CITY OF PERRYSBURG, OHIO

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2019

Prepared by:
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Director of Finance

OHIO AUDITOR OF STATE
KEITH FABER

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Members of Council
City of Perrysburg
201 West Indiana Avenue
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We have reviewed the *Independent Auditors' Report* of the City of Perrysburg, Wood County, prepared by Rehmann Robson LLC, for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

July 22, 2020

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INDEPENDENT AUDITORS' REPORT

June 29, 2020

Honorable Mayor and
Members of the City Council
City of Perrysburg, Ohio

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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'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 Perrysburg, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedules of the net pension and other postemployment benefit liabilities, and pension and other postemployment beneefit contributions, as 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 29, 2020, on our consideration of the City of Perrysburg, Ohio'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rehmann Robson LLC

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019 are as follows:

- In total, net position increased $14,303,314. Net position of governmental activities increased $11,459,917, an increase of 11.7% from 2018. Net position of business-type activities increased $2,843,397 or 3.3% from 2018.

- General revenues accounted for $26,493,601 in revenue or 54% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 46% of total revenues of $48,940,212.

- The City had $21,478,769 in expenses related to governmental activities; only $6,490,085 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $26,448,601 were adequate to provide for these programs.

- Among major funds, the general fund had $26,366,492 in revenues including $302,158 in transfers in from other funds. The general fund had $23,006,232 in expenditures including $5,117,500 in transfers out to other funds. The general fund's fund balance increased $3,360,260 to $14,380,469.

- Net position for enterprise funds increased by $2,860,565. Proprietary funds are very capital-intensive in their nature. About half of this increase in net position is attributable to an increased value in net capital assets. In 2019, the largest projects included a WWTP Post Aeration & Bypass, a significant waterline replacement, and a new garage at the WWTP. The City of Perrysburg continues to experience steady growth, and is committed to keeping pace with the infrastructure needs of the steadily growing community. The remaining increase is due mostly to an increase in net cash position. The City has numerous projects on the near horizon, most notably, the replacement of old water lines within the City, and a very large Storm Sewer Installation and Combined Sewer Overflow reduction project.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

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

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

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

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

- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, parking meter and utility collection services are reported as business-type activities.

Fund Financial Statements

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

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 government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$31,820,243	$31,916,055	$30,705,526	$27,274,161	$62,525,769	$59,190,216
Capital assets, Net	115,050,589	112,308,834	83,847,102	84,815,638	198,897,691	197,124,472
Total assets	146,870,832	144,224,889	114,552,628	112,089,799	261,423,460	256,314,688
Deferred outflows of resources	9,363,602	5,655,557	1,616,693	1,297,916	10,980,295	6,953,473
Net pension liability	27,109,583	19,536,077	2,841,274	1,709,467	29,950,857	21,245,544
Net OPEB liability	6,994,076	16,884,810	1,430,600	1,250,652	8,424,676	18,135,462
Other long-term liabilities	5,310,120	5,391,398	19,208,767	20,572,343	24,518,887	25,963,741
Other liabilities	1,720,795	4,239,288	3,512,535	3,140,546	5,233,330	7,379,834
Total liabilities	41,134,574	46,051,573	26,993,176	26,673,008	68,127,750	72,724,581
Deferred inflows of resources	5,930,097	6,119,027	117,071	499,030	6,047,168	6,618,057
Net position:						
Net investment in capital assets	111,050,589	106,308,834	63,118,007	62,292,953	174,168,596	168,601,787
Restricted	6,898,551	6,704,325	0	0	6,898,551	6,704,325
Unrestricted (Deficit)	(8,779,377)	(15,303,313)	25,941,067	23,922,724	17,161,690	8,619,411
Total net position	$109,169,763	$97,709,846	$89,059,074	$86,215,677	$198,228,837	$183,925,523

