

CITY OF BELLEFONTAINE

LOGAN COUNTY, OHIO

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of Bellefontaine
135 N. Detroit St.
Bellefontaine, OH 43311

We have reviewed the *Independent Auditor's Report* of the City of Bellefontaine, Logan County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Bellefontaine 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

November 30, 2021

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**CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO**

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Independent Auditor's Report

City of Bellefontaine
Logan County
135 North Detroit Street
Bellefontaine, Ohio 43311

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Bellefontaine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 City of Bellefontaine'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 City of Bellefontaine's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, Ohio, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and the Coronavirus Relief funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of Bellefontaine. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions* listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bellefontaine's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, on our consideration of the City of Bellefontaine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bellefontaine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bellefontaine's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 28, 2021

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

This discussion and analysis of the City of Bellefontaine's (City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the City'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 City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$65.8 million (net position), an increase of \$2.9 million during the year.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$14.0 million, an increase of \$1.9 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5.1 million, or 62 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Reporting the City of Bellefontaine as a Whole

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in this position. This change in net position is important because it tells the reader whether the financial position of the City, as a whole, has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as the condition of the City's capital assets will also need to be evaluated.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

In these two statements, the City is divided into the following two types of activities:

- Governmental Activities – Most of the City's services are reported here including police, fire, administration and all departments, except utilities.
- Business-Type Activities – The business-type activities of the City primarily consist of water distribution, sewage collection and treatment, refuse collection, ambulance services, and airport administration.

Reporting the City of Bellefontaine's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. The City's major funds are the General, Coronavirus Relief, Capital Improvement, Reconstruction Improvement, Water, Sewer, Airport, Garbage and Ambulance Funds.

Governmental Funds

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

The City's governmental activities are accounted for in 36 individual funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Coronavirus Relief, Capital Improvement, and Reconstruction Improvement, which are considered to be the City's major governmental funds. Data from the other 32 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund and Coronavirus Relief Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Proprietary Funds

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, the proprietary fund statements will essentially match the business-type activities statements.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

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 statements because the resources of those funds are not available to support the City's own programs.

Notes to the basic financial statements

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

THE CITY OF BELLEFONTAINE AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2020 compared to 2019.

**TABLE 1
Net Position**

| | Governmental | | Business-type | | Total | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Current and other assets | \$ 15,701,731 | \$ 17,551,078 | \$ 8,446,312 | \$ 9,360,722 | \$ 24,148,043 | \$ 26,911,800 |
| Capital assets | 27,240,398 | 28,370,722 | 35,308,556 | 35,778,319 | 62,548,954 | 64,149,041 |
| Total Assets | <u>42,942,129</u> | <u>45,921,800</u> | <u>43,754,868</u> | <u>45,139,041</u> | <u>86,696,997</u> | <u>91,060,841</u> |
| Deferred Outflows of Resources | <u>5,906,882</u> | <u>3,521,433</u> | <u>1,552,191</u> | <u>924,919</u> | <u>7,459,073</u> | <u>4,446,352</u> |
| Current liabilities | 423,371 | 630,874 | 735,601 | 686,276 | 1,158,972 | 1,317,150 |
| Long-term liabilities | 1,958,937 | 2,013,374 | 3,194,472 | 2,897,568 | 5,153,409 | 4,910,942 |
| Net pension liability | 14,847,214 | 11,643,567 | 3,709,866 | 2,771,339 | 18,557,080 | 14,414,906 |
| Net OPEB liability | 3,195,775 | 3,350,886 | 1,464,840 | 1,557,998 | 4,660,615 | 4,908,884 |
| Total Liabilities | <u>20,425,297</u> | <u>17,638,701</u> | <u>9,104,779</u> | <u>7,913,181</u> | <u>29,530,076</u> | <u>25,551,882</u> |
| Deferred Inflows of Resources | <u>1,407,188</u> | <u>3,207,761</u> | <u>231,558</u> | <u>908,121</u> | <u>1,638,746</u> | <u>4,115,882</u> |
| Net Position: | | | | | | |
| Net Investment in capital assets | 26,541,690 | 27,496,765 | 32,350,303 | 33,107,517 | 58,891,993 | 60,604,282 |
| Restricted | 4,209,382 | 4,910,173 | - | - | 4,209,382 | 4,910,173 |
| Unrestricted | (3,734,546) | (3,810,167) | 3,620,419 | 4,135,141 | (114,127) | 324,974 |
| Total Net Position | <u>\$ 27,016,526</u> | <u>\$ 28,596,771</u> | <u>\$ 35,970,722</u> | <u>\$ 37,242,658</u> | <u>\$ 62,987,248</u> | <u>\$ 65,839,429</u> |

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Current and other assets increased significantly in comparison with the prior year. This increase is primarily due to an increase in equity in pooled cash and cash equivalents in the General Fund. This increase is mainly due grant fund received as a result of the pandemic.

Long-term liabilities decreased significantly in comparison with the prior year. This decrease is primarily the result of the City reducing general obligation bonds outstanding at fiscal year-end by issuing general obligation refunding bonds as well as principal reduction payments made during the year.

The net pension and net OPEB liabilities and related deferred outflows and inflows of resources all fluctuated significantly in comparison with the prior year. These fluctuations are due to changes in the actuarial liabilities and related accruals that are passed through to the City's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and net pension/net OPEB liability are described in more detail in their respective notes.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Table 2 shows the changes in net position for the year ended December 31, 2020 and 2019.

| | Changes in Net Position | | | | | |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,762,836 | \$ 1,466,020 | \$ 7,206,340 | \$ 7,123,292 | \$ 8,969,176 | \$ 8,589,312 |
| Grants and contributions | 1,726,941 | 4,029,304 | 70,616 | 663,942 | 1,797,557 | 4,693,246 |
| General revenues: | | | | | | |
| Property taxes | 644,569 | 748,785 | - | - | 644,569 | 748,785 |
| Income taxes | 7,045,391 | 6,225,863 | - | - | 7,045,391 | 6,225,863 |
| Other local taxes | 65,926 | 50,153 | - | - | 65,926 | 50,153 |
| Unrestricted grants | 288,136 | 553,462 | - | - | 288,136 | 553,462 |
| Investment earnings | 884,914 | 349,058 | - | - | 884,914 | 349,058 |
| Other | 457,215 | 784,500 | 171,672 | 138,709 | 628,887 | 923,209 |
| Total revenues | <u>12,875,928</u> | <u>14,207,145</u> | <u>7,448,628</u> | <u>7,925,943</u> | <u>20,324,556</u> | <u>22,133,088</u> |
| Expenses: | | | | | | |
| General government | 2,771,469 | 2,557,286 | - | - | 2,771,469 | 2,557,286 |
| Public safety | 906,609 | 7,348,461 | - | - | 906,609 | 7,348,461 |
| Public works | 245,559 | 327,104 | - | - | 245,559 | 327,104 |
| Health | 166,821 | 143,707 | - | - | 166,821 | 143,707 |
| Conservation and recreation | 844,240 | 601,598 | - | - | 844,240 | 601,598 |
| Economic development | 117,142 | 149,798 | - | - | 117,142 | 149,798 |
| Transportation | 1,397,371 | 1,185,042 | - | - | 1,397,371 | 1,185,042 |
| Interest on long-term debt | 12,439 | 13,904 | - | - | 12,439 | 13,904 |
| Water | - | - | 2,481,602 | 2,259,541 | 2,481,602 | 2,259,541 |
| Sewer | - | - | 2,813,056 | 2,646,736 | 2,813,056 | 2,646,736 |
| Airport | - | - | 525,043 | 433,809 | 525,043 | 433,809 |
| Garbage | - | - | 1,178,530 | 1,056,398 | 1,178,530 | 1,056,398 |
| Ambulance | - | - | 174,957 | 541,697 | 174,957 | 541,697 |
| Other | - | - | 20,896 | 15,826 | 20,896 | 15,826 |
| Total expenses | <u>6,461,650</u> | <u>12,326,900</u> | <u>7,194,084</u> | <u>6,954,007</u> | <u>13,655,734</u> | <u>19,280,907</u> |
| Increase/Decrease in net position before transfers | 6,414,278 | 1,880,245 | 254,544 | 971,936 | 6,668,822 | 2,852,181 |
| Transfers | (374,565) | (300,000) | 374,565 | 300,000 | - | - |
| Gain (Loss) on Sale of Capital Assets | - | - | (2,477) | - | (2,477) | - |
| Change in net position | <u>6,039,713</u> | <u>1,580,245</u> | <u>626,632</u> | <u>1,271,936</u> | <u>6,666,345</u> | <u>2,852,181</u> |
| Net position, beginning | 20,976,813 | 27,016,526 | 35,344,090 | 35,970,722 | 56,320,903 | 62,987,248 |
| Net position, ending | <u>\$ 27,016,526</u> | <u>\$ 28,596,771</u> | <u>\$ 35,970,722</u> | <u>\$ 37,242,658</u> | <u>\$ 62,987,248</u> | <u>\$ 65,839,429</u> |

In the governmental activities, grants and contributions increased significantly in comparison with the prior year. This increase is primarily the result of the City receiving CARES Act grant receipts during the fiscal year. In addition, public safety expenditures increased significantly in comparison with the prior fiscal year. This increase is primarily the result of a change in net pension/OPEB liability. In 2019, OP&F changed its retiree health care model to a stipend-based health care model thus reducing its total OPEB liability. That change resulted in significantly lower net OPEB liability reported by the City in 2020.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Total versus Net Cost of Services

The Statement of Activities shows the cost of program services and the charges for services and grants associated with those services. Table 3 below reflects the cost of program services and the net cost of those services after taking into account the program revenues. When applicable, the net cost of program services must be supported by general revenues including tax revenue, investment earnings and unrestricted grants.

TABLE 3

| Functions/Programs | Total Cost of Services | | Net Cost of Services | |
|---------------------------------------|------------------------|------------------------|-----------------------|-----------------------|
| | 2019 | 2020 | 2019 | 2020 |
| Governmental Activities: | | | | |
| General government | \$ (2,771,469) | \$ (2,557,286) | \$ (1,535,884) | \$ (1,057,428) |
| Public safety | (906,609) | (7,348,461) | (246,396) | (6,016,073) |
| Public works | (245,559) | (327,104) | (245,559) | (327,104) |
| Health | (166,821) | (143,707) | (103,887) | (97,525) |
| Conservation and recreation | (844,240) | (601,598) | (400,286) | (528,878) |
| Economic development | (117,142) | (149,798) | (117,142) | (138,456) |
| Transportation | (1,397,371) | (1,185,042) | (310,280) | 1,347,792 |
| Interest on long-term debt | (12,439) | (13,904) | (12,439) | (13,904) |
| Total Governmental Activities | (6,461,650) | (12,326,900) | (2,971,873) | (6,831,576) |
| Business-Type Activities: | | | | |
| Water | (2,481,602) | (2,259,541) | (121,365) | 73,668 |
| Sewer | (2,813,056) | (2,646,736) | 182,810 | 508,267 |
| Airport | (525,043) | (433,809) | (243,350) | 173,385 |
| Garbage | (1,178,530) | (1,056,398) | (136,068) | 9,960 |
| Ambulance | (174,957) | (541,697) | 408,483 | 70,653 |
| Other | (20,896) | (15,826) | (7,638) | (2,706) |
| Total Business-Type Activities | (7,194,084) | (6,954,007) | 82,872 | 833,227 |
| Grand Total | \$ (13,655,734) | \$ (19,280,907) | \$ (2,889,001) | \$ (5,998,349) |

In the governmental activities, the City's reliance upon general tax revenues is demonstrated by the net cost of services column above reflecting the need for approximately \$6.8 million of support.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

THE CITY’S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$14.0 million, a \$1.9 million increase from the previous year.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2020 and 2019.

| | Fund Balance 12/31/19 | Fund Balance 12/31/20 | Increase |
|----------------------------|----------------------------------|----------------------------------|-----------------|
| General | \$ 5,216,146 | \$ 6,030,613 | \$ 814,467 |
| Coronavirus Relief | - | - | - |
| Capital improvements | 2,928,821 | 3,124,035 | 195,214 |
| Reconstruction Improvement | 88,278 | 306,848 | 218,570 |
| Other Governmental | 3,810,720 | 4,503,823 | 693,103 |
| Total | \$ 12,043,965 | \$ 13,965,319 | \$ 1,921,354 |

General Fund

The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$5.1 million, or 61 percent of total general fund expenditures. The fund balance of the City’s general fund increased \$814,467 during the current year. This represents the amount in which revenues and other financing sources exceeded expenditures and operating transfers.

Coronavirus Relief Fund

The Coronavirus Relief Fund accounts for state and federal emergency relief grants related to the Coronavirus (COVID-19) pandemic. The Coronavirus Relief Fund’s fund balance was \$0 at year-end. This represents the amount in which interest revenues and emergency relief grants received agreed to public safety expenditures.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
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Capital Improvement Fund

The Capital Improvement Fund accounts for the accumulation of financial resources to be used for the acquisition or construction of major capital facilities. The capital improvement fund's fund balance increased \$195,214 during the fiscal year. This increase represents the amount in which interest revenues and proceeds received from Mary Rutan Hospital for the land purchased in 2017 exceeded expenditures related to long-term liabilities.

Reconstruction Improvement Fund

The Reconstruction Improvement Fund accounts for the accumulation of financial resources to be used for the reconstruction and improvement of major capital facilities. The reconstruction improvement fund's fund balance increased \$218,570 during the year. For the most part, this increase represents the amount in which intergovernmental revenues exceeded capital outlays.

Other Governmental Funds

The fund balance of the City's Other Governmental Funds increased \$693,103 in comparison with the prior year. This increase represents the amount in which program revenues, proceeds from Mary Rutan Hospital for the land purchased in 2017, and transfers from the General Fund exceeded program expenditures exceeded during the year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position in the Water Fund was \$10.3 million at year-end, an increase of \$170,432 in comparison with the prior year. This increase primarily consists of operating income of \$191,449 during the year, offset by interest and fiscal charges and issuance costs related to refunding bonds issued during the fiscal year.

Total net position in the Sewer Fund was \$16.2 million at year-end, an increase of \$515,904 in comparison with the prior year. This increase primarily consists of operating income of \$322,293 and intergovernmental revenues of \$236,873 during the year, offset by interest and fiscal charges and issuance costs related to refunding bonds issued during the fiscal year.

Total net position in the Airport Fund was \$8.7 million at year-end, an increase of \$473,385 in comparison with the prior year. This increase primarily consists of an operating loss of \$199,523 during the year, offset by intergovernmental revenues of \$390,070 and transfers in from the General Fund totaling \$300,000.

Total net position in the Garbage Fund was \$1.3 million at year-end, an increase of \$38,340 in comparison with the prior year. This increase consists of an operating income of \$38,340 during the year.

Total net position in the Ambulance Fund was \$497,384 at year-end, an increase of \$76,394 in comparison with the prior year. This increase primarily consists of operating income of \$50,732 and revenue from grants of \$25,662.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Total net position in the Nonmajor Enterprise Funds at the end of the year amounted to \$299,169, a decrease of \$2,519 in comparison with the prior year. This decrease represents an operating loss of \$2,519.

