$1,924,902

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

	OPERS		
	Traditional Plan	OP&F	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$172	\$466,678	\$466,850
Changes of assumptions	323,964	301,131	625,095
Net difference between projected and actual earnings on pension plan investments	505,108	1,399,365	1,904,473
Contributions subsequent to the measurement date	262,211	639,909	902,120
Total Deferred Outflows of Resources	\$1,091,455	\$2,807,083	\$3,898,538
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$48,865	\$10,607	\$59,472
Changes in employer proportionate share of net pension liability	288,296	941,126	1,229,422
Total Deferred Inflows of Resources	\$337,161	\$951,733	\$1,288,894

\$902,120 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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Year Ending December 31:	OPERS Traditional Plan	OP&F	Total
2020	\$166,163	\$427,181	\$593,344
2021	44,148	121,182	165,330
2022	46,859	211,821	258,680
2023	234,913	450,306	685,219
2024	0	4,951	4,951
Total	<u>\$492,083</u>	<u>\$1,215,441</u>	<u>\$1,707,524</u>

**Actuarial Assumptions - OPERS**

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

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

	OPERS <u>Traditional Plan</u>
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (includes wage inflation at 3.25%)
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00% Simple
Post-January 7, 2013 Retirees	3.00% Simple through 2018, then 2.15% Simple
Investment Rate of Return	7.20%
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

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

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

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 following table displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.20% for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments applied to all periods of projected benefit payments to determine the total pension liability.

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the net pension liability calculated using the discount rate of 7.20%, and the expected net pension liability if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension liability	\$5,497,705	\$3,721,477	\$2,245,417

**Changes since the prior Measurement Date on to Report Date**

OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

**Actuarial Assumptions – OP&F**

OP&F’s total pension liability as of December 31, 2019 (December 31, 2018 measurement date), is based on the results of an actuarial valuation date of January 1, 2018, rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

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

**Healthy Mortality**

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

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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

**Disabled Mortality**

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

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

The actuarial assumptions used in the valuation are based on the results of a five-year experience review covering the period 2012-2016. The experience study was performed by OP&F's prior actuary and the assumptions were effective January 1, 2017.

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

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

*Note: Assumptions are geometric*

*\* levered 2x*

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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

**Discount Rate**

Total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, OP&F’s fiduciary net position was projected to be available to make all future benefit payment 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 7.00%, or one percentage point higher, 9.00%, than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability	\$14,930,047	\$11,358,562	\$8,374,070

**Changes in Benefit Terms and Assumptions since prior measurement date and to report date**

There have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation studies as of the pension plan for the measurement date.

**Note 9 - Defined Benefit Other Postemployment Benefits Plans**

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See Note 8 for a description of the net OPEB liability.

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

**Health Care Plan Description**

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

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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

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

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

**Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. During 2019, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.00% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

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

The Village's contractually required contribution was \$0 for 2019.

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

**Health Care Plan Description**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-



**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years.

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

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

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

**Funding Policy**

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

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

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

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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

The Village's contractually required contribution to OP&F was \$14,752 for 2019.

**Net OPEB Liability**

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018 to December 31, 2018. The Village's proportion of the net OPEB liability was based on the Village'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		
	<u>Traditional Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,730,355	\$1,267,202	\$2,997,557
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.01327200%	0.13915300%	
Prior Measurement Date	<u>0.01535000%</u>	<u>0.15239000%</u>	
Change in Proportionate Share	<u>-0.00207800%</u>	<u>-0.01323700%</u>	
OPEB Expense	\$58,634	(\$6,355,608)	(\$6,296,974)

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

	OPERS		
	<u>Traditional Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$586	\$0	\$586
Changes of assumptions	55,789	656,856	712,645
Net difference between projected and actual earnings on pension plan investments	79,326	42,896	122,222
Contributions subsequent to the measurement date	<u>0</u>	<u>14,752</u>	<u>14,752</u>
Total Deferred Outflows of Resources	<u>\$135,701</u>	<u>\$714,504</u>	<u>\$850,205</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$4,695	\$33,951	\$38,646
Changes of assumptions	0	350,822	350,822
Changes in employer proportionate share of net OPEB liability	<u>177,138</u>	<u>704,402</u>	<u>881,540</u>
Total Deferred Inflows of Resources	<u>\$181,833</u>	<u>\$1,089,175</u>	<u>\$1,271,008</u>