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services and Sales	$2,712,857	$2,682,174	$14,613,063	$14,377,142	$17,325,920	$17,059,316
Operating Grants and Contributions	1,652,642	1,953,064	0	0	1,652,642	1,953,064
Capital Grants and Contributions	2,124,586	1,381,774	1,343,463	138,273	3,468,049	1,520,047
Total Program Revenues	6,490,085	6,017,012	15,956,526	14,515,415	22,446,611	20,532,427
General revenues:						
Property Taxes	3,282,963	3,677,059	0	0	3,282,963	3,677,059
Income Taxes	20,687,736	18,981,382	0	0	20,687,736	18,981,382
Intergovernmental Revenues, Unrestricted	1,775,389	1,703,761	0	0	1,775,389	1,703,761
Investment Earnings	657,416	496,637	0	0	657,416	496,637
Miscellaneous	90,097	96,500	0	0	90,097	96,500
Total General Revenues	26,493,601	24,955,339	0	0	26,493,601	24,955,339
Total Revenues	32,983,686	30,972,351	15,956,526	14,515,415	48,940,212	45,487,766
Program Expenses:						
Security of Persons and Property	4,256,875	11,449,893	0	0	4,256,875	11,449,893
Public Health and Welfare Services	27,721	26,168	0	0	27,721	26,168
Leisure Time Activities	1,879,217	1,805,008	0	0	1,879,217	1,805,008
Community Development	920,061	943,304	0	0	920,061	943,304
Basic Utility Service	1,681,085	1,475,064	0	0	1,681,085	1,475,064
Transportation	6,243,486	5,727,731	0	0	6,243,486	5,727,731
General Government	6,310,279	5,798,009	0	0	6,310,279	5,798,009
Interest and Fiscal Charges	160,045	82,309	0	0	160,045	82,309
Sewer	0	0	6,900,183	4,795,668	6,900,183	4,795,668
Water	0	0	6,257,946	5,253,170	6,257,946	5,253,170
Utility Collection	0	0	0	398,091	0	398,091
Total Expenses	21,478,769	27,307,486	13,158,129	10,446,929	34,636,898	37,754,415
Change in Net Position before Transfers	11,504,917	3,664,865	2,798,397	4,068,486	14,303,314	7,733,351
Transfers	(45,000)	(530,579)	45,000	530,579	0	0
Total Change in Net Position	11,459,917	3,134,286	2,843,397	4,599,065	14,303,314	7,733,351
Beginning Net Position	97,709,846	94,575,560	86,215,677	81,616,612	183,925,523	176,192,172
Ending Net Position	$109,169,763	$97,709,846	$89,059,074	$86,215,677	$198,228,837	$183,925,523

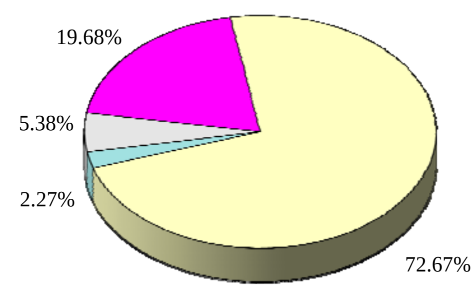
Management's Discussion and Analysis
For the Year Ended December 31, 2019 ***Unaudited***

The net position of the City's governmental activities increased by $11,459,917, which represents an 11.7% increase from to 2018. This is a significant increase compared to 2018's increase in net position of $3,134,286. Much of this increase can be attributed to the decrease in the Police and Fire Net OPEB liability from 2018 to 2019 and the decrease in security of persons and property expenditures related to this. A short-term note for the fire station was also paid off and not reissued during 2019, which led to a decrease in the other liabilities. Overall, revenues increased compared to 2018, much of this in income tax revenue.

The City receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 10.67% and 62% respectively of revenues for governmental activities for the City in fiscal year 2019. The City's reliance upon tax revenues is demonstrated by the following graph indicating 72.67% of total revenues from general tax revenues:

Revenue Sources	2019	Percent of Total
Intergovernmental Revenues, Unrestricted	$1,775,389	5.38%
Program Revenues	6,490,085	19.68%
General Tax Revenues	23,970,699	72.67%
General Other	747,513	2.27%
Total Revenue	$32,983,686	100.00%



Business-Type Activities
Net position of the business-type activities increased by $5,413,919. This is a reflection of year over year revenues exceeding operating expenditures, and remains consistent with previous years. This excess revenue is used to finance large capital projects. Although there might not be large capital projects each year, there are numerous projects on the horizon for the City of Perrysburg.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $24,496,029, which is an increase from last year's balance of $22,096,334. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2019 and 2018:

	Fund Balance December 31, 2019	Fund Balance December 31, 2018	Increase (Decrease)
General	$14,380,469	$11,020,209	$3,360,260
Garbage and Refuse	160,021	10,120	149,901
Bond Retirement	20,779	347,323	(326,544)
Capital Improvements	3,178,429	3,749,344	(570,915)
Other Governmental	6,756,331	6,969,338	(213,007)
Total	$24,496,029	$22,096,334	$2,399,695