General Fund Budgetary Information

The City's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The final amended revenue estimate exceeded the original revenue estimate by \$427,411. The most significant portion of this increase represents the issuance of refunding bonds. The City's final amended revenue estimate exceeded actual revenues and other financing sources by \$752,968, primarily as a result of lower than expected income taxes and fines and forfeitures.

Final appropriations exceeded the original appropriations by \$405,456. The most significant portion of this increase represents payment to the refunded bonds escrow agent. The City's final amended appropriation estimate exceeded actual expenditures and other financing uses by approximately \$1.4 million. The variance is primarily due to the City budgeting for salaries and benefits in the general fund that were covered by the local coronavirus relief fund through CARES Act grant revenue.

Capital Assets

The City's investment in capital assets for governmental activities as of December 31, 2020 totaled \$28.4 million (net of accumulated depreciation), an increase of approximately \$1.1 million in comparison with the prior year. This increase represents the amount in which current year acquisitions (\$2.3 million) exceeded current year depreciation (\$1.2 million) and current year disposals (\$2,607).

The City's investment in capital assets for business-type activities as of December 31, 2020 totals \$35.8 million (net of accumulated depreciation), an increase of \$468,763 in comparison with the prior year. This increase represents the amount in which current year acquisitions (\$2.0 million) exceeded current year depreciation (\$1.6 million) and current year disposals (\$2,075).

Detailed information regarding capital asset activity is included in the Note 8 to the basic financial statements.

Debt

At the end of the current year, the City had total debt outstanding of \$3.0 million. Of this amount, \$2.5 million represents bonds backed by the full faith and credit of the City and the remaining \$563,890 represents interest free loans.

Detailed information regarding long-term debt is included in Note 9 to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Contacting the City Auditor's Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact Fred Brentlinger, City Auditor, 135 North Detroit Street, Bellefontaine, Ohio 43311-1474.

City of Bellefontaine
Logan County, Ohio
Statement of Net Position
December 31, 2020

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 13,722,455 | \$ 7,203,355 | \$ 20,925,810 |
| Investments | 85,900 | - | 85,900 |
| Accounts Receivable | 39,814 | 1,756,904 | 1,796,718 |
| Accrued Interest Receivable | 24,360 | - | 24,360 |
| Intergovernmental Receivable | 646,867 | 230,331 | 877,198 |
| Taxes Receivable | 2,586,727 | - | 2,586,727 |
| Notes Receivable | 200,000 | - | 200,000 |
| Prepaid Items | 114,662 | 8,168 | 122,830 |
| Materials and Supplies Inventory | 130,293 | 161,964 | 292,257 |
| Non-Depreciable Capital Assets | 7,948,000 | 2,500,688 | 10,448,688 |
| Depreciable Capital Assets, net | 20,422,722 | 33,277,631 | 53,700,353 |
| <i>Total Assets</i> | <u>45,921,800</u> | <u>45,139,041</u> | <u>91,060,841</u> |
| Deferred Outflows of Resources | | | |
| Pension | 2,072,833 | 540,428 | 2,613,261 |
| OPEB | 1,448,600 | 384,491 | 1,833,091 |
| <i>Total Deferred Outflows of Resources</i> | <u>3,521,433</u> | <u>924,919</u> | <u>4,446,352</u> |
| Liabilities | | | |
| Accounts Payable | 54,186 | 94,206 | 148,392 |
| Accrued Wages and Benefits | 225,718 | 69,848 | 295,566 |
| Contracts Payable | 203,060 | 250,543 | 453,603 |
| Retainage Payable | 30,420 | 32,225 | 62,645 |
| Intergovernmental Payable | 117,185 | 32,338 | 149,523 |
| Accrued Interest Payable | 305 | 2,725 | 3,030 |
| Refundable Deposits | - | 204,391 | 204,391 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 632,651 | 548,764 | 1,181,415 |
| Due In More Than One Year: | | | |
| Net Pension Liability | 11,643,567 | 2,771,339 | 14,414,906 |
| Net OPEB Liability | 3,350,886 | 1,557,998 | 4,908,884 |
| Other Amounts Due in More Than One Year | 1,380,723 | 2,348,804 | 3,729,527 |
| <i>Total Liabilities</i> | <u>17,638,701</u> | <u>7,913,181</u> | <u>25,551,882</u> |
| Deferred Inflows of Resources | | | |
| Property and Other Local Taxes | 692,689 | - | 692,689 |
| Pension | 1,711,635 | 597,104 | 2,308,739 |
| OPEB | 803,437 | 311,017 | 1,114,454 |
| <i>Total Deferred Inflows of Resources</i> | <u>3,207,761</u> | <u>908,121</u> | <u>4,115,882</u> |
| Net Position | | | |
| Net Investment in Capital Assets | 27,496,765 | 33,107,517 | 60,604,282 |
| Restricted for: | | | |
| Capital Projects | 748,040 | - | 748,040 |
| Street Maintenance and Repair | 1,255,077 | - | 1,255,077 |
| Public Safety | 388,808 | - | 388,808 |
| Conservation and Recreation | 11,038 | - | 11,038 |
| Economic Development | 596,524 | - | 596,524 |
| Health | 500,177 | - | 500,177 |
| Judicial | 1,410,509 | - | 1,410,509 |
| Unrestricted | (3,810,167) | 4,135,141 | 324,974 |
| <i>Total Net Position</i> | <u>\$ 28,596,771</u> | <u>\$ 37,242,658</u> | <u>\$ 65,839,429</u> |

See accompanying notes to the basic financial statements.

City of Bellefontaine
Logan County, Ohio
Statement of Activities
For the Year Ended December 31, 2020

| | Program Revenues | | | |
|---|----------------------|--------------------------------------|--|--|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | | |
| General Government | \$ 2,557,286 | \$ 1,350,863 | \$ 148,995 | \$ - |
| Public Safety | 7,348,461 | 1,336 | 1,331,052 | - |
| Health | 143,707 | 44,622 | 1,560 | - |
| Conservation and Recreation | 601,598 | 69,199 | - | 3,521 |
| Economic Development | 149,798 | - | - | 11,342 |
| Public Works | 327,104 | - | - | - |
| Transportation | 1,185,042 | - | 851,278 | 1,681,556 |
| Interest and Fiscal Charges | 13,904 | - | - | - |
| <i>Total Governmental Activities</i> | <u>12,326,900</u> | <u>1,466,020</u> | <u>2,332,885</u> | <u>1,696,419</u> |
| Business-Type Activities | | | | |
| Water | 2,259,541 | 2,321,872 | 11,337 | - |
| Sewer | 2,646,736 | 2,918,130 | - | 236,873 |
| Airport | 433,809 | 217,124 | - | 390,070 |
| Garbage | 1,056,398 | 1,066,358 | - | - |
| Ambulance | 541,697 | 586,688 | 25,662 | - |
| Other | 15,826 | 13,120 | - | - |
| <i>Total Business-Type Activities</i> | <u>6,954,007</u> | <u>7,123,292</u> | <u>36,999</u> | <u>626,943</u> |
| <i>Total</i> | <u>\$ 19,280,907</u> | <u>\$ 8,589,312</u> | <u>\$ 2,369,884</u> | <u>\$ 2,323,362</u> |
| General Revenues | | | | |
| Property Taxes | | | | |
| Income Taxes | | | | |
| Other Local Taxes | | | | |
| Unrestricted Grants and Entitlements | | | | |
| Investment Earnings | | | | |
| Other | | | | |
| <i>Total General Revenues</i> | | | | |
| Transfers | | | | |
| <i>Total General Revenues and Transfers</i> | | | | |
| <i>Change in Net Position</i> | | | | |
| <i>Net Position Beginning of Year</i> | | | | |
| <i>Net Position End of Year</i> | | | | |

See accompanying notes to the basic financial statements.

Net (Expense)
Revenue and Changes
in Net Position

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|----------------------|
| \$ (1,057,428) | \$ - | \$ (1,057,428) |
| (6,016,073) | - | (6,016,073) |
| (97,525) | - | (97,525) |
| (528,878) | - | (528,878) |
| (138,456) | - | (138,456) |
| (327,104) | - | (327,104) |
| 1,347,792 | - | 1,347,792 |
| (13,904) | - | (13,904) |
| <u>(6,831,576)</u> | <u>-</u> | <u>(6,831,576)</u> |
| - | 73,668 | 73,668 |
| - | 508,267 | 508,267 |
| - | 173,385 | 173,385 |
| - | 9,960 | 9,960 |
| - | 70,653 | 70,653 |
| - | (2,706) | (2,706) |
| <u>-</u> | <u>833,227</u> | <u>833,227</u> |
| (6,831,576) | 833,227 | (5,998,349) |
| 748,785 | - | 748,785 |
| 6,225,863 | - | 6,225,863 |
| 50,153 | - | 50,153 |
| 553,462 | - | 553,462 |
| 349,058 | - | 349,058 |
| <u>784,500</u> | <u>138,709</u> | <u>923,209</u> |
| <u>8,711,821</u> | <u>138,709</u> | <u>8,850,530</u> |
| (300,000) | 300,000 | - |
| <u>8,411,821</u> | <u>438,709</u> | <u>8,850,530</u> |
| 1,580,245 | 1,271,936 | 2,852,181 |
| <u>27,016,526</u> | <u>35,970,722</u> | <u>62,987,248</u> |
| <u>\$ 28,596,771</u> | <u>\$ 37,242,658</u> | <u>\$ 65,839,429</u> |

City of Bellefontaine
Logan County, Ohio
Balance Sheet
Governmental Funds
December 31, 2020

| | General | Coronavirus Relief Fund | Capital Improvement Fund | Reconstruction Improvement Fund |
|---|---------------------|-------------------------------|--------------------------------|---------------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 5,143,633 | \$ - | \$ 3,091,429 | \$ 448,951 |
| Investments | - | - | - | - |
| Accounts Receivable | 30,715 | - | - | - |
| Accrued Interest Receivable | 24,360 | - | - | - |
| Intergovernmental Receivable | 150,681 | - | - | 91,377 |
| Taxes Receivable | 2,367,573 | - | - | - |
| Notes Receivable | - | - | 100,000 | - |
| Advances to Other Funds | - | - | 28,000 | - |
| Prepaid Items | 109,633 | - | 4,606 | - |
| Materials and Supplies Inventory | - | - | - | - |
| <i>Total Assets</i> | <u>\$ 7,826,595</u> | <u>\$ -</u> | <u>\$ 3,224,035</u> | <u>\$ 540,328</u> |
| Liabilities | | | | |
| Accounts Payable | \$ 43,821 | \$ - | \$ - | \$ - |
| Accrued Wages and Benefits | 212,509 | - | - | - |
| Contracts Payable | - | - | - | 203,060 |
| Retainage Payable | - | - | - | 30,420 |
| Intergovernmental Payable | 111,631 | - | - | - |
| Advances from Other Funds | - | - | - | - |
| <i>Total Liabilities</i> | <u>367,961</u> | <u>-</u> | <u>-</u> | <u>233,480</u> |
| Deferred Inflows of Resources | | | | |
| Property Taxes Levied for the Next Year | 488,231 | - | - | - |
| Unavailable Revenue | 939,790 | - | 100,000 | - |
| <i>Total Deferred Inflows of Resources</i> | <u>1,428,021</u> | <u>-</u> | <u>100,000</u> | <u>-</u> |
| Fund Balances | | | | |
| Nonspendable | 109,633 | - | 32,606 | - |
| Restricted | 11,559 | - | - | 306,848 |
| Assigned | 852,457 | - | 3,091,429 | - |
| Unassigned | 5,056,964 | - | - | - |
| <i>Total Fund Balance</i> | <u>6,030,613</u> | <u>-</u> | <u>3,124,035</u> | <u>306,848</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$ 7,826,595</u> | <u>\$ -</u> | <u>\$ 3,224,035</u> | <u>\$ 540,328</u> |

See accompanying notes to the basic financial statements.

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| \$ 4,203,608 | \$ 12,887,621 |
| 85,900 | 85,900 |
| 9,099 | 39,814 |
| - | 24,360 |
| 404,809 | 646,867 |
| 219,154 | 2,586,727 |
| 100,000 | 200,000 |
| - | 28,000 |
| 423 | 114,662 |
| 130,293 | 130,293 |
| <u>\$ 5,153,286</u> | <u>\$ 16,744,244</u> |
| | |
| \$ 10,365 | \$ 54,186 |
| 13,209 | 225,718 |
| - | 203,060 |
| - | 30,420 |
| 5,554 | 117,185 |
| 28,000 | 28,000 |
| <u>57,128</u> | <u>658,569</u> |
| | |
| 204,458 | 692,689 |
| 387,877 | 1,427,667 |
| <u>592,335</u> | <u>2,120,356</u> |
| | |
| 130,716 | 272,955 |
| 4,152,131 | 4,470,538 |
| 220,976 | 4,164,862 |
| - | 5,056,964 |
| <u>4,503,823</u> | <u>13,965,319</u> |
| | |
| <u>\$ 5,153,286</u> | <u>\$ 16,744,244</u> |

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City of Bellefontaine
Logan County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2020

| | | |
|--|--------------------|-----------------------------|
| Total Governmental Fund Balances | | \$ 13,965,319 |
| <i>Amounts reported for governmental activities in the statement of net position are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 28,370,722 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds | | |
| Delinquent Property Taxes Receivable | \$ 34,447 | |
| Income Taxes Receivable | 767,886 | |
| Intergovernmental Receivable | 384,906 | |
| Accounts Receivable | 28,271 | |
| Interest Receivable | 12,157 | |
| Notes Receivable | <u>200,000</u> | 1,427,667 |
| An internal service fund is used by management to charge the costs of insurance to individual funds | | |
| The assets, liabilities, deferred outflows/inflows of resources of the internal service fund are included in governmental activities in the statement of net position. | | 834,834 |
| Accrued interest payable is not due and payable in the current period and therefore not reported in the funds | | (305) |
| The net pension liability and net OPEB liability are not due and payable in the current period, therefore the liability and related deferred inflows/outflows are not reported in governmental funds | | |
| Deferred Outflows - Pension | 2,072,833 | |
| Deferred Outflows - OPEB | 1,448,600 | |
| Net Pension Liability | (11,643,567) | |
| Net OPEB Liability | (3,350,886) | |
| Deferred Inflows - Pension | (1,711,635) | |
| Deferred Inflows - OPEB | <u>(803,437)</u> | (13,988,092) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds | | |
| General Obligation Debt and Loans | (629,854) | |
| Capital Lease Payable | (16,180) | |
| Compensated Absences Payable | <u>(1,367,340)</u> | <u>(2,013,374)</u> |
| <i>Net Position of Governmental Activities</i> | | <u><u>\$ 28,596,771</u></u> |