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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\$14,752 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OP&F	Total
2020	(\$36,150)	(\$60,708)	(\$96,858)
2021	(60,737)	(60,708)	(121,445)
2022	10,793	(60,708)	(49,915)
2023	39,962	(47,734)	(7,772)
2024	0	(68,188)	(68,188)
Thereafter	0	(91,377)	(91,377)
<b>Total</b>	<b>(\$46,132)</b>	<b>(\$389,423)</b>	<b>(\$435,555)</b>

**Actuarial Assumptions - OPERS**

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

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

Wage Inflation	3.25%
Projected Salary	3.25% to 10.75% (including wage inflation)
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Health Care Cost Trend Rate	10.00% initial, 3.25% ultimate in 2029
Actuarial Cost Method	Individual Entry Age, Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and healthcare 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 5.60% for 2018.

The allocation of investment assets within the OPERS Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table on the following page 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%	2.42%
Domestic Equities	21%	6.21%
Real Estate Investment Trust	6%	5.98%
International Equities	22%	7.83%
Other investments	17%	5.57%
Total	100%	5.16%

**Discount Rate**

A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. 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

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance the health care costs through the year 2031. As a result, the long term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the OPEB liability calculated using the single discount rate of 3.96%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Proportionate share of the net OPEB liability	\$2,213,770	\$1,730,355	\$1,345,914

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate**

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Proportionate share of the net OPEB liability	\$1,663,247	\$1,730,355	\$1,807,646

**Changes since prior Measurement Date and to Report Date**

OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare-eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time.

**Actuarial Assumptions – OP&F**

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

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

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

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Stipend Increase Rate	The stipend is not assured to increase over the projection period

**Healthy Mortality**

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

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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

**Disabled Mortality**

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

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

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

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

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

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

*Note: Assumptions are geometric  
\* levered 2x*

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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

**Discount Rate**

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

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

Net OPEB liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 3.66%, or one percentage point higher, 5.66%, than the current rate:

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
Proportionate share of the net OPEB liability	\$1,543,797	\$1,267,202	\$1,035,023

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate**

The net OPEB liability for OP&F is not sensitive to changes in the healthcare care cost trend rate because it is based on a medical benefit that is a flat dollar amount.

**Changes since prior measurement date and to report date**

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



**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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**Note 10 - Compensated Absences**

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All full-time Village employees other than fire department employees earn vacation at varying rates based upon length of service. An employee's vacation must be used during the period in which it is earned unless the Department Supervisor allows the balance to be carried over to the following year. Upon separation from the Village, the employee (or their estate) is paid for his accumulated unused vacation leave balance.

All full-time Village employees other than fire department employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon retirement from the Village's service, an employee hired prior to December 21, 1985 receives one hour of monetary compensation for each one hour of unused sick leave up to a maximum of 1,800 hours. An employee hired after December 21, 1985 receives one hour of monetary compensation for each hour of unused sick leave up to a maximum of 1,000 hours. The monetary compensation is calculated at the hourly rate of compensation of the employee at the time of retirement.

Fire department employees earn sick leave at the rate of 16 hours per calendar month of active service. Upon retirement from Village service, fire department employees receive one hour of compensation for each one hour of unused sick leave up to a maximum of 105 hours. The monetary compensation is calculated at the hourly rate of compensation of the employee at the time of retirement.

As of December 31, 2019 the long-term portion of the compensated absences liability for the Village has decreased \$95,865 from a balance of \$871,770 to \$775,905. This amount is considered long-term since no payments are anticipated requiring the use of current available financial resources.