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

	2019 Revenues	2018 Revenues	Increase (Decrease)
Taxes	$21,705,016	$20,118,208	$1,586,808
Intergovernmental Revenue	995,567	1,116,526	(120,959)
Charges for Services	1,063,375	1,128,186	(64,811)
Fines, Licenses and Permits	981,620	1,114,476	(132,856)
Investment Earnings	642,809	426,771	216,038
Special Assessments	181,627	186,603	(4,976)
All Other Revenue	494,320	438,761	55,559
Total	$26,064,334	$24,529,531	$1,534,803

General Fund revenues in 2019 increased by $1,534,803 or 6.3% compared to revenues in fiscal year 2018. There were several factors affecting this total. The largest increase was realized in income tax revenue, which is simply a reflection of the economic growth the City is currently experiencing. The second contributing factor is a significant increase in Investment Earnings. This is reflective of the increase in interest rates that the City experienced during 2019.

	2019 Expenditures	2018 Expenditures	Increase (Decrease)
Security of Persons and Property	$9,309,350	$9,323,300	($13,950)
Public Health and Welfare Services	27,721	26,168	1,553
Leisure Time Activities	1,562,102	1,660,763	(98,661)
Community Development	419,913	694,671	(274,758)
Transportation	1,911,701	1,942,713	(31,012)
General Government	4,657,945	4,728,605	(70,660)
Total	$17,888,732	$18,376,220	($487,488)

General Fund expenditures decreased by $487,488 or 2.7% from the prior year. The largest decrease here is in community development. This is mostly due to a decrease in inspection contract costs. This is due mostly to a change in the way the City performs subdivision inspections. Prior to 2019, the City hired out the service, and then charged the developer, so there was a larger cost, and then a subsequent reimbursement. Now, the City does the inspections. Leisure time activities saw the next largest decrease. Although there is no one item to point to, the decrease appears to be from a combination of reduced contractual expenditures, and a reduction in employee costs. It was noted in the last report that health care costs increases significantly in 2018. In 2019, those costs were significantly reduced, returning closer to the normal range. There was also an decrease in the area of general government. The Finance Department went through a restructuring, and saw the absence of a Deputy Finance Director for a part of the year, so expenses in that department alone were reduced by approximately $80,000.

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

During the course of fiscal year 2019 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of $26.4 million increased from the original budget estimates of $24.1 million as a result of various adjustments to revenues throughout the year. Most notable were an increase in the transfer from Income Tax Collections of approximately $1,800,000. Interest receipts exceeded budget by $142,000 due to an increase in interest rates. Ambulance collections exceeded budget by $240,000. Fire Division grants exceed budget by $163,000 as several grants were received which were not anticipated at the time of the original budget. The City continues with a conservative approach to budgeting. The City has taken a very cautious approach to the creation of new positions, and other on-going expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2019 the City had $198,897,691 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, $115,050,589 was related to governmental activities and $83,847,102 to the business-type activities. The following table shows fiscal year 2019 and 2018 balances:

	Governmental Activities		Increase (Decrease)
	2019	2018	
Land	$10,449,238	$10,449,238	$0
Construction in Progress	12,986,805	20,254,567	(7,267,762)
Buildings	27,065,661	18,428,568	8,637,093
Improvements Other Than Buildings	8,643,227	7,957,729	685,498
Machinery and Equipment	16,450,538	14,809,740	1,640,798
Infrastructure	85,834,028	83,008,799	2,825,229
Less: Accumulated Depreciation	(46,378,908)	(42,599,807)	(3,779,101)
Totals	$115,050,589	$112,308,834	$2,741,755

Much of the increase in governmental activities type capital assets is related to donated infrastructure to the City from subdivisions. Most of the decreases in construction in progress and increases in buildings is related to the completion of a new fire station. Additional information on the City's capital assets can be found in Note 10.