City of Bellefontaine
Logan County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

| | General | Coronavirus Relief Fund | Capital Improvement Fund | Reconstruction Improvement Fund |
|---|---------------------|-------------------------------|--------------------------------|---------------------------------------|
| Revenues | | | | |
| Property Taxes | \$ 533,404 | \$ - | \$ - | \$ - |
| Income Taxes | 6,269,795 | - | - | - |
| Other Local Taxes | 42,115 | - | - | - |
| Charges for Services | 491,986 | - | - | - |
| Licenses, Permits, and Fees | 134,597 | - | - | - |
| Fines and Forfeitures | 482,866 | - | - | - |
| Intergovernmental | 590,932 | 1,274,613 | - | 1,552,991 |
| Interest | 350,378 | 2,837 | 111,610 | 16,955 |
| Rent | - | - | - | - |
| Donations and Contributions | - | - | - | - |
| Refunds and Reimbursements | 658,886 | - | - | - |
| Other | 38,479 | - | 14,110 | - |
| <i>Total Revenues</i> | <u>9,593,438</u> | <u>1,277,450</u> | <u>125,720</u> | <u>1,569,946</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | 1,308,552 | - | - | - |
| Judicial | 733,897 | - | - | - |
| Public Safety | 4,654,545 | 1,277,450 | - | - |
| Health | 102,950 | - | - | - |
| Conservation and Recreation | 399,491 | - | - | - |
| Economic Development | 68,092 | - | 6,810 | - |
| Public Works | 121,141 | - | - | - |
| Transportation | 365,601 | - | - | - |
| Capital Outlay | 419,601 | - | - | 1,351,376 |
| Debt Service: | | | | |
| Principal Retirement | 40,397 | - | 23,696 | - |
| Interest and Fiscal Charges | 7,087 | - | - | - |
| Bond Issuance Costs | 3,485 | - | - | - |
| <i>Total Expenditures</i> | <u>8,224,839</u> | <u>1,277,450</u> | <u>30,506</u> | <u>1,351,376</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>1,368,599</u> | <u>-</u> | <u>95,214</u> | <u>218,570</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Sale of Capital Assets | 4,738 | - | 100,000 | - |
| Refunding Bonds Issued | 296,281 | - | - | - |
| Payment to Refunded Bond Escrow Agent | (292,151) | - | - | - |
| Transfers In | - | - | - | - |
| Transfers Out | (563,000) | - | - | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>(554,132)</u> | <u>-</u> | <u>100,000</u> | <u>-</u> |
| <i>Net Change in Fund Balances</i> | 814,467 | - | 195,214 | 218,570 |
| <i>Fund Balances Beginning of Year</i> | 5,216,146 | - | 2,928,821 | 88,278 |
| <i>Fund Balances End of Year</i> | <u>\$ 6,030,613</u> | <u>\$ -</u> | <u>\$ 3,124,035</u> | <u>\$ 306,848</u> |

See accompanying notes to the basic financial statements.

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| \$ 213,513 | \$ 746,917 |
| - | 6,269,795 |
| 8,038 | 50,153 |
| 26,593 | 518,579 |
| 181,507 | 316,104 |
| 99,856 | 582,722 |
| 939,412 | 4,357,948 |
| 41,890 | 523,670 |
| 26,319 | 26,319 |
| 60,713 | 60,713 |
| 19,097 | 677,983 |
| 49,190 | 101,779 |
| <u>1,666,128</u> | <u>14,232,682</u> |
| - | 1,308,552 |
| 214,674 | 948,571 |
| 40,929 | 5,972,924 |
| 37,233 | 140,183 |
| 19,985 | 419,476 |
| 74,896 | 149,798 |
| - | 121,141 |
| 508,603 | 874,204 |
| 434,032 | 2,205,009 |
| 4,735 | 68,828 |
| 938 | 8,025 |
| - | 3,485 |
| <u>1,336,025</u> | <u>12,220,196</u> |
| <u>330,103</u> | <u>2,012,486</u> |
| 100,000 | 204,738 |
| - | 296,281 |
| - | (292,151) |
| 263,000 | 263,000 |
| - | (563,000) |
| <u>363,000</u> | <u>(91,132)</u> |
| 693,103 | 1,921,354 |
| 3,810,720 | 12,043,965 |
| <u>\$ 4,503,823</u> | <u>\$ 13,965,319</u> |

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City of Bellefontaine
Logan County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020*

| | | |
|---|--------------------|---------------------|
| Net Change in Fund Balances - Total Governmental Funds | | \$ 1,921,354 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | | |
| Capital Asset Additions | \$ 2,302,473 | |
| Current Year Depreciation | <u>(1,169,542)</u> | 1,132,931 |
| Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal | | |
| | | (2,607) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Delinquent Property Taxes Receivable | 1,868 | |
| Income Taxes Receivable | (43,932) | |
| Intergovernmental Receivable | (9,187) | |
| Accounts Receivable | 22,296 | |
| Interest Receivable | (1,320) | |
| Notes Receivable | <u>(200,000)</u> | (230,275) |
| Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | |
| General Obligation Bonds | 64,093 | |
| Capital Lease | <u>4,735</u> | 68,828 |
| Issuance of refunding bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net position as long-term deferred outflows and liabilities. | | |
| Payment to Refunded Bond Escrow Agent | 292,151 | |
| Proceeds of Refunding Bonds | <u>(296,281)</u> | (4,130) |
| In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued. | | |
| Accrued Interest Payable | 597 | |
| Amortization of Premium on Bonds | 381 | |
| Amortization of Refunding Loss | <u>(3,372)</u> | (2,394) |
| Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. | | |
| Pension | 956,853 | |
| OPEB | <u>15,903</u> | 972,756 |
| Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities. | | |
| Pension | (1,702,163) | |
| OPEB | <u>(380,572)</u> | (2,082,735) |
| The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | | |
| | | (77,339) |
| 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 | | <u>(116,144)</u> |
| <i>Change in Net Position of Governmental Activities</i> | | <u>\$ 1,580,245</u> |

See accompanying notes to the basic financial statements.

City of Bellefontaine
Logan County, Ohio
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$ 472,100 | \$ 478,233 | \$ 521,688 | \$ 43,455 |
| Income Taxes | 6,833,000 | 6,921,768 | 6,250,572 | (671,196) |
| Other Local Taxes | 42,115 | 42,662 | 42,115 | (547) |
| Charges for Services | 413,000 | 418,365 | 449,106 | 30,741 |
| Licenses, Permits, and Fees | 125,800 | 127,434 | 134,597 | 7,163 |
| Fines and Forfeitures | 799,000 | 809,380 | 482,866 | (326,514) |
| Intergovernmental | 440,000 | 445,716 | 536,608 | 90,892 |
| Interest | 155,000 | 157,014 | 147,121 | (9,893) |
| Refunds and Reimbursements | 442,985 | 452,637 | 567,671 | 115,034 |
| Other | 60,850 | 61,641 | 34,930 | (26,711) |
| <i>Total Revenues</i> | <u>9,783,850</u> | <u>9,914,850</u> | <u>9,167,274</u> | <u>(747,576)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | 1,514,084 | 1,578,019 | 1,493,089 | 84,930 |
| Judicial | 807,561 | 807,561 | 725,240 | 82,321 |
| Public Safety | 5,553,441 | 5,553,441 | 4,619,902 | 933,539 |
| Health | 120,250 | 120,250 | 119,810 | 440 |
| Economic Development | 68,700 | 68,700 | 68,097 | 603 |
| Public Works | 128,015 | 128,015 | 118,103 | 9,912 |
| Transportation | 488,119 | 514,119 | 411,531 | 102,588 |
| Capital Outlay | 516,271 | 535,511 | 395,487 | 140,024 |
| Debt Service: | | | | |
| Principal Retirement | 36,004 | 40,397 | 40,397 | - |
| Interest and Fiscal Charges | 11,166 | 7,418 | 7,087 | 331 |
| Bond Issuance Costs | - | 3,485 | 3,485 | - |
| <i>Total Expenditures</i> | <u>9,243,611</u> | <u>9,356,916</u> | <u>8,002,228</u> | <u>1,354,688</u> |
| <i>Excess of Receipts Over (Under) Expenditures</i> | <u>540,239</u> | <u>557,934</u> | <u>1,165,046</u> | <u>607,112</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Sale of Capital Assets | 5,000 | 5,065 | 4,738 | (327) |
| Refunding Bonds Issued | - | 296,281 | 296,281 | - |
| Payment to Refunded Bond Escrow Agent | - | (292,151) | (292,151) | - |
| Transfers In | 5,000 | 5,065 | - | (5,065) |
| Transfers Out | (1,025,435) | (1,025,435) | (1,025,185) | 250 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(1,015,435)</u> | <u>(1,011,175)</u> | <u>(1,016,317)</u> | <u>(5,142)</u> |
| <i>Net Change in Fund Balance</i> | (475,196) | (453,241) | 148,729 | 601,970 |
| <i>Fund Balance Beginning of Year</i> | 3,371,372 | 3,371,372 | 3,371,372 | - |
| Prior Year Encumbrances Appropriated | 438,106 | 438,106 | 438,106 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 3,334,282</u> | <u>\$ 3,356,237</u> | <u>\$ 3,958,207</u> | <u>\$ 601,970</u> |

See accompanying notes to the basic financial statements.

City of Bellefontaine
Logan County, Ohio
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Coronavirus Relief Fund
For the Year Ended December 31, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------------|------------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ 1,274,613 | \$ 1,274,613 | \$ - |
| Interest | - | 2,837 | 2,837 | - |
| <i>Total Revenues</i> | - | 1,277,450 | 1,277,450 | - |
| Expenditures | | | | |
| Current: | | | | |
| Public Safety | - | 1,277,450 | 1,277,450 | - |
| <i>Total Expenditures</i> | - | 1,277,450 | 1,277,450 | - |
| <i>Net Change in Fund Balance</i> | - | - | - | - |
| <i>Fund Balance Beginning of Year</i> | - | - | - | - |
| <i>Fund Balance End of Year</i> | \$ - | \$ - | \$ - | \$ - |

See accompanying notes to the basic financial statements.

City of Bellefontaine
Logan County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2020

| | Enterprise Funds | | | |
|---|----------------------|----------------------|---------------------|---------------------|
| | Water Fund | Sewer Fund | Airport Fund | Garbage Fund |
| Assets | | | | |
| <i>Current Assets:</i> | | | | |
| Equity in Pooled Cash and Investments | \$ 2,035,958 | \$ 2,871,122 | \$ 485,650 | \$ 1,080,045 |
| Accounts Receivable | 486,126 | 615,804 | - | 116,709 |
| Intergovernmental Receivable | 11,337 | 75,221 | 140,135 | - |
| Prepaid Items | 8,168 | - | - | - |
| Materials and Supplies Inventory | 135,393 | 26,571 | - | - |
| <i>Total Current Assets</i> | <u>2,676,982</u> | <u>3,588,718</u> | <u>625,785</u> | <u>1,196,754</u> |
| <i>Non-Current Assets:</i> | | | | |
| Non-Depreciable Capital Assets | 801,019 | 195,247 | 1,211,988 | 75,814 |
| Depreciable Capital Assets, Net | 9,349,087 | 15,788,293 | 7,408,399 | 300,472 |
| <i>Total Non-Current Assets</i> | <u>10,150,106</u> | <u>15,983,540</u> | <u>8,620,387</u> | <u>376,286</u> |
| <i>Total Assets</i> | <u>12,827,088</u> | <u>19,572,258</u> | <u>9,246,172</u> | <u>1,573,040</u> |
| Deferred Outflows of Resources | | | | |
| Pension | 155,279 | 191,182 | - | 38,960 |
| OPEB | 112,250 | 135,065 | - | 25,654 |
| <i>Total Deferred Outflows of Resources</i> | <u>267,529</u> | <u>326,247</u> | <u>-</u> | <u>64,614</u> |
| Liabilities | | | | |
| <i>Current Liabilities:</i> | | | | |
| Accounts Payable | 7,468 | 15,716 | 8,163 | 59,991 |
| Accrued Wages and Benefits | 25,433 | 30,135 | - | 4,369 |
| Contracts Payable | 25,193 | 167,158 | 58,192 | - |
| Retainage Payable | - | - | 32,225 | - |
| Intergovernmental Payable | 11,067 | 13,262 | - | 1,825 |
| Accrued Interest Payable | 757 | 1,014 | 954 | - |
| Refundable Deposits | - | - | - | - |
| Compensated Absences Payable | 59,109 | 54,620 | - | 3,366 |
| General Obligation Bonds Payable | 100,240 | 134,204 | 140,903 | - |
| Loans Payable | 712 | 22,920 | - | - |
| <i>Total Current Liabilities</i> | <u>229,979</u> | <u>439,029</u> | <u>240,437</u> | <u>69,551</u> |
| <i>Long-Term Liabilities:</i> | | | | |
| Compensated Absences Payable - Net of Current Portion | 185,454 | 128,270 | - | - |
| Loans Payable - Net of Current Portion | 2,492 | 199,800 | - | - |
| General Obligation Bonds Payable - Net of Current Portion | 625,426 | 837,337 | 324,000 | - |
| Net Pension Liability | 875,995 | 1,030,582 | - | 154,587 |
| Net OPEB Liability | 603,637 | 710,161 | - | 106,524 |
| <i>Total Long-Term Liabilities</i> | <u>2,293,004</u> | <u>2,906,150</u> | <u>324,000</u> | <u>261,111</u> |
| <i>Total Liabilities</i> | <u>2,522,983</u> | <u>3,345,179</u> | <u>564,437</u> | <u>330,662</u> |
| Deferred Inflows of Resources | | | | |
| Pension | 199,401 | 218,609 | - | 36,245 |
| OPEB | 94,479 | 101,464 | - | 17,384 |
| <i>Total Deferred Inflows of Resources</i> | <u>293,880</u> | <u>320,073</u> | <u>-</u> | <u>53,629</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | 9,396,043 | 14,622,121 | 8,065,067 | 376,286 |
| Unrestricted | 881,711 | 1,611,132 | 616,668 | 877,077 |
| <i>Total Net Position</i> | <u>\$ 10,277,754</u> | <u>\$ 16,233,253</u> | <u>\$ 8,681,735</u> | <u>\$ 1,253,363</u> |

See accompanying notes to the basic financial statements.

| | | | Governmental Activities |
|-------------------|---------------------------------|----------------------|----------------------------|
| Ambulance Fund | Nonmajor Enterprise Funds | Total | Internal Service Fund |
| \$ 482,796 | \$ 247,784 | \$ 7,203,355 | \$ 834,834 |
| 538,265 | - | 1,756,904 | - |
| 3,638 | - | 230,331 | - |
| - | - | 8,168 | - |
| - | - | 161,964 | - |
| <u>1,024,699</u> | <u>247,784</u> | <u>9,360,722</u> | <u>834,834</u> |
| - | 216,620 | 2,500,688 | - |
| <u>377,417</u> | <u>53,963</u> | <u>33,277,631</u> | <u>-</u> |
| <u>377,417</u> | <u>270,583</u> | <u>35,778,319</u> | <u>-</u> |
| <u>1,402,116</u> | <u>518,367</u> | <u>45,139,041</u> | <u>834,834</u> |
| 150,769 | 4,238 | 540,428 | - |
| <u>108,794</u> | <u>2,728</u> | <u>384,491</u> | <u>-</u> |
| <u>259,563</u> | <u>6,966</u> | <u>924,919</u> | <u>-</u> |
| 1,991 | 877 | 94,206 | - |
| 9,725 | 186 | 69,848 | - |
| - | - | 250,543 | - |
| - | - | 32,225 | - |
| 6,079 | 105 | 32,338 | - |
| - | - | 2,725 | - |
| - | 204,391 | 204,391 | - |
| 32,690 | - | 149,785 | - |
| - | - | 375,347 | - |
| - | - | 23,632 | - |
| <u>50,485</u> | <u>205,559</u> | <u>1,235,040</u> | <u>-</u> |
| 46,025 | - | 359,749 | - |
| - | - | 202,292 | - |
| - | - | 1,786,763 | - |
| 699,869 | 10,306 | 2,771,339 | - |
| <u>130,574</u> | <u>7,102</u> | <u>1,557,998</u> | <u>-</u> |
| <u>876,468</u> | <u>17,408</u> | <u>6,678,141</u> | <u>-</u> |
| <u>926,953</u> | <u>222,967</u> | <u>7,913,181</u> | <u>-</u> |
| 140,663 | 2,186 | 597,104 | - |
| <u>96,679</u> | <u>1,011</u> | <u>311,017</u> | <u>-</u> |
| <u>237,342</u> | <u>3,197</u> | <u>908,121</u> | <u>-</u> |
| 377,417 | 270,583 | 33,107,517 | - |
| <u>119,967</u> | <u>28,586</u> | <u>4,135,141</u> | <u>834,834</u> |
| <u>\$ 497,384</u> | <u>\$ 299,169</u> | <u>\$ 37,242,658</u> | <u>\$ 834,834</u> |