**Note 11 - Capital Leases**

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The Village is party to four separate leases, three for police vehicles and one for a street sweeper for the Street Construction Fund. The cost of the equipment obtained under the lease agreements (\$180,015) is included in the Governmental Activities capital assets as machinery and equipment. The liability for these leases are recorded on the Statement of Net Position as due within one year and due in more than one year. In 2019, the Village paid off all three of the police vehicle leases.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2019:

Fiscal Year	Long-Term Debt
Ending December 31,	
2020	\$28,322
Total Lease Payments	28,322
Interest	(822)
Present Value Payments	\$27,500

**Note 12 - Long-Term Obligations**

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Detail of the changes in the loans, bonds, pension liability and compensated absences of the Village for the year ended December 31, 2019, follows:

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<b>Ohio Public Works Commission Loan (OPWC):</b>					
3.00% Andalus Avenue Improvements	\$8,760	\$0	\$2,834	\$5,926	\$2,919
0.00% Ross Avenue Improvements	343,764	0	12,732	331,032	12,732
<b>Total OPWC Loans</b>	<b>352,524</b>	<b>0</b>	<b>15,566</b>	<b>336,958</b>	<b>15,651</b>
<b>General Obligation Bonds:</b>					
3.00% Swimming Pool Refunding Bonds	730,000	0	110,000	620,000	115,000
2.00% Service Center Project	3,160,000	0	90,000	3,070,000	95,000
2.00% Streetscape Project	2,950,000	0	160,000	2,790,000	165,000
2.00% Public Safety Center	8,175,000	0	200,000	7,975,000	205,000
2.00% Bank Street Settlement	2,065,000	0	115,000	1,950,000	120,000
Premium on Bonds	719,644	0	33,281	686,363	0
<b>Total General Obligation Bonds</b>	<b>17,799,644</b>	<b>0</b>	<b>708,281</b>	<b>17,091,363</b>	<b>700,000</b>
<b>Net Pension Liability:</b>					
OPERS	2,476,832	1,244,645	0	3,721,477	0
OPF	9,352,862	2,005,700	0	11,358,562	0
<b>Total Net Pension Liability</b>	<b>11,829,694</b>	<b>3,250,345</b>	<b>0</b>	<b>15,080,039</b>	<b>0</b>
<b>Net OPEB Liability:</b>					
OPERS	1,666,897	63,458	0	1,730,355	0
OPF	8,634,204	0	7,367,002	1,267,202	0
<b>Total Net OPEB Liability</b>	<b>10,301,101</b>	<b>63,458</b>	<b>7,367,002</b>	<b>2,997,557</b>	<b>0</b>
Accrued Pension Liability	595,093	0	25,619	569,474	25,619
Capital Leases	77,880	0	50,380	27,500	27,500
Compensated Absences	871,770	656	96,521	775,905	84,728
<b>Total Long-Term Obligations</b>	<b>\$41,827,706</b>	<b>\$3,314,459</b>	<b>\$8,263,369</b>	<b>\$36,878,796</b>	<b>\$853,498</b>

The Village's liability for past service costs relating to the Police and Firemen's Disability and Pension Fund at December 31, 2019 was \$1,103,998 in principal and interest payments through the year 2035. Only the principal amount due of \$569,474 is included in the Government-wide Statement of Net Position. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their services.

**Principal and Interest Requirements**

The Village's future long-term obligation funding requirements for the loan, bonds, promissory notes and accrued pension liability, including principal and interest payments as of December 31, 2019 follows:

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**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

December 31,	OPWC Loan		General Obligation Bonds		Police/Fire Accrued Pension Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$15,651	\$156	\$700,000	\$608,600	\$25,619	\$28,851
2021	15,739	68	730,000	585,200	26,719	27,582
2022	12,732	0	755,000	560,800	27,867	26,258
2023	12,732	0	790,000	535,400	158,347	109,366
2024	12,732	0	820,000	509,000	39,081	13,328
2025-2029	63,660	0	3,795,000	2,184,331	183,637	56,504
2030-2034	63,660	0	3,505,000	1,548,989	108,204	12,768
2035-2039	63,660	0	2,685,000	1,025,895	0	0
2040-2044	63,660	0	2,625,000	336,000	0	0
2045	12,732	0	0	0	0	0
Total	\$336,958	\$224	\$16,405,000	\$7,894,215	\$569,474	\$274,657

**Note 13 - Insurance and Risk Management**

The Village 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.

Insurance for property holds a \$5,000 deductible, general liability does not have a deductible. The Village carries a \$2,500 deductible for both police and professional liability insurance.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

The Village pays unemployment claims to the State of Ohio as incurred.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The Village contracts with the Industrial Advisors Bureau to review all accidents claimed through Workers' Compensation.