	Business-Type Activities		Increase (Decrease)
	2019	2018	
Land	$273,383	$273,383	$0
Construction in Progress	20,982,540	24,130,283	(3,147,743)
Buildings	16,960,074	16,960,074	0
Improvements Other Than Buildings	73,199,329	67,637,675	5,561,654
Machinery and Eqiupment	14,451,404	13,957,365	494,039
Less: Accumulated Depreciation	(42,019,628)	(38,143,142)	(3,876,486)
Totals	$83,847,102	$84,815,638	($968,536)

The primary increase in the business-type capital assets occurred in improvements other than buildings. This reflects a large amount of contributed capital from residential developers. These are generally in the form of water and sewer lines which are deeded to the City by developers when they complete various residential developments. There is also a notable decrease in construction in progress due to a couple of water and sewer projects which were completed during 2019. Additional information on the City's capital assets can be found in Note 10.

Debt

The following table summarizes the City's debt outstanding as of December 31, 2019 and 2018:

	2019	2018
Governmental Activities:		
Long-Term Note	$4,000,000	$4,000,000
Compensated Absences	1,310,120	1,391,398
Net Pension Liability	27,109,583	19,536,077
Net OPEB Liability	6,994,076	16,884,810
Total Governmental Activities	39,413,779	41,812,285
Business-Type Activities:		
General Obligation Notes	1,650,000	2,085,000
OWDA Loans Payable	11,783,261	12,319,247
General Obligation Bonds	7,295,834	8,118,438
Compensated Absences	129,672	134,658
Net Pension Liability	2,841,274	1,709,467
Net OPEB Liability	1,430,600	1,250,652
Total Business-Type Activities	25,130,641	25,617,462
Totals	$64,544,420	$67,429,747

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Perrysburg lies, is limited to ten mills. At December 31, 2019, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Notes 14 and 15.

ECONOMIC FACTORS

The City of Perrysburg continues to be a vibrant, growing community. Business and industry have established offices and plants in the City due in part, to its proximity to major east/west and north/south highways as well as major rail and airport access. The City has also partnered well with the private sector, as evidenced by relocation of the Owens-Illinois World headquarters and the 2005 opening of the Levis Commons Towne Center, a 400 acre, open air lifestyle shopping center. This trend continued in 2015/2016 with the opening of the Costco market and the Mercy Health Partners Emergency Care and Cancer Treatment Centers. Mercy Health Partners completed construction of a 115,000 square foot medical treatment facility in 2019. The developers of Levis Commons have recently announced a major expansion of that project to begin in 2020

The City uses many economic development tools to encourage economic growth. The City currently has a JEDZ with the City of Toledo, a TIF within the area of the Owens-Illinois /Levis Towne Center, and multiple Community Reinvestment Areas (CRA) Enterprise Zones. (EZ) These tools have been used judiciously to encourage specific industries which provide the types of employment that mesh with the existing development in the City. As a means of fostering business growth without sacrificing school district revenues through tax abatement, the City initiated in 2005, a Job Creation and Retention Grant program. The Program rebates 1/3 of annual withholdings for a period of 5 years. Businesses must meet certain job creation and payroll criteria to be eligible for the program.

Some of the largest employers in the City of Perrysburg include: Owens Illinois, Owens Brockway, First Solar, Master Chemical Corp., Pro Medica Physicians Group, Mercy Health Partners, Fiat-Chrysler, and Perrysburg Schools.

The City of Perrysburg has taken a conservative approach to budgeting for many years. Income tax collections have shown a trend of steady growth for the past 20+ years. Income tax collections increased by approximately 8% over calendar year 2018. These figures reflect a continued trend by the City of Perrysburg to fare relatively better than the lagging regional economy. Changes in local tax law instituted by the State of Ohio have created a change in timing of some income tax payments, so Perrysburg experienced a poor month of December, 2018. This reduction in collections for December was recouped in the first quarter of 2019 causing what was possibly a slightly inflated increase for calendar year 2019. Perrysburg continues to be a thriving community, experiencing growth in both residential and commercial construction. The City continues to be vigilant in containing its operational costs. The City was able to eliminate all of its General Fund debt in 2011. In 2018, the City completed construction of a new Fire Station, and took on general Fund debt for the first time in several years. This was done to support the growth of the community. With the growth that the City has experienced, and the corresponding services required to support that growth, the City has been able to maintain personnel costs at or near a goal of 60% of total revenues.