City of Bellefontaine
Logan County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

| | Enterprise | | | |
|--|----------------------|----------------------|---------------------|---------------------|
| | Water Fund | Sewer Fund | Airport Fund | Garbage Fund |
| Operating Revenues | | | | |
| Charges for Services | \$ 2,309,170 | \$ 2,901,815 | \$ 90,633 | \$ 1,066,358 |
| Refunds and Reimbursements | 12,702 | 16,315 | - | - |
| Rental Income | - | - | 126,491 | - |
| Other Operating Revenue | 96,764 | 7,637 | - | 28,380 |
| <i>Total Operating Revenues</i> | <u>2,418,636</u> | <u>2,925,767</u> | <u>217,124</u> | <u>1,094,738</u> |
| Operating Expenses | | | | |
| Personal Services | 1,181,586 | 1,471,687 | - | 186,600 |
| Contractual Services | 202,377 | 282,274 | 119,420 | 795,199 |
| Materials and Supplies | 345,931 | 39,489 | 65,904 | 27,482 |
| Depreciation | 464,794 | 779,596 | 217,465 | 38,381 |
| Other Operating Expenses | 32,499 | 30,428 | 13,858 | 8,736 |
| <i>Total Operating Expenses</i> | <u>2,227,187</u> | <u>2,603,474</u> | <u>416,647</u> | <u>1,056,398</u> |
| <i>Operating Income (Loss)</i> | <u>191,449</u> | <u>322,293</u> | <u>(199,523)</u> | <u>38,340</u> |
| Non-Operating Revenues (Expenses) | | | | |
| Intergovernmental | 11,337 | 236,873 | 390,070 | - |
| Loss on Sale of Capital Assets | - | - | (2,075) | - |
| Interest and Fiscal Charges | (23,690) | (31,663) | (15,087) | - |
| Issuance Costs | (8,664) | (11,599) | - | - |
| <i>Total Non-Operating Revenues (Expenses)</i> | <u>(21,017)</u> | <u>193,611</u> | <u>372,908</u> | <u>-</u> |
| <i>Income (Loss) Before Transfers</i> | 170,432 | 515,904 | 173,385 | 38,340 |
| Transfers In | - | - | 300,000 | - |
| <i>Change in Net Position</i> | 170,432 | 515,904 | 473,385 | 38,340 |
| <i>Net Position Beginning of Year</i> | 10,107,322 | 15,717,349 | 8,208,350 | 1,215,023 |
| <i>Net Position End of Year</i> | <u>\$ 10,277,754</u> | <u>\$ 16,233,253</u> | <u>\$ 8,681,735</u> | <u>\$ 1,253,363</u> |

See accompanying notes to the basic financial statements.

| | | | Governmental Activities |
|-------------------|---------------------------------|----------------------|----------------------------|
| Ambulance Fund | Nonmajor Enterprise Funds | Total | Internal Service Fund |
| \$ 586,688 | \$ 12,981 | \$ 6,967,645 | \$ 1,150,740 |
| - | - | 29,017 | 3,596 |
| - | 139 | 126,630 | - |
| 5,741 | 187 | 138,709 | - |
| <u>592,429</u> | <u>13,307</u> | <u>7,262,001</u> | <u>1,154,336</u> |
| 376,395 | 11,280 | 3,227,548 | - |
| 22,619 | - | 1,421,889 | 1,231,675 |
| 53,594 | - | 532,400 | - |
| 54,510 | 4,176 | 1,558,922 | - |
| 34,579 | 370 | 120,470 | - |
| <u>541,697</u> | <u>15,826</u> | <u>6,861,229</u> | <u>1,231,675</u> |
| <u>50,732</u> | <u>(2,519)</u> | <u>400,772</u> | <u>(77,339)</u> |
| 25,662 | - | 663,942 | - |
| - | - | (2,075) | - |
| - | - | (70,440) | - |
| - | - | (20,263) | - |
| <u>25,662</u> | <u>-</u> | <u>571,164</u> | <u>-</u> |
| 76,394 | (2,519) | 971,936 | (77,339) |
| - | - | 300,000 | - |
| <u>76,394</u> | <u>(2,519)</u> | <u>1,271,936</u> | <u>(77,339)</u> |
| 420,990 | 301,688 | 35,970,722 | 912,173 |
| <u>\$ 497,384</u> | <u>\$ 299,169</u> | <u>\$ 37,242,658</u> | <u>\$ 834,834</u> |

City of Bellefontaine
Logan County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

| | Enterprise Funds | | | | |
|--|---------------------|---------------------|-------------------|---------------------|-------------------|
| | Water Fund | Sewer Fund | Airport Fund | Garbage Fund | Ambulance Fund |
| Cash Flows from Operating Activities | | | | | |
| Cash Received from Customers | \$ 2,319,003 | \$ 2,911,534 | \$ 217,124 | \$ 1,070,579 | \$ 559,291 |
| Other Operating Receipts | 96,764 | 7,637 | - | 28,380 | 5,741 |
| Cash Payments to Employees | (972,128) | (1,241,403) | - | (152,564) | (315,957) |
| Cash Payments to Suppliers | (561,277) | (374,991) | (183,849) | (819,796) | (74,044) |
| Cash Payments for Other Expenses | (32,293) | (55,379) | (14,797) | (8,736) | (36,431) |
| <i>Net Cash Provided by Operating Activities</i> | <u>850,069</u> | <u>1,247,398</u> | <u>18,478</u> | <u>117,863</u> | <u>138,600</u> |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Intergovernmental Revenue | - | 45,388 | - | - | 22,024 |
| Transfers In | - | - | 150,000 | - | - |
| <i>Net Cash Provided by Noncapital Financing Activities</i> | <u>-</u> | <u>45,388</u> | <u>150,000</u> | <u>-</u> | <u>22,024</u> |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Purchase of Capital Assets | (558,045) | (1,088,038) | (361,688) | - | - |
| Capital Grants | - | 161,652 | 275,163 | - | - |
| Proceeds of General Obligation Bonds | 735,332 | 984,482 | 37,905 | - | - |
| Transfers In | - | - | 150,000 | - | - |
| Payment for Bond Issuance Costs | (8,664) | (11,599) | - | - | - |
| Payments to Refunding Bond Escrow Agent | (726,320) | (972,417) | (37,905) | - | - |
| Principal Payments on Debt | (99,872) | (155,686) | (135,344) | - | - |
| Interest Payments on Debt | (17,613) | (23,590) | (15,105) | - | - |
| <i>Net Cash Used for Capital and Related Financing Activities</i> | <u>(675,182)</u> | <u>(1,105,196)</u> | <u>(86,974)</u> | <u>-</u> | <u>-</u> |
| <i>Net Increase (Decrease) in Cash and Cash Equivalents</i> | 174,887 | 187,590 | 81,504 | 117,863 | 160,624 |
| <i>Cash and Cash Equivalents Beginning of Year</i> | 1,861,071 | 2,683,532 | 404,146 | 962,182 | 322,172 |
| <i>Cash and Cash Equivalents End of Year</i> | <u>\$ 2,035,958</u> | <u>\$ 2,871,122</u> | <u>\$ 485,650</u> | <u>\$ 1,080,045</u> | <u>\$ 482,796</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | | | | |
| Operating Income (Loss) | \$ 191,449 | \$ 322,293 | \$ (199,523) | \$ 38,340 | \$ 50,732 |
| Adjustment: Depreciation | 464,794 | 779,596 | 217,465 | 38,381 | 54,510 |
| (Increase) Decrease in Assets and Deferred Outflows: | | | | | |
| Accounts Receivable | (2,869) | (6,596) | - | 4,221 | (27,397) |
| Prepaid Items | 395 | 140 | 2,681 | - | 2,722 |
| Materials and Supplies Inventory | 7,261 | (1,548) | - | - | - |
| Deferred Outflows - Pension/OPEB | 247,637 | 236,635 | - | (454) | 145,955 |
| Increase (Decrease) in Liabilities and Deferred Inflows: | | | | | |
| Accounts Payable | (20,419) | (76,771) | (2,145) | 2,885 | (2,405) |
| Accrued Wages | 8,263 | 9,516 | - | 1,610 | 2,530 |
| Intergovernmental Payable | 1,381 | 1,682 | - | 340 | 103 |
| Refundable Deposits | - | - | - | - | - |
| Compensated Absences Payable | 23,534 | 19,092 | - | (510) | 12,842 |
| Deferred Inflows - Pension/OPEB | 275,533 | 289,293 | - | 39,322 | 69,479 |
| Net Pension Liability | (366,050) | (374,695) | - | (27,269) | (171,781) |
| Net OPEB Liability | 19,160 | 48,761 | - | 20,997 | 1,310 |
| <i>Net Cash Provided by (Used For) Operating Activities</i> | <u>\$ 850,069</u> | <u>\$ 1,247,398</u> | <u>\$ 18,478</u> | <u>\$ 117,863</u> | <u>\$ 138,600</u> |
| Noncash Capital Financing Activities: | | | | | |
| Capital Related Payables at the end of 2019 | \$ 86,140 | \$ 146,008 | \$ - | \$ - | \$ - |
| Capital Related Payables at the end of 2020 | \$ 25,193 | \$ 167,158 | \$ 90,417 | \$ - | \$ - |

See accompanying notes to the basic financial statements.

| | | Governmental Activities | |
|---------------------------|--------------|-------------------------|--|
| Nonmajor Enterprise Funds | Total | Internal Service Fund | |
| \$ 32,812 | \$ 7,110,343 | \$ 1,154,336 | |
| 187 | 138,709 | - | |
| (6,617) | (2,688,669) | - | |
| - | (2,013,957) | (1,081,045) | |
| (15,145) | (162,781) | - | |
| 11,237 | 2,383,645 | 73,291 | |
| - | 67,412 | - | |
| - | 150,000 | - | |
| - | 217,412 | - | |
| - | (2,007,771) | - | |
| - | 436,815 | - | |
| - | 1,757,719 | - | |
| - | 150,000 | - | |
| - | (20,263) | - | |
| - | (1,736,642) | - | |
| - | (390,902) | - | |
| - | (56,308) | - | |
| - | (1,867,352) | - | |
| 11,237 | 733,705 | 73,291 | |
| 236,547 | 6,469,650 | 761,543 | |
| \$ 247,784 | \$ 7,203,355 | \$ 834,834 | |

| | | | |
|------------|--------------|-------------|--|
| \$ (2,519) | \$ 400,772 | \$ (77,339) | |
| 4,176 | 1,558,922 | - | |
| - | (32,641) | - | |
| - | 5,938 | 151,432 | |
| - | 5,713 | - | |
| (2,501) | 627,272 | - | |
| 174 | (98,681) | (802) | |
| 21 | 21,940 | - | |
| 9 | 3,515 | - | |
| 4,743 | 4,743 | - | |
| - | 54,958 | - | |
| 2,936 | 676,563 | - | |
| 1,268 | (938,527) | - | |
| 2,930 | 93,158 | - | |
| \$ 11,237 | \$ 2,383,645 | \$ 73,291 | |

| | | | |
|------|---------|------|--|
| \$ - | 232,148 | \$ - | |
| \$ - | 282,768 | \$ - | |

City of Bellefontaine
Logan County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

| | Private Purpose Trust | Custodial |
|--|--------------------------|-----------|
| Assets | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 19,703 | \$ 6,775 |
| Cash and Cash Equivalents in Segregated Accounts | - | 82,604 |
| Investments | 60,000 | - |
| <i>Total Assets</i> | 79,703 | 89,379 |
| Net Position | | |
| Held in Trust | 79,703 | 3,510 |
| Restricted for Individuals and Other Governments | - | 85,869 |
| <i>Total Net Position</i> | \$ 79,703 | \$ 89,379 |

See accompanying notes to the basic financial statements.

City of Bellefontaine
Logan County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

| | Private Purpose Trust | Custodial |
|--|--------------------------|--------------|
| Additions | | |
| Fines & Forfeitures for Other Governments | \$ - | \$ 1,672,828 |
| Fees for Other Organizations | - | 38,550 |
| <i>Total Additions</i> | - | 1,711,378 |
| Deductions | | |
| Fines & Forfeitures Distributions to Other Governments | - | 1,700,269 |
| Fee Distributions to Other Organizations | - | 49,920 |
| Endowments | 2,255 | - |
| <i>Total Deductions</i> | 2,255 | 1,750,189 |
| <i>Change in Net Position</i> | (2,255) | (38,811) |
| <i>Net Position Beginning of Year</i> | 81,958 | 128,190 |
| <i>Net Position End of Year</i> | \$ 79,703 | \$ 89,379 |

See accompanying notes to the basic financial statements.

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**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The City of Bellefontaine (the “City”) is a body politic and Corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The City was formed as a village in 1820 and incorporated in 1835. In 1900 it became a City and is presently a home rule municipal corporation under the laws of the State of Ohio.

The City operates under a council-mayor form of government and provides the following services: public safety; public services, recreation and development. Education services are provided by Bellefontaine City School District. The School District is a separate governmental entity and its financial statements are not included in these financial statements.

This report includes all activities considered by management to be part of the City by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for legally separate organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization’s resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support, the organization; or (c) is obligated in some manner for the debt of the entity. The financial statements of the reporting entity allow the users to distinguish between the primary government and its component units. The City has no component units.

Most component units are included in the financial reporting entity by discrete presentation (one or more columns separate from the financial data of the primary government). Some component units are so intertwined with the primary government that they are reported in a manner similar to the balances and transactions of the primary government itself (this method is known as blending).

The City included on its financial statements the operations and balances of the Municipal Court and the Park Commission. The City has not included the Bellefontaine City School District, which elects its own officials, and has no control over its operations.

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

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-wide and fund financial statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Property and income taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital improvement fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

The *reconstruction improvement fund* is used to account for financial resources to be used for the right-of-way acquisition and subsequent resurfacing of a major highway.