**Note 14 - Contingencies**

The Village is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Village's management is of the opinion that the ultimate disposition of most of the various claims and legal proceedings will not have a material effect on the financial condition of the Village.

**Note 15 – Assets Held For Resale**

Summary by category of changes in assets held for resale at December 31, 2019:

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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	Beginning Balance	Additions	Deletions	Ending Balance
Assets Held for Resale	\$5,218,332	\$72,030	\$378,579	\$4,911,783

**Note 16 – Leases**

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The Village Community Improvement Corporation (CIC) is the lessor in four (4) separate operating leases all within the St. Bernard Square Shopping Center. Lease information is presented below:

Property	Property Carrying Value	Square Footage	Remaining Lease Term
St. Bernard Square Shopping Center:	\$2,400,000		
4961 Vine Street			
Simple Wireless		892	13 Months
4971 Vine Street			
Twins Group-PH LLC (Pizza Hut)		1,224	4 Months then Month to Month
4981 Vine Street			
Ace Cash Express, Inc.		1,530	Month to Month*
5009 Vine Street			
Family Dollar (Dollar General)		12,349	2 Years

\*-New 5 year lease amendment was signed in January 2020

Future payments under the non-cancellable operating leases are as follows:

	Lease Payments
2020	\$132,463
2021	115,664
2022	17,043
2023	17,555
2024	18,081
	<u>\$300,806</u>

**Note 17 – Tax Abatement Disclosures**

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As of December 31, 2019, the Village of St. Bernard provides tax incentives under a Residential Community Reinvestment Area (RCRA) program.

**Village of St. Bernard, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2019**

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**Real Estate Tax Abatements**

Pursuant to Ohio Revised Code Chapter 3735.66, the Village established a Residential Community Reinvestment Area in 2008. Various portions of the community are covered by this RCRA. The Village authorizes incentives based upon each residence’s attributes and through a contractual application process with each property owner, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient’s property tax bill. The establishment of the RCRA gave the Village the ability to maintain and improve residences located in the Village by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved real estate.

Below are the real property taxes abated in 2019:

Residential Community Reinvestment Area (RCRA)	Total Amount of Taxes Abated (Incentives Abated) for the Year 2019 (In Actual Dollars)
Residential	\$10,972

**Note 18 – Implementation of New Accounting Principles**

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For fiscal year 2019, the Village has postponed implementation of Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations, GASB No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The Village did not implement these statements due to the GASB postponing the implementation by 12 months because of the covid-19 pandemic.

**Note 19 – Subsequent Events**

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

***REQUIRED SUPPLEMENTARY INFORMATION***

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

	2019	2018	2017	2016	2015	2014
Village's Proportion of the Net Pension Liability	0.01358800%	0.01578800%	0.01649000%	0.01671600%	0.01741100%	0.01741100%
Village's Proportionate Share of the Net Pension Liability	\$3,721,477	\$2,476,832	\$3,744,598	\$2,895,412	\$2,099,961	\$2,052,530
Village's Covered Payroll	\$1,835,371	\$2,086,400	\$2,130,225	\$2,080,458	\$2,134,967	\$2,440,946
Village's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.76%	118.71%	175.78%	139.17%	98.36%	84.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note:

Amounts presented as of the Village's measurement date which is the prior fiscal year end.  
 See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio  
 Required Supplementary Information  
 Schedule of the Village's Proportionate Share  
 of the Net Pension Liability  
 Ohio Police and Fire Pension Fund  
 Last Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
Village's Proportion of the Net Pension Liability	0.13915300%	0.15239000%	0.15567000%	0.15875700%	0.16366500%	0.16366500%
Village's Proportionate Share of the Net Pension Liability	\$11,358,562	\$9,352,862	\$9,859,982	\$10,212,940	\$8,478,524	\$7,970,994
Village's Covered Payroll	\$3,602,500	\$3,643,684	\$3,726,795	\$3,367,098	\$3,396,817	\$4,259,473
Village's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	315.30%	256.69%	264.57%	303.32%	249.60%	187.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note:

Amounts presented as of the Village's measurement date which is the prior fiscal year end.  
 See accompanying notes to the required supplementary information.