The City of Perrysburg has continued to reduce the balance of all its debt. Prior to the construction of the new $10,000,000 Fire station, The City had eliminated all General Fund debt, and established a reserve fund account to strengthen the City's financial position. The City began funding the Reserve Balance Fund in 2012 and continued funding into 2019. Perrysburg continues to be a growing, vital community. Utilizing annexation and economic development tools, the City has been able to balance its tax burden between residents and business/commercial taxpayers. The City continues to experience significant growth in both the commercial and residential sectors. It is the City's goal to achieve a balance between the types of taxpayers who support City services, and the City has made great strides to this extent. The City has also realized significant income tax collections from non-resident companies whose employees live in the City. Through mandatory filing and courtesy withholdings, the City has been able to share in the successes of companies, which would otherwise have no effect on the City. In this way, the City has been able to take advantage of the successes of the region, and not just within the City boundaries.

The financial outlook for the City remains strong. With a renewed focus on economic development, several potential projects are on the horizon. The City has recently completed several large projects related to its water and sewer facilities to provide required services for this growth. Given all of these factors, the City of Perrysburg is well-positioned for the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 419-872-8030 or writing to City of Perrysburg Finance Department, 201 West Indiana Avenue, Perrysburg, Ohio 43551.

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Statement of Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 12,903,270	$ 23,776,892	$ 36,680,162
Investments	9,793,174	4,378,259	14,171,433
Receivables:			
Taxes	6,218,137	0	6,218,137
Accounts	111,581	1,856,622	1,968,203
Intergovernmental	1,188,695	102,767	1,291,462
Interest	93,095	0	93,095
Special Assessments	287,442	238,328	525,770
Loans	163,083	0	163,083
Internal Balances	(98,524)	98,524	0
Inventory of Supplies at Cost	138,299	189,652	327,951
Prepaid Items	365,896	64,482	430,378
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	656,095	0	656,095
Capital Assets:			
Capital Assets Not Being Depreciated	23,436,043	21,255,923	44,691,966
Capital Assets Being Depreciated, Net	91,614,546	62,591,179	154,205,725
Total Assets	146,870,832	114,552,628	261,423,460
Deferred Outflows of Resources:			
Deferred Loss on Debt Refunding	0	588,891	588,891
Pension	7,684,892	885,142	8,570,034
OPEB	1,678,710	142,660	1,821,370
Total Deferred Outflows of Resources	9,363,602	1,616,693	10,980,295
Liabilities:			
Accounts Payable	653,319	799,280	1,452,599
Accrued Wages and Benefits	865,468	112,520	977,988
Intergovernmental Payable	151,452	932,283	1,083,735
Retainage Payable	5,000	0	5,000
Accrued Interest Payable	45,556	18,452	64,008
General Obligation Notes Payable	0	1,650,000	1,650,000
Long-Term Liabilities:			
Due Within One Year	4,490,743	1,486,689	5,977,432
Due in More Than One Year	819,377	17,722,078	18,541,455
Net Pension Liability	27,109,583	2,841,274	29,950,857
Net OPEB Liability	6,994,076	1,430,600	8,424,676
Total Liabilities	41,134,574	26,993,176	68,127,750
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	3,567,026	0	3,567,026
Pension	1,026,542	83,184	1,109,726
OPEB	1,336,529	33,887	1,370,416
Total Deferred Inflows of Resources	5,930,097	117,071	6,047,168

Statement of Net Position
December 31, 2019

Net Position:			
Net Investment in Capital Assets	111,050,589	63,118,007	174,168,596
Restricted For:			
Street Construction, Maintenance and Repair	1,822,002	0	1,822,002
State Highway Improvement	630,973	0	630,973
Police Pension	1,414,452	0	1,414,452
Garbage and Refuse	141,223	0	141,223
Public Transportation	149,186	0	149,186
Other Purposes	2,740,715	0	2,740,715
Unrestricted (Deficit)	(8,779,377)	25,941,067	17,161,690
Total Net Position	$ 109,169,763	$ 89,059,074	$ 198,228,837

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2019

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	$ 4,256,875	$ 709,750	$ 113,351	$ 338,899
Public Health and Welfare Services	27,721	0	0	0
Leisure Time Activities	1,879,217	233,529	0	0
Community Development	920,061	372,725	0	70,949
Basic Utility Services	1,681,085	4,089	30,934	0
Transportation	6,243,486	12,720	1,508,357	1,710,103
General Government	6,310,279	1,380,044	0	4,635
Interest and Fiscal Charges	160,045	0	0	0
Total Governmental Activities	21,478,769	2,712,857	1,652,642	2,124,586
Business-Type Activities:				
Sewer	6,900,183	8,014,904	0	776,610
Water	6,257,946	6,598,159	0	566,853
Total Business-Type Activities	13,158,129	14,613,063	0	1,343,463
Totals	$ 34,636,898	$ 17,325,920	$ 1,652,642	$ 3,468,049