The *Coronavirus relief fund* is used to account for State and Federal emergency relief grants related to the Coronavirus (COVID-19) pandemic.

The government reports the following major proprietary funds:

The *water fund* accounts for the activities of the water department. The water department operates the water distribution system.

The *sewer fund* accounts for the activities of the sewer department. The sewer department operates the sewage treatment plant, sewage pumping stations and sewage collection systems.

The *airport fund* accounts for the activities of the City's airport.

The *garbage fund* accounts for the City's garbage removal activities.

The *ambulance fund* accounts for the City's ambulance activities.

Additionally, the government reports the following fund types:

The *internal service fund* is used to account for insurance services provided to other departments of the government on a cost reimbursement basis.

The *private-purpose trust funds* are used to account for resources legally held in trust.

The *custodial funds* are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds account for amounts collected and distributed on behalf of another government or organization.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Deposits and Investments

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

During 2020, the City's investments consisted of negotiable certificates of deposit and a money market fund. Investments are reported at fair value, which is based on quoted market prices.

For presentation purposes on the Statement of Cash Flows and Statement of Net Position/Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund receivables/payables" (i.e. the current portion of Interfund loans) or "advances to/from other funds" (i.e. the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

E. Notes Receivable

Notes receivable represents the right to receive repayment for a note made by the City. This note is based upon a written agreement between the City and the note recipient.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets. Depreciable lives used for property items within each property classification are as follows:

| <u>Classification</u> | <u>Useful Life</u> |
|---|--------------------|
| Buildings | 40 years |
| Utility Plant in Service | 40-80 years |
| Improvements other than Buildings | 20-50 years |
| Machinery, Vehicles, Furniture & Equipment | 5-20 years |

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide and proprietary statements of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, other postemployment benefits (OPEB), and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements.

Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenues include delinquent property taxes, income taxes, charges for services, intergovernmental grants, and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide and proprietary fund statements of net position (See Notes 10 and 11).

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

I. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension asset and net pension/OPEB liability, deferred outflows of resources of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of 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 plans. 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.

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All accumulated vacation leave and vested accumulated sick leave is recorded as a liability in the government-wide, proprietary, and fiduciary fund financial statements. In the governmental funds, accumulated vacation leave and vested accumulated sick leave that is expected to be liquidated with available financial resources are recorded as an expenditure and a fund liability of the governmental fund that will pay it.

The compensated absences liability for vacation leave includes salary-related payments, which are payments directly and incrementally related to the amount of salary paid to the employee. Salary-related payments include Medicare taxes and employer contributions to cost-sharing multiple employer public employee retirement systems.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statements No. 54, Fund Balance Reporting, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories were used:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Committed – Fund balance is reported as committed for resources that can be used only for specific purposes pursuant to constraints imposed by formal action (resolution) of the City’s highest level of decision-making authority (City Council).

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

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

The City applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted fund balance/net position are available. The City considers committed, assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

M. Interfund Transactions

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

During the normal course of operations, the City has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in the governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are treated similarly when involving other funds of the City.

N. Estimates

The preparation of financial statements in conformity with U.S. 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.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

O. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The City has restricted net position for capital projects, street maintenance and repair, public safety, conservation and recreation, economic development, health and judicial. The City did not have any net position restricted by enabling legislation. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City did not have any extraordinary or special items during fiscal year 2020.

Q. Budgetary Process

The City Auditor submits a proposed operating budget to the City Council on an annual basis. The Council enacts the budget through passage of an ordinance. The appropriation ordinance controls expenditures for each department and, within each, the amount appropriated for personal services. This is known as the legal level of control. Council can amend the budget at the legal level of control through the passage of supplemental ordinances. Management can amend appropriations below this level without council approval.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to an assignment of fund balance (GAAP).
- (4) Due to the implementation of GASB 54, some funds were reclassified to the General Fund. These funds are not required to be included in the General Fund Budgetary Statement. Therefore, the activity from these funds is excluded with an adjustment for their change in fund balance.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Reconciliation of the major differences between the budget basis and GAAP basis are as follows:

| | General Fund | Local Coronavirus Relief Fund |
|--------------------------------|--------------|----------------------------------|
| GAAP Basis | \$ 814,467 | \$ - |
| Parks and Recreation Change | (55,045) | - |
| General Pension Reserve Change | (51,685) | - |
| Revenue Accruals | (309,406) | - |
| Expenditure Accruals | 7,167 | - |
| Encumbrances | (256,769) | - |
| Budget Basis | \$ 148,729 | \$ - |

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

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

Cash in Segregated Accounts - At year end, the City had \$82,604 deposited with financial institutions for monies related to the Municipal Court which is reported as a custodial fund.

Deposits - At fiscal year end, the carrying amount of the City's deposits was \$5,983,694 and the bank balance was \$6,170,287. Of the bank balance, \$500,878 was covered by the Federal Depository Insurance Corporation (FDIC) and the remaining was uninsured and collateralized. The City's financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute. Ohio law requires that deposits either be insured or be protected by:

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

Investments - As of December 31, 2020, the City had \$11,458,629 invested in negotiable certificates of deposit and \$3,738,469 in a money market fund.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments reported at fair value are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the City's investment policy limits investment portfolio maturities to five years or less. At December 31, 2020, the market value of negotiable certificates of deposit maturing in calendar years 2021, 2022, 2023, 2024, and 2025 were \$1,815,951, \$3,828,984, \$2,770,079, \$1,057,655, and \$1,985,960, respectively.

Credit Risk. The City's money market fund was rated AAA and the City's negotiable certificates of deposit are unrated. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk. The City places no limit on the amount that may be invested in any one issuer. The City's negotiable certificates of deposit were held with several banking institutions.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payments for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

NOTE 5 – NOTES RECEIVABLE

During 2017, the City transferred property to Mary Rutan Hospital. In return, Mary Rutan Hospital agreed to compensate the City with a \$1,000,000 note. Mary Rutan Hospital made payments, totaling \$200,000, during 2020. At December 31, 2020, the balance of the note was \$200,000.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 6 - TAXES

Property Taxes

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

Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

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

The City receives property taxes from Logan County. The County Auditor periodically advances to the City its portion of the taxes collected. Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility property, which became measurable as of December 31, 2020. The assessed valuation of the City for tax year 2019, which were used to collect taxes in calendar year 2020 was \$252,452,700.

Income Taxes

The City levies an income tax of 1.333% on the gross salaries, wages and other personal services compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a full credit for taxes paid, up to .666% which would be due the City, to other Ohio municipalities.

The receipts of the City income tax and the administrative costs associated with their collection are accounted for in the General Fund. Income tax receipts, net of related administrative costs, are disbursed, appropriated and allocated in accordance with ordinance No. 3565 as amended.

**CITY OF BELLEFONTAINE, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 – TAX ABATEMENTS

Community Reinvestment Area

Description – Under the authority of ORC 3735.65 – 3735.70, the City established the Bellefontaine Community Reinvestment Area program. Legislation established that the remodeling of existing and construction of the new structures within these CRA’s constituted a public purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax. These taxes are abated through a reduction in assessed value.

Within the area, the percentage of any tax exemptions on the increase in the assessed valuation resulting from improvements to commercial or industrial real property and the terms of those exemptions shall be negotiated in advance of construction or remodeling occurring and shall be anywhere from 0% to 100%.

The period of exemption to be negotiated and approved, on a project-by-project basis, shall: (a) not exceed fifteen years for existing commercial or industrial facilities; and (b) not exceed fifteen years for new commercial or industrial facilities.

Within the area, the percentage of any tax exemptions on the increase in the assessed value resulting from construction of or improvements to residential real property shall be as follows: (a) Fifty percent for five years for remodeling where the increase in fair market value is \$10,000 or greater; (b) one hundred percent for five years for new construction completed by the homeowner or developer of less than six single family houses and/or multi-unit residential structures containing three or less units under one roof, or a combination thereof, all of which are built within a single calendar year; or (c) one hundred percent for twelve years for new construction by a developer of six or more single family houses and/or multi-unit residential structures containing three or less units under one roof, or a combination thereof, all of which are built within a single calendar year.

The City will not be disclosing these abatement agreements individually. The City will also not be disclosing the individual company tax incentive payments pursuant to ORC 718.13.

Provisions for recapturing abated taxes – There are no provisions for recapturing abated taxes as each abatement is reviewed by the Tax Incentive Review Council. The Tax Incentive Review Council meets annually to review the exemptions and to determine whether the company is maintaining their end of the agreement. If an agreement is terminated by the Review Council, the assessed valuation of the property will be set at its fair market valuation with no additional exemption allowed.

The gross dollar amount by which the taxes were reduced to the City for 2020 was \$18,214.

**CITY OF BELLEFONTAINE, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2020, was as follows:

| Description | Beginning Balance | Additions | Deletions | Ending Balance |
|------------------------------------|----------------------|---------------------|-------------------|----------------------|
| Non-depreciated assets: | | | | |
| Land | \$ 7,948,000 | \$ - | \$ - | \$ 7,948,000 |
| Total Non-depreciated assets | <u>7,948,000</u> | <u>-</u> | <u>-</u> | <u>7,948,000</u> |
| Capital assets, being depreciated: | | | | |
| Land Improvements | 5,899,594 | 69,358 | - | 5,968,952 |
| Buildings | 4,949,901 | - | - | 4,949,901 |
| Building Components | 574,766 | 339,381 | - | 914,147 |
| Equipment | 2,349,304 | 224,690 | - | 2,573,994 |
| Furniture | 171,373 | - | (26,071) | 145,302 |
| Vehicles | 3,358,635 | 247,668 | - | 3,606,303 |
| Infrastructure | 18,130,837 | 1,421,376 | - | 19,552,213 |
| Infrastructure Contributions | 3,146,226 | - | - | 3,146,226 |
| Total depreciated assets | <u>38,580,636</u> | <u>2,302,473</u> | <u>(26,071)</u> | <u>40,857,038</u> |
| Total capital assets | <u>46,528,636</u> | <u>2,302,473</u> | <u>(26,071)</u> | <u>48,805,038</u> |
| Less accumulated depreciation for: | | | | |
| Land Improvements | 617,542 | 61,164 | - | 678,706 |
| Buildings | 2,859,161 | 78,198 | - | 2,937,359 |
| Building Components | 141,041 | 60,024 | - | 201,065 |
| Equipment | 1,251,669 | 173,851 | - | 1,425,520 |
| Furniture | 117,891 | 4,848 | - | 122,739 |
| Vehicles | 2,421,411 | 171,343 | (23,464) | 2,569,290 |
| Infrastructure | 11,311,292 | 552,119 | - | 11,863,411 |
| Infrastructure Contributions | 568,231 | 67,995 | - | 636,226 |
| Total accumulated depreciation | <u>19,288,238</u> | <u>1,169,542</u> | <u>(23,464)</u> | <u>20,434,316</u> |
| Total depreciable assets, net | <u>19,292,398</u> | <u>1,132,931</u> | <u>(2,607)</u> | <u>20,422,722</u> |
| Total capital assets, net | <u>\$ 27,240,398</u> | <u>\$ 1,132,931</u> | <u>\$ (2,607)</u> | <u>\$ 28,370,722</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|-----------------------------|---------------------|
| Conservation and Recreation | \$ 118,560 |
| Judicial | 35,851 |
| Legislative and Executive | 76,669 |
| Public Safety | 188,631 |
| Public Works | 150,473 |
| Transportation | 599,358 |
| Total | <u>\$ 1,169,542</u> |

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Proprietary capital asset activity for the year ended December 31, 2020, was as follows:

| Description | Beginning Balance | Additions | Deletions | Transfers | Ending Balance |
|---------------------------------------|----------------------|-------------------|-------------------|------------------|----------------------|
| Non-depreciated assets: | | | | | |
| Land | \$ 2,028,393 | \$ - | \$ - | \$ - | \$ 2,028,393 |
| Construction in Progress | 540,935 | 828,843 | - | (897,483) | 472,295 |
| Total Non-depreciated assets | 2,569,328 | 828,843 | - | (897,483) | 2,500,688 |
| Capital assets, being depreciated: | | | | | |
| Land Improvements | 8,661,338 | - | - | - | 8,661,338 |
| Buildings | 14,170,340 | - | - | - | 14,170,340 |
| Building Components | 137,190 | 6,400 | - | - | 143,590 |
| Equipment | 6,259,757 | 477,552 | - | - | 6,737,309 |
| Furniture | 72,772 | - | - | - | 72,772 |
| Vehicles | 2,350,836 | 61,185 | (20,695) | - | 2,391,326 |
| Infrastructure | 19,566,402 | 656,780 | - | 897,483 | 21,120,665 |
| Infrastructure Contributions | 2,206,978 | - | - | - | 2,206,978 |
| Total depreciated assets | 53,425,613 | 1,201,917 | (20,695) | 897,483 | 55,504,318 |
| Total capital assets | 55,994,941 | 2,030,760 | (20,695) | - | 58,005,006 |
| Less accumulated depreciation for: | | | | | |
| Land Improvements | 2,312,314 | 122,376 | - | - | 2,434,690 |
| Buildings | 4,970,699 | 211,666 | - | - | 5,182,365 |
| Building Components | 46,849 | 5,626 | - | - | 52,475 |
| Equipment | 3,330,551 | 326,900 | - | - | 3,657,451 |
| Furniture | 34,903 | 6,083 | - | - | 40,986 |
| Vehicles | 1,052,773 | 189,088 | (18,620) | - | 1,223,241 |
| Infrastructure | 8,293,536 | 664,270 | - | - | 8,957,806 |
| Infrastructure Contributions | 644,760 | 32,913 | - | - | 677,673 |
| Total accumulated depreciation | 20,686,385 | 1,558,922 | (18,620) | - | 22,226,687 |
| Total depreciable assets, net | 32,739,228 | (357,005) | (2,075) | 897,483 | 33,277,631 |
| Total capital assets, net | \$ 35,308,556 | \$ 471,838 | \$ (2,075) | \$ - | \$ 35,778,319 |

Depreciation expense was charged to proprietary funds as follows:

| | |
|----------------|---------------------|
| Water | \$ 464,794 |
| Sewer | 779,596 |
| Airport | 217,465 |
| Garbage | 38,381 |
| Ambulance | 54,510 |
| Other Nonmajor | 4,176 |
| Total | \$ 1,558,922 |