Village of St. Bernard, Ohio  
 Required Supplementary Information  
 Schedule of Village's Contributions  
 for Net Pension Liability  
 Ohio Public Employees Retirement System- Traditional Plan  
 Last Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$262,211	\$256,952	\$271,232	\$255,627	\$249,655	\$256,196
Contributions in Relation to the Contractually Required Contribution	<u>(262,211)</u>	<u>(256,952)</u>	<u>(271,232)</u>	<u>(255,627)</u>	<u>(249,655)</u>	<u>(256,196)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Village's Covered Payroll	\$1,872,936	\$1,835,371	\$2,086,400	\$2,130,225	\$2,080,458	\$2,134,967
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note:  
 See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio  
 Required Supplementary Information  
 Schedule of Village's Contributions  
 for Net Pension Liability  
 Ohio Police and Fire Pension Fund  
 Last Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$639,909	\$684,475	\$692,300	\$708,091	\$676,450	\$691,592
Contributions in Relation to the Contractually Required Contribution	<u>(639,909)</u>	<u>(684,475)</u>	<u>(692,300)</u>	<u>(708,091)</u>	<u>(676,450)</u>	<u>(691,592)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Village's Covered Payroll	\$3,028,438	\$3,602,500	\$3,643,684	\$3,726,795	\$3,367,098	\$3,396,817
Contributions as a Percentage of Covered Payroll	21.13%	19.00%	19.00%	19.00%	20.09%	20.36%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note:  
 See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio  
 Required Supplementary Information  
 Schedule of the Village's Proportionate Share  
 of the Net Postemployment Benefits Other Than Pension (OPEB) Liability  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Three Fiscal Years (1)

	2019	2018	2017
Village's Proportion of the Net OPEB Liability	0.01327200%	0.01535000%	0.01607360%
Village's Proportionate Share of the Net OPEB Liability	\$1,730,355	\$1,666,897	\$1,623,493
Village's Covered Payroll	\$1,835,371	\$2,086,400	\$2,130,225
Village's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	94.28%	79.89%	76.21%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.04%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note:

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

See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio  
 Required Supplementary Information  
 Schedule of the Village's Proportionate Share  
 of the Net Postemployment Benefits Other Than Pension (OPEB) Liability  
 Ohio Police and Fire Pension Fund  
 Last Three Fiscal Years (1)

	2019	2018	2017
Village's Proportion of the Net OPEB Liability	0.13915300%	0.15239000%	0.15567000%
Village's Proportionate Share of the Net OPEB Liability	\$1,267,202	\$8,634,204	\$7,389,305
Village's Covered Payroll	\$3,602,500	\$3,643,684	\$3,726,795
Village's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.18%	236.96%	198.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%	14.13%	15.96%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note:

Amounts presented as of the Village's measurement date which is the prior fiscal year end.  
 See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio  
 Required Supplementary Information  
 Schedule of Village's Contributions to  
 Postemployment Benefits Other Than Pension (OPEB)  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Four Fiscal Years (1)

	2019	2018	2017	2016
Contractually Required Contribution to OPEB	\$0	\$0	\$0	\$0
Contributions to OPEB in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Village's Covered Payroll	\$1,872,936	\$1,835,371	\$2,086,400	\$2,130,225
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

Note:

See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio  
 Required Supplementary Information  
 Schedule of Village's Contributions to  
 Postemployment Benefits Other Than Pension (OPEB)  
 Ohio Police and Fire Pension Fund  
 Last Four Fiscal Years (1)

	2019	2018	2017	2016
Contractually Required Contribution to OPEB	\$14,752	\$15,672	\$15,879	\$15,944
Contributions to OPEB in Relation to the Contractually Required Contribution	(14,752)	(15,672)	(15,879)	(15,944)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Village's Covered Payroll	\$3,028,438	\$3,602,500	\$3,643,684	\$3,726,795
Contributions to OPEB as a Percentage of Covered Payroll	0.49%	0.44%	0.44%	0.43%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

Note:

See accompanying notes to the required supplementary information.