General Revenues

Property Taxes

Municipal Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (3,094,875)	$ 0	$ (3,094,875)
(27,721)	0	(27,721)
(1,645,688)	0	(1,645,688)
(476,387)	0	(476,387)
(1,646,062)	0	(1,646,062)
(3,012,306)	0	(3,012,306)
(4,925,600)	0	(4,925,600)
(160,045)	0	(160,045)
(14,988,684)	0	(14,988,684)
0	1,891,331	1,891,331
0	907,066	907,066
0	2,798,397	2,798,397
(14,988,684)	2,798,397	(12,190,287)
3,282,963	0	3,282,963
20,687,736	0	20,687,736
1,775,389	0	1,775,389
657,416	0	657,416
90,097	0	90,097
(45,000)	45,000	0
26,448,601	45,000	26,493,601
11,459,917	2,843,397	14,303,314
97,709,846	86,215,677	183,925,523
$109,169,763	$ 89,059,074	$198,228,837

Balance Sheet
Governmental Funds
December 31, 2019

	General	Garbage and Refuse	Bond Retirement
Assets:			
Cash and Cash Equivalents	$ 5,891,660	$ 220,845	$ 20,779
Investments	6,735,944	0	0
Receivables:			
Taxes	3,867,396	712,806	151
Accounts	110,606	0	0
Intergovernmental	358,351	3,987	0
Interest	93,095	0	0
Special Assessments	215,745	0	0
Loans	0	0	0
Inventory of Supplies, at Cost	0	0	0
Prepaid Items	299,414	14,939	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Total Assets	$ 17,572,211	$ 952,577	$ 20,930
Liabilities:			
Accounts Payable	263,673	48,925	0
Accrued Wages and Benefits Payable	615,270	26,838	0
Intergovernmental Payable	151,452	0	0
Retainage Payable	0	0	0
Total Liabilities	1,030,395	75,763	0
Deferred Inflows of Resources:			
Unavailable Amounts	898,769	15,832	151
Property Tax for Next Fiscal Year	1,262,578	700,961	0
Total Deferred Inflows of Resources	2,161,347	716,793	151
Fund Balances:			
Nonspendable	299,414	14,939	0
Restricted	0	145,082	0
Committed	0	0	0
Assigned	517,919	0	20,779
Unassigned	13,563,136	0	0
Total Fund Balances	14,380,469	160,021	20,779
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 17,572,211	$ 952,577	$ 20,930

See accompanying notes to the basic financial statements

Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
$ 1,464,875	$ 4,546,647	$ 12,144,806
1,739,768	1,317,462	9,793,174
0	1,637,784	6,218,137
0	975	111,581
101,120	725,237	1,188,695
0	0	93,095
0	71,697	287,442
0	163,083	163,083
0	138,299	138,299
4,581	40,296	359,230
5,000	651,095	656,095
$ 3,315,344	$ 9,292,575	$ 31,153,637
131,915	208,806	653,319
0	137,244	779,352
0	0	151,452
5,000	0	5,000
136,915	346,050	1,589,123
0	586,707	1,501,459
0	1,603,487	3,567,026
0	2,190,194	5,068,485
4,581	178,595	497,529
0	6,174,705	6,319,787
3,173,848	403,031	3,576,879
0	0	538,698
0	0	13,563,136
3,178,429	6,756,331	24,496,029
$ 3,315,344	$ 9,292,575	$ 31,153,637

Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2019

Total Governmental Fund Balances		$ 24,496,029
Amounts reported for governmental activities in the statement of net position are different because		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		115,050,589
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income Taxes	353,010	
Property Taxes	70,274	
Interest	62,894	
Intergovernmental	727,839	
Special Assessments	287,442	1,501,459
The net pension/OPEB liability is 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	7,684,892	
Deferred Inflows - Pension	(1,026,542)	
Deferred Outflows - OPEB	1,678,710	
Deferred Inflows - OPEB	(1,336,529)	
Net Pension Liability	(27,109,583)	
Net OPEB Liability	(6,994,076)	(27,103,128)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.		(45,556)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		580,490
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Long-Term Note Payable	(4,000,000)	
Compensated Absences Payable	(1,310,120)	(5,310,120)
Net Position of Governmental Activities		$ 109,169,763