**CITY OF BELLEFONTAINE, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2020, was as follows:

| | Beginning Balance | New Issues | Retirements | Ending Balance | Due in One Year |
|--|----------------------|---------------------|-----------------------|----------------------|---------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds and Loans: | | | | | |
| 2010 Energy Project Bonds, 2-3.75%, 2027 | \$ 323,314 | \$ - | \$ (323,314) | \$ - | \$ - |
| 2020 Various Purpose Refunding Bonds, 1.25%, 2027 | - | 296,281 | (4,393) | 291,888 | 40,320 |
| Unamortized premium on sale of bonds | 1,850 | - | (1,850) | - | - |
| Total Bonds | 325,164 | 296,281 | (329,557) | 291,888 | 40,320 |
| Direct Issuance Loans: | | | | | |
| OPWC Roadway Improvement 0%, 2033 | 164,246 | - | (11,732) | 152,514 | 11,732 |
| OPWC Whispering Pines Resurfacing, 0%, 2036 | 197,416 | - | (11,964) | 185,452 | 11,964 |
| Total Loans | 361,662 | - | (23,696) | 337,966 | 23,696 |
| Compensated Absences Payable | 1,251,196 | 351,196 | (235,052) | 1,367,340 | 563,658 |
| Net Pension Liability | 14,847,214 | - | (3,203,647) | 11,643,567 | - |
| Net OPEB Liability | 3,195,775 | 155,111 | - | 3,350,886 | - |
| Capital Lease Payable | 20,915 | - | (4,735) | 16,180 | 4,977 |
| Total Governmental Activities | 20,001,926 | 802,588 | (3,796,687) | 17,007,827 | 632,651 |
| Business-Type Activities: | | | | | |
| Revenue and General Obligation Bonds and Loans: | | | | | |
| 2015 Airport Improvement Refunding, 2.57%, 2023 | 557,665 | - | (130,667) | 426,998 | 135,667 |
| 2010 Energy Project Bonds 2-3.75%, 2027 | 1,921,685 | - | (1,921,685) | - | - |
| 2020 Various Purpose Refunding Bonds, 1.25%, 2027 | - | 1,757,719 | (22,607) | 1,735,112 | 239,680 |
| Unamortized premium on sale of bonds | 10,990 | - | (10,990) | - | - |
| Total Bonds | 2,490,340 | 1,757,719 | (2,085,949) | 2,162,110 | 375,347 |
| Direct Issuance Loans: | | | | | |
| OPWC Waterline Replacement, 0%, 2025 | 3,916 | - | (712) | 3,204 | 712 |
| OPWC Storm Water Drainage, 0%, 2028 | 71,400 | - | (8,400) | 63,000 | 8,400 |
| OPWC Wastewater Treatment Plant Upgrade, 0%, 2031 | 174,240 | - | (14,520) | 159,720 | 14,520 |
| Total Loans | 249,556 | - | (23,632) | 225,924 | 23,632 |
| Compensated Absences Payable | 454,576 | 149,588 | (94,630) | 509,534 | 149,785 |
| Net Pension Liability | 3,709,866 | - | (938,527) | 2,771,339 | - |
| Net OPEB Liability | 1,464,840 | 93,158 | - | 1,557,998 | - |
| Total Business-Type Activities | 8,369,178 | 2,000,465 | (3,142,738) | 7,226,905 | 548,764 |
| Total Long-Term Obligations | \$ 28,371,104 | \$ 2,803,053 | \$ (6,939,425) | \$ 24,234,732 | \$ 1,181,415 |

General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City.

Water and sewer revenue bonds are for utility construction projects. Revenues of the utility facilities have been pledged to repay these debts.

The compensated absences liability represents accrued bonus, compensatory time, vacation, and sick leave benefits as of December 31, 2020 (See Note 12). The compensated absences will be paid from the funds in which the employees' salaries are paid.

**CITY OF BELLEFONTAINE, OHIO
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the funds in which the employees' salaries are paid. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

During 2012, the City entered into a loan arrangement through the Ohio Public Works Commission (OPWC) to fund various roadway improvements. The loan was in the amount of \$234,637.

On September 2, 2010, the City issued \$6.715 million in General Obligation Bonds to finance future projects (\$5,260,000), current refund the 1999 storm water bonds (\$475,000) and current refund the 1995 Water Mortgage Revenue Bonds (\$980,000). The bonds were issued with interest rates ranging from 2.0% to 3.75%, compared to the refunded bonds having an interest rate ranging from 3.75% to 5.2%.

The sewer current refunding reduced its total debt service over a five year period by \$29,287 and obtained an economic gain (difference between present values of the old and new debt service payments) of approximately the same amount.

The water current refunding reduced its total debt service over a five year period by \$98,722 and obtained an economic gain (difference between present values of the old and new debt service payments) of approximately the same amount.

During 2015, the City entered into a loan arrangement through the OPWC. The loan was for the funding of the Whispering Pines subdivision resurfacing. The OPWC loan amount was \$239,291.

Also in 2015, the City issued \$1,126,000 in Airport Improvement Refunding Bonds for the purpose of refinancing the outstanding 2004 Airport Improvement General Obligation Bonds. The bonds will be repaid from the Airport fund and have interest rate of 2.57 percent. As a result of this refunding, the City reduced its total debt requirements by \$111,811.

During 2005, the City entered into a loan arrangement through the OPWC. The loan was for the funding of the West Sandusky Waterline Replacement. The OPWC loan amount was \$14,241.

During 2008, the City entered into a loan arrangement through the OPWC. The loan was for the funding of the Storm Water Drainage Improvement Project. The OPWC loan amount was \$168,000.

During 2012, the City entered into a loan arrangement through the OPWC. The loan was for the funding of the Bellefontaine Wastewater Treatment Plant Upgrade. The OPWC loan amount was \$168,000.

On September 3, 2020, the City issued \$2.054 million in General Obligation Bonds to current refund the 2010 energy bonds (\$287,310 within the governmental funds and \$1,707,690 within the enterprise funds). The bonds were issued with an interest rate of 1.25%, compared to the refunded bonds having interest rates ranging from 3.0 to 3.75%. The issuance resulted in a cash flow savings of \$154,365 and an economic benefit of \$147,331.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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A summary of the City’s future debt service requirements as of December 31, 2020 were as follows:

| Year | <i>Governmental Activities</i> | | <i>Business-Type Activities</i> | |
|-----------|--------------------------------|------------------|---------------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 64,016 | \$ 3,654 | \$ 398,979 | \$ 32,697 |
| 2022 | 64,160 | 3,145 | 404,835 | 26,180 |
| 2023 | 64,880 | 2,639 | 419,113 | 19,557 |
| 2024 | 65,600 | 2,124 | 272,728 | 12,627 |
| 2025 | 65,456 | 1,600 | 271,516 | 9,512 |
| 2026-2030 | 204,740 | 1,349 | 606,343 | 8,020 |
| 2031-2035 | 95,020 | - | 14,520 | - |
| 2036 | 5,982 | - | - | - |
| | <u>\$ 629,854</u> | <u>\$ 14,511</u> | <u>\$ 2,388,034</u> | <u>\$ 108,593</u> |

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

The net pension liability and the net OPEB liability represent the City’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension 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.

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

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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 all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the 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 health care to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

| | |
|--|----------------------------|
| | <u>State and Local</u> |
| 2020 Statutory Maximum Contribution Rates | |
| Employer | 14.00 % |
| Employee | 10.00 % |
| 2020 Actual Contribution Rates | |
| Employer: | |
| Pension | 14.00 % |
| Post-Employment Health Care Benefits | 0.00 % |
| Total Employer | <u>14.00 %</u> |
| Employee | <u>10.00 %</u> |

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$504,797 for 2020. Of this amount, \$41,139 is reported as an intergovernmental payable.

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

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

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

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

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

| | Police | Firefighters |
|--|-------------|--------------|
| 2020 Statutory Maximum Contribution Rates | | |
| Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |
| 2020 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 19.00 % | 23.50 % |
| Post-Employment Health Care Benefits | 0.50 % | 0.50 % |
| Total Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$709,712 for 2020. Of this amount, \$57,965 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2019, 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, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | OPERS | OP&F | Total |
|--|--------------|--------------|---------------|
| Proportion of the Net Pension Liability: | | | |
| Current Measurement Period | 0.026070% | 0.137489% | |
| Prior Measurement Period | 0.026344% | 0.138950% | |
| Change in Proportion | -0.000274% | -0.001461% | |
| Proportionate Share of the Net | | | |
| Pension Liability | \$ 5,152,912 | \$ 9,261,994 | \$ 14,414,906 |
| Pension Expense | \$ 906,476 | \$ 1,304,550 | \$ 2,211,026 |

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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| | OPERS | OP&F | Total |
|--|---------------------|---------------------|---------------------|
| Deferred Outflows of Resources | | | |
| Differences between Expected and Actual Experience | \$ - | \$ 350,597 | \$ 350,597 |
| Changes of Assumptions | 275,226 | 227,358 | 502,584 |
| Changes in Proportionate Share | 144,332 | 401,239 | 545,571 |
| City Contributions Subsequent to the Measurement Date | 504,797 | 709,712 | 1,214,509 |
| Total Deferred Outflows of Resources | \$ 924,355 | \$ 1,688,906 | \$ 2,613,261 |
| Deferred Inflows of Resources | | | |
| Differences between Expected and Actual Experience | \$ 65,152 | \$ 477,680 | \$ 542,832 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 1,027,888 | 447,429 | 1,475,317 |
| Changes in Proportionate Share | 68,672 | 221,918 | 290,590 |
| Total Deferred Inflows of Resources | \$ 1,161,712 | \$ 1,147,027 | \$ 2,308,739 |

\$1,214,509 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending December 31: | OPERS | OP&F | Total |
|--------------------------|---------------------|---------------------|---------------------|
| 2021 | \$ (31,720) | \$ (9,925) | \$ (41,645) |
| 2022 | (344,858) | 28,863 | (315,995) |
| 2023 | 42,564 | 263,008 | 305,572 |
| 2024 | (408,140) | (402,007) | (810,147) |
| 2025 | - | (47,772) | (47,772) |
| | \$ (742,154) | \$ (167,833) | \$ (909,987) |

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, 2019, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019 are presented below.

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| <u>Actuarial Information</u> | <u>Traditional Pension Plan</u> |
|--|---|
| Wage Inflation | 3.25 percent |
| Future Salary Increases, including wage inflation | 3.25 percent to 10.75 percent (including wage inflation) |
| Investment Rate of Return | |
| Current Measurement Date | 7.20 percent |
| Prior Measurement Date | 7.20 percent |
| Actuarial Cost Method | Individual Entry Age |
| Cost-of-Living Adjustments | Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2020, then 2.15 percent Simple |

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

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| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|------------------------|------------------------------|---|
| Fixed Income | 25.00 % | 1.83 % |
| Domestic Equities | 19.00 | 5.75 |
| Real Estate | 10.00 | 5.20 |
| Private Equity | 12.00 | 10.70 |
| International Equities | 21.00 | 7.66 |
| Other Investments | 13.00 | 4.98 |
| Total | <u>100.00 %</u> | <u>5.61 %</u> |

Discount Rate The discount rate used to measure the total pension liability was 7.20 percent. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--|--------------------|----------------------------------|--------------------|
| City's Proportionate Share of the Net Pension Liability | \$ 8,498,820 | \$ 5,152,912 | \$ 2,145,040 |

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2019 is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. 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.

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Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2019, are presented below:

| | |
|----------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Investment Rate of Return | 8.00 percent |
| Projected Salary Increases | 3.75 percent to 10.50 percent |
| Payroll Growth | 3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent |
| Cost-of-Living Adjustments | 3.00 percent simple; 2.20 percent simple for increases based on the lesser of the increase in CPI and 3.00 percent |

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

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

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.

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

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| Asset Class | Target Allocation | 10 Year Expected Real Rate of Return** | 30 Year Expected Real Rate of Return** |
|---------------------------------|----------------------|--|--|
| Cash and Cash Equivalents | - % | 0.10 % | 1.00 % |
| Domestic Equity | 16.00 | 3.90 | 5.40 |
| Non-U.S. Equity | 16.00 | 4.70 | 5.80 |
| Private Markets | 8.00 | 6.10 | 8.00 |
| Core Fixed Income* | 23.00 | 1.10 | 2.70 |
| High Yield Fixed Income | 7.00 | 2.50 | 4.70 |
| Private Credit | 5.00 | 4.80 | 5.50 |
| U.S. Inflation Linked Bonds* | 17.00 | 0.40 | 2.50 |
| Midstream Energy Infrastructure | 8.00 | 5.80 | 6.60 |
| Real Assets | 8.00 | 6.90 | 7.40 |
| Private Real Estate | 12.00 | 5.40 | 6.40 |
| Total | 120.00 % | | |

Note: Assumptions are geometric.

* Levered 2x

** Numbers are net of expected inflation

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

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|---------------|--------------------------|--------------|
| City's Proportionate Share of the Net Pension Liability | \$ 12,836,801 | \$ 9,261,994 | \$ 6,272,021 |

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NOTE 11 – DEFINED BENEFIT OPEB PLANS

See Note 10 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2020.

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$17,100 for 2020. Of this amount, \$1,371 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|---------------------------------------|-------------------|-------------------|--------------|
| Proportion of the Net OPEB Liability: | | | |
| Current Measurement Period | 0.025707% | 0.137489% | |
| Prior Measurement Period | 0.026042% | 0.138950% | |
| Change in Proportion | <u>-0.000335%</u> | <u>-0.001461%</u> | |
| Proportionate Share of the Net | | | |
| OPEB Liability | \$ 3,550,805 | \$ 1,358,079 | \$ 4,908,884 |
| OPEB Expense | \$ 388,573 | \$ 200,455 | \$ 589,028 |

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|---|-------------------|---------------------|---------------------|
| Deferred Outflows of Resources | | | |
| Differences between Expected and | | | |
| Actual Experience | \$ 94 | \$ - | \$ 94 |
| Changes of Assumptions | 562,054 | 793,987 | 1,356,041 |
| Changes in Proportionate Share | 98,539 | 361,317 | 459,856 |
| City Contributions Subsequent | | | |
| to the Measurement Date | - | 17,100 | 17,100 |
| Total Deferred Outflows of Resources | <u>\$ 660,687</u> | <u>\$ 1,172,404</u> | <u>\$ 1,833,091</u> |
| Deferred Inflows of Resources | | | |
| Differences between Expected and | | | |
| Actual Experience | \$ 324,738 | \$ 146,048 | \$ 470,786 |
| Net Difference between Projected and Actual | | | |
| Earnings on OPEB Plan Investments | 180,805 | 62,494 | 243,299 |
| Changes of Assumptions | - | 289,427 | 289,427 |
| Changes in Proportionate Share | 50,189 | 60,753 | 110,942 |
| Total Deferred Inflows of Resources | <u>\$ 555,732</u> | <u>\$ 558,722</u> | <u>\$ 1,114,454</u> |

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\$17,100 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. 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 | OP&F | Total |
|--------------------------|-------------------|-------------------|-------------------|
| 2021 | \$ 147,388 | \$ 114,089 | \$ 261,477 |
| 2022 | 34,683 | 114,088 | 148,771 |
| 2023 | 145 | 126,909 | 127,054 |
| 2024 | (77,261) | 106,696 | 29,435 |
| 2025 | - | 106,799 | 106,799 |
| Thereafter | - | 28,001 | 28,001 |
| | <u>\$ 104,955</u> | <u>\$ 596,582</u> | <u>\$ 701,537</u> |

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

| | |
|--|--|
| Wage Inflation | 3.25 percent |
| Projected Salary Increases, Including Inflation | 3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent) |
| Single Discount Rate: | |
| Current Measurement Date | 3.16 percent |
| Prior Measurement Date | 3.96 percent |
| Investment Rate of Return | |
| Current Measurement Date | 6.00 percent |
| Prior Measurement Date | 6.00 percent |
| Municipal Bond Rate | |
| Current Measurement Date | 2.75 percent |
| Prior Measurement Date | 3.71 percent |
| Health Care Cost Trend Rate | |
| Current Measurement Date | 10.50 percent, initial, 3.50 percent ultimate in 2030 |
| Prior Measurement Date | 10.00 percent, initial, 3.25 percent ultimate in 2029 |
| Actuarial Cost Method | Individual Entry Age Normal |

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

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

During 2019, 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, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The 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. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|-------------------------------|------------------------------|---|
| Fixed Income | 36.00 % | 1.53 % |
| Domestic Equities | 21.00 | 5.75 |
| Real Estate Investment Trusts | 6.00 | 5.69 |
| International Equities | 23.00 | 7.66 |
| Other Investments | 14.00 | 4.90 |
| Total | <u>100.00 %</u> | <u>4.55 %</u> |

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent 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 OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|--------------|--------------------------|--------------|
| City's Proportionate Share of the Net OPEB Liability | \$ 4,646,797 | \$ 3,550,805 | \$ 2,673,271 |

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

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

| | 1% Decrease | Current Healthcare Trend Rate Assumption | 1% Increase |
|---|--------------|--|--------------|
| City's Proportionate Share of the Net OPEB Liability | \$ 3,446,023 | \$ 3,550,805 | \$ 3,654,250 |

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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.