Village of St. Bernard, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$7,900,476	\$11,264,704	\$11,072,411	(\$192,293)
Fines, Licenses & Permits	190,931	272,234	267,587	(4,647)
Intergovernmental	317,947	453,337	445,598	(7,739)
Charges for Services	418,457	596,647	586,462	(10,185)
Other Revenues	227,654	324,595	319,054	(5,541)
<b>Total Revenues</b>	<b>9,055,465</b>	<b>12,911,517</b>	<b>12,691,112</b>	<b>(220,405)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	2,570,218	3,658,825	3,421,228	237,597
Public Safety	3,327,671	4,737,094	4,429,477	307,617
Leisure Time Activities	283,568	403,672	377,458	26,214
Basic Utility Service	281,297	400,439	374,435	26,004
Transportation & Street Repair	43,937	62,547	58,485	4,062
Public Health and Welfare	3,979	5,665	5,297	368
Other	9,872	14,054	13,141	913
Capital Outlay	388,429	552,946	517,039	35,907
<b>Total Expenditures</b>	<b>6,908,971</b>	<b>9,835,242</b>	<b>9,196,560</b>	<b>638,682</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,146,494</b>	<b>3,076,275</b>	<b>3,494,552</b>	<b>418,277</b>
<b>Other Financing Sources (uses):</b>				
Transfers (Out)	(2,334,961)	(3,323,925)	(3,108,076)	215,849
<b>Total Other Financing Sources (Uses)</b>	<b>(2,334,961)</b>	<b>(3,323,925)</b>	<b>(3,108,076)</b>	<b>215,849</b>
<b>Net Change in Fund Balance</b>	<b>(188,467)</b>	<b>(247,650)</b>	<b>386,476</b>	<b>634,126</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>2,347,136</b>	<b>2,347,136</b>	<b>2,347,136</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$2,158,669</b>	<b>\$2,099,486</b>	<b>\$2,733,612</b>	<b>\$634,126</b>

See accompanying notes to the required supplementary information.

**Village of St. Bernard, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Ended December 31, 2019**

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**Note 1 - Budgetary Process**

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All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the personal services and other expenditures level within each office, department and division with a fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Village. 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 final amended certificate of estimated resources issued during the year.

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

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.



**Village of St. Bernard, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Ended December 31, 2019**

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**Net Change in Fund Balance**

	General Fund
GAAP Basis Adjustments	\$274,292
Revenue Accruals	(31,889)
Expenditures Accruals	946,823
Transfers Out	(605,000)
Encumbrances	(197,750)
Budget Basis	\$386,476

**Note 2 – Net Pension Liability**

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**Ohio Police and Fire Pension Fund Changes in Assumptions and Benefit Terms**

*Changes in assumptions:*

2019: There have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date.

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

2017-2014: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

*Changes in benefit terms:*

2019-2014: There were no changes in benefit terms for the period.

**Ohio Public Employees Retirement System Changes in Assumptions and Benefit Terms**

*Changes in assumptions:*

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

**Village of St. Bernard, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Ended December 31, 2019**

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2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

*Changes in benefit terms:*

2019-2014: There were no changes in benefit terms for the period.

**Note 3 – Net Other Post Employment Benefits (OPEB) Liability**

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**Ohio Police and Fire Pension Fund Changes in Assumptions and Benefit Terms**

*Changes in assumptions:*

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

2018: The single discount rate changed from 3.79% to 3.24%

*Changes in benefit terms:*

2019: See above regarding change to stipend-based model.

2018: There were no changes in benefit terms for the period.

**Ohio Public Employees Retirement System Changes in Assumptions and Benefit Terms**

*Changes in assumptions:*

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare-eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time.

2018: The single discount rate changed from 4.23% to 3.85%.

*Changes in benefit terms:*

2019-2018: There were no changes in benefit terms for the period.

**VILLAGE OF ST. BERNARD**

**Hamilton County, Ohio**



**Yellow Book Report**

**December 31, 2019**

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

Village of St. Bernard  
110 Washington Ave.  
St. Bernard, Ohio 45217

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of St. Bernard (the Village) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 29, 2020.

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

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

## Purpose of this Report

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.

Cincinnati, Ohio

June 29, 2020

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF ST. BERNARD**

**HAMILTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/11/2020**

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

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