**CITY OF BELLEFONTAINE, OHIO
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

| | |
|----------------------------|--|
| Valuation Date | January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019 |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |
| Projected Salary Increases | 3.75 percent to 10.50 percent |
| Payroll Growth | 3.25 percent |
| Investment Rate of Return | |
| Current Measurement Date | 8.00 percent |
| Prior Measurement Date | 8.00 percent |
| Single Discount Rate: | |
| Current Measurement Date | 3.56 percent |
| Prior Measurement Date | 4.66 percent |
| Municipal Bond Rate | |
| Current Measurement Date | 2.75 percent |
| Prior Measurement Date | 4.13 percent |
| Cost of Living Adjustments | 3.00 percent simple; 2.20 percent simple for increases based on the lessor of the increase in CPI and 3.00 percent |

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2019, are summarized below:

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>10 Year Expected Real Rate of Return**</u> | <u>30 Year Expected Real Rate of Return**</u> |
|---------------------------------|------------------------------|---|---|
| Cash and Cash Equivalents | - % | 0.10 % | 1.00 % |
| Domestic Equity | 16.00 | 3.90 | 5.40 |
| Non-U.S. Equity | 16.00 | 4.70 | 5.80 |
| Private Markets | 8.00 | 6.10 | 8.00 |
| Core Fixed Income* | 23.00 | 1.10 | 2.70 |
| High Yield Fixed Income | 7.00 | 2.50 | 4.70 |
| Private Credit | 5.00 | 4.80 | 5.50 |
| U.S. Inflation Linked Bonds* | 17.00 | 0.40 | 2.50 |
| Midstream Energy Infrastructure | 8.00 | 5.80 | 6.60 |
| Real Assets | 8.00 | 6.90 | 7.40 |
| Private Real Estate | <u>12.00</u> | 5.40 | 6.40 |
| Total | <u>120.00 %</u> | | |

Note: Assumptions are geometric.

* Levered 2x

** Numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on 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 For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------------------|--------------------|
| City's Proportionate Share of the Net OPEB Liability | \$ 1,683,931 | \$ 1,358,079 | \$ 1,087,320 |

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

NOTE 12 - EMPLOYEE BENEFITS

The City accrues unpaid bonus, compensatory time and vacation as it is earned and certain portions of sick leave as payment becomes probable. Sick leave accumulates at the rate of 4.6 hours of sick leave for 80 hours of work completed. Sick leave may be converted into cash upon retirement with ten years of service at the rate of thirty-three percent for a maximum of 40 eight-hour workdays. Individuals leaving employment of the City prior to retirement or at retirement with less than three years of service lose their accumulated unpaid vested leave.

Vacation leave accumulates at a varying rate based upon years of service. No more than three years entitlement of vacation can be carried forward into the next calendar year unless the employee is unable to use his vacation due to the operational needs of the City. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation up to a maximum of the three-years' entitlements accrual.

At December 31, 2020, the City's liability for accumulated unpaid sick leave was \$696,391. A liability of \$469,002 has been recognized in the governmental activities and \$227,389 has been recognized in the business-type activities. In addition, the City's liability for accrued vacation, compensatory and bonus accumulation was \$1,180,483. A liability of \$898,338 has been recognized in the governmental activities and \$282,145 has been recognized in the business-type activities.

NOTE 13 – CONTINGENCIES

The City may be a defendant in several lawsuits, the outcome of which cannot be determined. It is the opinion of the City's Law Director that any judgment against the City would not have a material adverse effect on the City's financial position.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 14 - CONDUIT DEBT OBLIGATIONS

The City has issued Hospital Facilities Revenue and Refunding Bonds and a Master Equipment Lease-Purchase and Sublease-Purchase agreement for financing the acquisition, construction and installation of certain Hospital Facilities and for the acquisition of equipment for the Mary Rutan Health Association of Logan County. The debt is secured by the property financed and is payable solely from payments received on the underlying mortgage loans. Upon repayment of the debt, ownership of the acquired facilities transfers to the Mary Rutan Health Association of Logan County, the entity served by the debt issuance. Neither the City or State, nor any political subdivision thereof is obligated in any manner for repayment of the debt.

**CITY OF BELLEFONTAINE, OHIO
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Accordingly, the debt is not reported as a liability in the accompanying financial statements.

The original issuance for the Revenue Bonds in 2006, later refunded in 2012, was \$15,000,000. In addition, the original issuance for the Revenue Bonds in 2017 was \$11,000,000. As of December 31, 2020, the revenue bonds outstanding were \$5,721,389 and \$10,379,537, respectively.

NOTE 15 – LIABILITY INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100% insured with a \$1,000 deductible. Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

All employees of the City are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage. The City pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

Medical coverage is offered to employees and is administered through an internal service fund. Medical Mutual of Ohio manages the claims and also absorbs the risk of loss.

NOTE 16 – INTERFUND ACTIVITY

A schedule of interfund transfers during the year is as follows:

| Fund | Transfers In | Transfers Out |
|--------------------------|-----------------|------------------|
| General | \$ - | \$ 563,000 |
| Other Governmental Funds | 263,000 | - |
| Airport Fund | 300,000 | - |
| | \$ 563,000 | \$ 563,000 |

Transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code.

**CITY OF BELLEFONTAINE, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Interfund balances at December 31, 2020 consisted of the following:

| <u>Fund</u> | <u>Beginning Balance</u> | <u>New Advances</u> | <u>Advance Repayments</u> | <u>Ending Balance</u> |
|-------------------------------|------------------------------|-------------------------|-------------------------------|---------------------------|
| Capital Improvement | \$ 56,000 | \$ - | \$ (28,000) | \$ 28,000 |
| Street Department | (56,000) | - | 28,000 | (28,000) |
| Total Governmental Activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The advance from the capital improvement fund to the street department fund (a nonmajor governmental fund) was made to help finance projects due to insufficient funds. These monies will be repaid from storm water charges. Advances not expected to be repaid within one year will be recorded as Advances to/from Other Funds. Those expected to be repaid within one year will be recorded as Due to/from Other Funds.

NOTE 17 – CAPITAL LEASES – LESSEE

During 2019, the City entered into a capital lease agreement for the purchase of two copiers and ten printers. The copiers have been capitalized in the amount of \$16,449. Accumulated depreciation as of June 30, 2020 was \$5,922, leaving a current book value of \$10,527. The copiers did not exceed the City’s capitalization threshold and have been expensed in the amount of \$8,604. The total lease amount of \$25,053 represents the present value of minimum lease payments at the time of acquisition. A corresponding liability was also recorded.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 2020:

| <u>Year</u> | <u>Amount</u> |
|---|------------------|
| 2021 | \$ 5,673 |
| 2022 | 5,673 |
| 2023 | 5,673 |
| 2024 | 473 |
| Less amount representing interest | (1,312) |
| Present Value of Minimum Lease Payments | <u>\$ 16,180</u> |

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 18 – FUND BALANCE

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

| | General Fund | Coronavirus Relief Fund | Capital Improvement Fund | Reconstruction Improvement Fund | Other Governmental Funds | Total |
|----------------------------------|---------------------|-------------------------------|--------------------------------|---------------------------------------|--------------------------------|----------------------|
| Nonspendable for: | | | | | | |
| Materials and Supplies Inventory | \$ - | \$ - | \$ - | \$ - | \$ 130,293 | \$ 130,293 |
| Prepaid Items | 109,633 | - | 4,606 | - | 423 | 114,662 |
| Advances | - | - | 28,000 | - | - | 28,000 |
| Total Nonspendable | 109,633 | - | 32,606 | - | 130,716 | 272,955 |
| Restricted for: | | | | | | |
| Street and Maintenance Repair | - | - | - | - | 913,359 | 913,359 |
| Public Safety | - | - | - | - | 388,848 | 388,848 |
| Economic Development | - | - | - | - | 496,524 | 496,524 |
| Health | - | - | - | - | 494,462 | 494,462 |
| Capital Projects | - | - | - | 306,848 | 312,829 | 619,677 |
| Judicial | - | - | - | - | 1,535,174 | 1,535,174 |
| Conservation and Recreation | - | - | - | - | 10,935 | 10,935 |
| Other | 11,559 | - | - | - | - | 11,559 |
| Total Restricted | 11,559 | - | - | 306,848 | 4,152,131 | 4,470,538 |
| Assigned: | | | | | | |
| Encumbrances: | | | | | | |
| Legislative & Executive | 163,892 | - | - | - | - | 163,892 |
| Judicial | 1,602 | - | - | - | - | 1,602 |
| Public Safety | 19,825 | - | - | - | - | 19,825 |
| Transportation | 27,202 | - | - | - | - | 27,202 |
| Capital Outlay | 31,059 | - | - | - | - | 31,059 |
| Subsequent Year Appropriations | 552,650 | - | - | - | - | 552,650 |
| Conservation and Recreation | 56,227 | - | - | - | 4,384 | 60,611 |
| Capital Projects | - | - | 3,091,429 | - | 216,592 | 3,308,021 |
| Total Assigned | 852,457 | - | 3,091,429 | - | 220,976 | 4,164,862 |
| Unassigned | 5,056,964 | - | - | - | - | 5,056,964 |
| Total Fund Balance | \$ 6,030,613 | \$ - | \$ 3,124,035 | \$ 306,848 | \$ 4,503,823 | \$ 13,965,319 |

NOTE 19 – COVID-19

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

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

During 2020, the City received \$1,274,613 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund. Of this amount, \$250,000 was passed through to other governments.

NOTE 20 – NONCOMPLIANCE

The City did not record on-behalf grant activity in noncompliance with Ohio Revised Code Section 5705.42.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY
OHIO PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

LAST SEVEN YEARS (1)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City's Proportion of the Net Pension (Asset)/Liability | | | | | | | |
| Traditional Plan | 0.026070% | 0.026344% | 0.026638% | 0.026551% | 0.026539% | 0.026567% | 0.026567% |
| Combined Plan | - | 0.027696% | 0.030152% | 0.028263% | 0.028510% | 0.026397% | 0.026397% |
| City's Proportionate Share of the Net Pension (Asset)/Liability | | | | | | | |
| Traditional Plan | \$ 5,152,912 | \$ 7,215,088 | \$ 4,179,142 | \$ 6,029,281 | \$ 4,596,890 | \$ 3,204,278 | \$ 3,131,903 |
| Combined Plan | - | (30,970) | (41,047) | (15,730) | (13,873) | (10,163) | (2,770) |
| City's Covered Payroll | \$ 4,003,444 | \$ 3,921,479 | \$ 3,781,738 | \$ 3,469,141 | \$ 3,454,729 | \$ 3,365,133 | \$ 3,338,738 |
| City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll | 128.71% | 183.20% | 109.42% | 173.34% | 132.66% | 94.92% | 93.72% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | | | | | | |
| Traditional Plan | 82.17% | 74.70% | 84.66% | 77.25% | 81.08% | 86.45% | 86.36% |
| Combined Plan | - | 126.64% | 137.28% | 116.55% | 116.90% | 114.83% | 104.56% |

(1) This schedule is intended to show information for ten years. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO POLICE AND FIRE PENSION FUND

LAST SEVEN YEARS (1)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------|---------------|--------------|--------------|--------------|--------------|--------------|
| City's Proportion of the Net Pension Liability | 0.137489% | 0.138950% | 0.136664% | 0.129007% | 0.133363% | 0.1305117% | 0.1305117% |
| City's Proportionate Share of the Net Pension Liability | \$ 9,261,994 | \$ 11,341,992 | \$ 8,387,687 | \$ 8,171,174 | \$ 8,579,335 | \$ 6,761,050 | \$ 6,356,329 |
| City's Covered Payroll | \$ 3,484,984 | \$ 3,261,277 | \$ 3,193,277 | \$ 2,730,714 | \$ 2,720,166 | \$ 2,620,598 | \$ 2,483,471 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 265.77% | 347.78% | 262.67% | 299.23% | 315.40% | 258.00% | 255.95% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.89% | 63.07% | 70.91% | 68.36% | 66.77% | 72.20% | 73.00% |

(1) This schedule is intended to show information for ten years. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

LAST EIGHT YEARS (1)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually Required Contribution | \$ 504,797 | \$ 560,482 | \$ 549,007 | \$ 491,626 | \$ 416,297 | \$ 414,567 | \$ 403,816 | \$ 434,036 |
| Contributions in Relation to the Contractually Required Contribution | <u>\$ (504,797)</u> | <u>\$ (560,482)</u> | <u>\$ (549,007)</u> | <u>\$ (491,626)</u> | <u>\$ (416,297)</u> | <u>\$ (414,567)</u> | <u>\$ (403,816)</u> | <u>\$ (434,036)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 3,605,693 | \$ 4,003,444 | \$ 3,921,479 | \$ 3,781,738 | \$ 3,469,141 | \$ 3,454,729 | \$ 3,365,133 | \$ 3,338,738 |
| Contributions as a Percentage of Covered Payroll | 14.00% | 14.00% | 14.00% | 13.00% | 12.00% | 12.00% | 12.00% | 13.00% |

(1) This schedule is intended to show information for ten years. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND

LAST NINE YEARS (1)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually Required Contribution | \$ 709,712 | \$ 724,169 | \$ 677,018 | \$ 664,043 | \$ 571,435 | \$ 569,894 | \$ 546,183 | \$ 444,932 | \$ 352,766 |
| Contributions in Relation to the Contractually Required Contribution | <u>\$ (709,712)</u> | <u>\$ (724,169)</u> | <u>\$ (677,018)</u> | <u>\$ (664,043)</u> | <u>\$ (571,435)</u> | <u>\$ (569,894)</u> | <u>\$ (546,183)</u> | <u>\$ (444,932)</u> | <u>\$ (352,766)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 3,420,066 | \$ 3,484,984 | \$ 3,261,277 | \$ 3,193,277 | \$ 2,730,714 | \$ 2,720,166 | \$ 2,620,598 | \$ 2,483,471 | \$ 2,416,073 |
| Contributions as a Percentage of Covered Payroll | 20.75% | 20.78% | 20.76% | 20.80% | 20.93% | 20.95% | 20.84% | 17.92% | 14.60% |

(1) This schedule is intended to show information for ten years. Information prior to 2012 is not available.

See accompanying notes to the required supplementary information.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

LAST FOUR YEARS (1)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|--------------|--------------|
| City's Proportion of the Net OPEB Liability | 0.025707% | 0.026042% | 0.026200% | 0.0260321% |
| City's Proportionate Share of the Net OPEB Liability | \$ 3,550,805 | \$ 3,395,262 | \$ 2,845,127 | \$ 2,629,421 |
| City's Covered Payroll | \$ 4,003,444 | \$ 3,921,479 | \$ 3,781,738 | \$ 3,469,141 |
| City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 88.69% | 86.58% | 75.23% | 75.79% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 47.80% | 46.33% | 54.14% | 54.05% |

(1) This schedule is intended to show information for ten years. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO POLICE AND FIRE PENSION FUND

LAST FOUR YEARS (1)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|--------------|--------------|
| City's Proportion of the Net OPEB Liability | 0.137489% | 0.138950% | 0.136664% | 0.129007% |
| City's Proportionate Share of the Net OPEB Liability | \$ 1,358,079 | \$ 1,265,353 | \$ 7,743,190 | \$ 6,123,672 |
| City's Covered Payroll | \$ 3,484,984 | \$ 3,261,277 | \$ 3,193,277 | \$ 2,730,714 |
| City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 38.97% | 38.80% | 242.48% | 224.25% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 47.08% | 46.57% | 14.13% | 18.00% |

(1) This schedule is intended to show information for ten years. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

LAST EIGHT YEARS (1)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|--------------|--------------|--------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually Required Contribution | \$ - | \$ - | \$ - | \$ 37,817 | \$ 69,383 | \$ 69,095 | \$ 68,376 | \$ 33,373 |
| Contributions in Relation to the Contractually Required Contribution | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (37,817)</u> | <u>\$ (69,383)</u> | <u>\$ (69,095)</u> | <u>\$ (68,376)</u> | <u>\$ (33,373)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 3,605,693 | \$ 4,003,444 | \$ 3,921,479 | \$ 3,781,738 | \$ 3,469,141 | \$ 3,454,729 | \$ 3,365,133 | \$ 3,338,738 |
| Contributions as a Percentage of Covered Payroll | 0.00% | 0.00% | 0.00% | 1.00% | 2.00% | 2.00% | 2.03% | 1.00% |

(1) This schedule is intended to show information for ten years. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND

LAST NINE YEARS (1)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Contractually Required Contribution | \$ 17,100 | \$ 17,426 | \$ 16,306 | \$ 15,967 | \$ 13,654 | \$ 13,601 | \$ 13,174 | \$ 87,420 | \$ 161,976 |
| Contributions in Relation to the Contractually Required Contribution | <u>\$ (17,100)</u> | <u>\$ (17,426)</u> | <u>\$ (16,306)</u> | <u>\$ (15,967)</u> | <u>\$ (13,654)</u> | <u>\$ (13,601)</u> | <u>\$ (13,174)</u> | <u>\$ (87,420)</u> | <u>\$ (161,976)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 3,420,066 | \$ 3,484,984 | \$ 3,261,277 | \$ 3,193,277 | \$ 2,730,714 | \$ 2,720,166 | \$ 2,620,598 | \$ 2,483,471 | \$ 2,416,073 |
| Contributions as a Percentage of Covered Payroll | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 3.52% | 6.70% |

(1) This schedule is intended to show information for ten years. Information prior to 2012 is not available.

See accompanying notes to the required supplementary information.

CITY OF BELLEFONTAINE, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – NET PENSION LIABILITY

Changes in Assumptions – OPERS

For fiscal year 2019, the single discount rate changed from 7.50 percent to 7.20 percent.

Amounts reported in calendar year 2017 reflect an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 8.00 percent to 7.50 percent
- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

Changes in Benefit Terms – OPERS

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 percent simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Changes in Assumptions – OP&F

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

Changes in Benefit Terms – OP&F

No significant changes in benefit terms.

NOTE 2 – NET OPEB LIABILITY

Changes in Assumptions - OPERS

For calendar year 2020, the following changes were made to the actuarial assumptions:

- Discount rate from 3.96 percent to 3.16 percent
- Municipal bond rate from 3.71 percent to 2.75 percent
- Health Care Cost Trend Rate from 10.00 percent to 10.50 percent

For calendar year 2019, the following changes were made to the actuarial assumptions:

- Discount rate from 3.85 percent to 3.96 percent
- Investment rate of return from 6.50 percent to 6.00 percent
- Municipal bond rate from 3.31 percent to 3.71 percent
- Health Care Cost Trend Rate from 7.50 percent to 10.00 percent

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

CITY OF BELLEFONTAINE, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

Changes in Benefit Terms – OPERS

No significant changes in benefit terms.

Changes in Assumptions – OP&F

For calendar year 2020, the single discount rate decreased from 4.66 percent to 3.56 percent and the municipal bond rate from 4.13 percent to 2.75 percent.

For calendar year 2019, the discount rate increased from 3.24 percent to 4.66 percent and the municipal bond rate from 3.16 percent to 4.13 percent.

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

Changes in Benefit Terms – OP&F

Beginning January 1, 2019 OP&F changed its retiree health care model to 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.

**CITY OF BELLEFONTAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE | CFDA NUMBER | PASS-THROUGH / ENTITY GRANT NUMBER | (C) PASSED THROUGH TO SUBRECIPIENT | (A) CASH FEDERAL DISBURSEMENTS |
|--|----------------|--|---|---|
| U.S. DEPARTMENT OF JUSTICE | | | | |
| <i>Passed Through Ohio Attorney General's Office</i> | | | | |
| Crime Victim Assistance | 16.575 | 2020VAGENE-577 | - | 24,256 |
| Crime Victim Assistance | 16.575 | 2021VAGENE-577 | - | 6,111 |
| Total Crime Victim Assistance | | | - | 30,367 |
| Total U.S. Department of Justice | | | - | 30,367 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| <i>Direct</i> | | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2018-FO-00543 | - | 153,015 |
| Total U.S. Department of Homeland Security | | | - | 153,015 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| <i>Direct</i> | | | | |
| Airport Improvement Program | 20.106 | 3-39-0125-012-2019 | - | 237,010 |
| Airport Improvement Program | 20.106 | 3-39-0125-012-2020 | - | 91,902 |
| Total Airport Improvement Program | | | - | 328,912 |
| Total U.S. Department of Transportation | | | - | 328,912 |
| U.S. DEPARTMENT OF TREASURY | | | | |
| <i>(C) Passed Through Ohio Office of Budget and Management</i> | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | HB481-CRF-Local | 250,000 | 1,274,613 |
| <i>Passed Through Ohio Supreme Court</i> | | | | |
| COVID-19 Coronavirus Relief Fund - Remote Technology Grant | 21.019 | 20-RTG-0100 | - | 18,178 |
| Total Coronavirus Relief Fund | | | 250,000 | 1,292,791 |
| Total U.S. Department of Treasury | | | 250,000 | 1,292,791 |
| Total Federal Financial Assistance | | | \$ 250,000 | \$ 1,805,085 |

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

- (A) This schedule includes the federal award activity of the City of Bellefontaine under programs of the federal government for the year ended December 31, 2020 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Bellefontaine, it is not intended to and does not represent the financial position, changes in net position, or cash flows of the City of Bellefontaine.
- (B) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The City has not elected to use the 10% de minimis indirect cost rate.
- (C) The City passes certain Federal awards received from various agencies to other governments or not-for-profit agencies (subrecipients). As Note A describes, the City reports expenditures of Federal awards to subrecipients when paid in cash. As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**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***

City of Bellefontaine
Logan County
135 North Detroit Street
Bellefontaine, Ohio 43311

To the Members of Council and Mayor:

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Bellefontaine's basic financial statements, and have issued our report thereon dated September 28, 2021, wherein we as described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bellefontaine's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bellefontaine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bellefontaine'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 City of Bellefontaine'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 and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bellefontaine'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 financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2020-002.

City of Bellefontaine's Responses to Findings

The City of Bellefontaine's responses to the findings identified in our audit are described in the accompanying corrective action plan. The City of Bellefontaine's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 City of Bellefontaine'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 City of Bellefontaine's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

September 28, 2021

**Independent Auditor's Report on Compliance for the Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

City of Bellefontaine
Logan County
135 North Detroit Street
Bellefontaine, Ohio 43311

To the Members of Council and Mayor:

Report on Compliance for the Major Federal Program

We have audited the City of Bellefontaine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Bellefontaine's major federal program for the year ended December 31, 2020. The City of Bellefontaine's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Bellefontaine's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bellefontaine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the City of Bellefontaine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City of Bellefontaine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bellefontaine's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bellefontaine's internal control over compliance.

City of Bellefontaine
Logan County
Independent Auditor's Report on Compliance for the Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance
Page 2

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
September 28, 2021

**CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

| 1. SUMMARY OF AUDITORS' RESULTS | | |
|--|---|--|
| <i>(d)(1)(i)</i> | <i>Type of Financial Statement Opinion</i> | Unmodified |
| <i>(d)(1)(ii)</i> | <i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(ii)</i> | <i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i> | Yes |
| <i>(d)(1)(iii)</i> | <i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i> | Yes |
| <i>(d)(1)(iv)</i> | <i>Were there any material internal control weaknesses reported for major federal programs?</i> | No |
| <i>(d)(1)(iv)</i> | <i>Were there any significant deficiencies in internal control reported for major federal programs?</i> | No |
| <i>(d)(1)(v)</i> | <i>Type of Major Programs' Compliance Opinion</i> | Unmodified |
| <i>(d)(1)(vi)</i> | <i>Are there any reportable findings under 2 CFR §.516(a)?</i> | No |
| <i>(d)(1)(vii)</i> | <i>Major Program (listed):</i> | COVID-19 Coronavirus Relief Fund CFDA #21.019 |
| <i>(d)(1)(viii)</i> | <i>Dollar Threshold: Type A/B Programs</i> | Type A: >\$750,000 Type B: all others |
| <i>(d)(1)(ix)</i> | <i>Low Risk Auditee under 2 CFR § 200.520?</i> | No |

**CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

| 2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS | |
|--|----------|
| Finding Number | 2020-001 |

Significant Deficiency - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the City, this could also include reviewing the year-end reports to ensure activity is reported in the correct line items and all on-behalf activity is included.

All financial information should be correctly reported and classified in the annual financial statements. The financial statements contained material errors which required re-classifications to correctly report the financial activity during the audit period, as follows:

- Amounts related to the pension liability for Ohio Police & Fire were misallocated between opinion units. As a result, for governmental activities, deferred inflows related to pension was understated by \$25,271 and net pension liability, deferred outflows related to pension and public safety expenditures were overstated by \$555,720, \$440,600 and \$89,849, respectively. For the ambulance fund and business-type activities, deferred inflows related to pension expenditures was overstated by \$386,489 and net pension liability, deferred outflows related to pension and personal services expenses were understated by \$555,720, \$79,382 and \$89,849, respectively.
- Amounts related to the other postemployment benefit (OPEB) liability for Ohio Police & Fire were misallocated between opinion units. As a result, for governmental activities, net OPEB liability, deferred inflows related to OPEB, deferred outflows related to OPEB and public safety expenditures were overstated by \$81,485, \$20,971, \$88,723 and \$13,733, respectively. For the ambulance fund and business-type activities, deferred inflows related to OPEB was overstated by \$18,850, and net OPEB liability, deferred outflows related to OPEB and personal services expenditures were understated by \$81,485, \$48,900 and \$13,735, respectively.
- Capital asset projects recorded to Construction in Progress in the government activities were completed before the end of the year. As a result, non-depreciable capital assets were overstated by \$266,565 and depreciable capital assets, net and transportation expenditures were understated by \$262,447 and \$4,118, respectively.
- An adjustment to record on-behalf payments, as further explained in finding 2020-002.

The financial statements have been adjusted to properly report the activity.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the City's activity.

We recommend the City consult with their auditors and/or an accounting/consulting firm on a continual basis as an additional internal control to help ensure accurate financial reporting.

**CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

| 2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued) | |
|--|----------|
| Finding Number | 2020-002 |

Noncompliance – On-Behalf Activity

Ohio Rev. Code § 5705.42 states when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of section 5705.41 of the Revised Code. In addition, Auditor of State (AOS) Bulletin 2000-008 indicates that when a local government enters into an on-behalf-of program agreement with another local government or the state, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum revenue and expenditure in the year on-behalf-of payments are made.

AOS Bulletin 2002-004 outlines the accounting requirements for Ohio Public Works Commission (OPWC) grants. The OPWC will make payments to the contractor(s) for its share based on invoices submitted by the fiscal officer or to the local government as a reimbursement. For payments made to the contractor, the state will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and expenditure in the appropriate governmental and/or enterprise capital projects fund equal to the amount disbursed by the OPWC.

During 2020, the City entered into an agreement with the OPWC. The City did not record the payments made directly to contractors as part of the OPWC project. The financial statements and notes were adjusted to properly report the activity, as follows:

- Intergovernmental revenue and capital outlay were both understated by \$831,523 in the reconstruction improvement fund. This also resulted in transportation capital grants and contributions and infrastructure capital assets being understated by \$831,523 for governmental activities.

The failure to record on-behalf activity results in understated revenues and expenditures on the financial statements and understated obligations in the financial statement notes.

To improve financial reporting, the City should establish procedures to account for all payments made directly to contractors to ensure that the financial statements reflect the receipts and expenditures for all grant activity. We recommend the City periodically review the OPWC website to verify the on-behalf activity and compare this to what is recorded in its system.

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| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS |
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None

**CITY OF BELLEFONTAINE
LOGAN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR SECTION 200.511(b)
DECEMBER 31, 2020**

| Finding Number | Year Initially Occurred | Finding Summary | Status | Additional Information |
|-----------------------|--------------------------------|---|---------------|---|
| 2019-001 | 2018 | <u>Significant Deficiency – Financial Statement Presentation:</u> In general, an accounting and information system should be designed to provide City council with accurate and timely information to enable well-informed business decisions to be made. Multiple audit adjustments were made to the financial statements for the year ended December 31, 2019, to properly state financial statement amounts. | Not Corrected | Repeated as finding 2020-001 as financial statement adjustments were posted to the 2020 financial report. |

R. BENJAMIN STAHLER
Mayor
937/592-4376



WESTON R. DODDS
Service Safety Director
937/592-6807

CITY OF BELLEFONTAINE
135 NORTH DETROIT STREET BELLEFONTAINE, OHIO 43311-1476
FAX NO. 937/592-4218

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2020

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|-----------------------|--|------------------------------------|-----------------------------------|
| 2020-001 | The City understands the adjustments as part of the audit. The Finance Department will review the unaudited Basic Financial Statements prior to submission to the Hinkle system. | 05/2022 | Fred Brentlinger, City Auditor |
| 2020-002 | The City understands the adjustments as part of the audit. The Finance Department will review on-behalf activity. | 05/2022 | Fred Brentlinger, City Auditor |

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF BELLEFONTAINE

LOGAN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/14/2021

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