See accompanying notes to the basic financial statements

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

	General	Garbage and Refuse	Bond Retirement
Revenues:			
Property Taxes	$ 1,167,414	$ 623,912	$ 0
Municipal Income Tax	20,537,602	0	0
Intergovernmental Revenues	995,567	38,441	0
Charges for Services	1,063,375	2,274	0
Licenses and Permits	276,200	1,815	0
Investment Earnings	642,809	0	0
Special Assessments	181,627	0	0
Fines and Forfeitures	705,420	0	0
All Other Revenue	494,320	108,291	0
Total Revenue	26,064,334	774,733	0
Expenditures:			
Current:			
Security of Persons and Property	9,309,350	0	0
Public Health and Welfare Services	27,721	0	0
Leisure Time Activities	1,562,102	0	0
Community Development	419,913	265,403	0
Basic Utility Services	0	1,944,429	0
Transportation	1,911,701	0	0
General Government	4,657,945	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	4,000,000
Interest & Fiscal Charges	0	0	136,544
Total Expenditures	17,888,732	2,209,832	4,136,544
Excess (Deficiency) of Revenues Over Expenditures	8,175,602	(1,435,099)	(4,136,544)
Other Financing Sources (Uses):			
General Obligation Notes Issued	0	0	4,000,000
Transfers In	302,158	1,585,000	0
Transfers Out	(5,117,500)	0	(190,000)
Total Other Financing Sources (Uses)	(4,815,342)	1,585,000	3,810,000
Net Change in Fund Balances	3,360,260	149,901	(326,544)
Fund Balances at Beginning of Year	11,020,209	10,120	347,323
Increase in Inventory Reserve	0	0	0
Fund Balances End of Year	$ 14,380,469	$ 160,021	$ 20,779

See accompanying notes to the basic financial statements

Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
$ 0	$ 1,495,323	$ 3,286,649
0	0	20,537,602
101,120	2,224,902	3,360,030
0	20,400	1,086,049
0	7,832	285,847
0	36,650	679,459
0	51,047	232,674
0	222,482	927,902
130,314	134,600	867,525
231,434	4,193,236	31,263,737
0	1,179,991	10,489,341
0	0	27,721
0	0	1,562,102
0	111,839	797,155
0	0	1,944,429
0	2,220,861	4,132,562
0	467,363	5,125,308
4,258,848	364,872	4,623,720
0	0	4,000,000
23,501	0	160,045
4,282,349	4,344,926	32,862,383
(4,050,915)	(151,690)	(1,598,646)
0	0	4,000,000
3,480,000	197,500	5,564,658
0	(302,158)	(5,609,658)
3,480,000	(104,658)	3,955,000
(570,915)	(256,348)	2,356,354
3,749,344	6,969,338	22,096,334
0	43,341	43,341
$ 3,178,429	$ 6,756,331	$ 24,496,029

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds		$	2,356,354
Amounts reported for governmental activities in the statement of activities are different because			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.			
Capital Outlay	5,576,251		
Depreciation	(4,448,733)		1,127,518
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.			(53,917)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.			1,668,154
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Income Taxes	150,134		
Property Taxes	(3,686)		
Interest	(22,043)		
Intergovernmental	(122,975)		
Special Assessments	50,365		51,795
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:			
Pension	1,836,667		
OPEB	25,466		1,862,133
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:			
Pension	(4,460,397)		
OPEB	8,894,131		4,433,734

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-Term Note Issued	(4,000,000)	
Long-Term Note Principal	4,000,000	0
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in Supplies Inventory	43,341	
Decrease in Compensated Absences Payable	81,278	124,619
The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.		(110,473)
Change in Net Position of Governmental Activities		$ 11,459,917

See accompanying notes to the basic financial statements

Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities Enterprise Funds		
	Sewer	Water	Nonmajor Enterprise
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 19,705,049	$ 3,738,065	$ 333,778
Investments	0	4,378,259	0
Receivables:			
Accounts	930,299	737,111	189,212
Intergovernmental	102,767	0	0
Special Assessments	227,749	10,579	0
Inventory of Supplies at Cost	3,017	186,635	0
Prepaid Items	34,281	30,201	0
Total Current Assets	21,003,162	9,080,850	522,990
Non Current Assets:			
Capital Assets Not Being Depreciated	19,422,167	1,833,756	0
Capital Assets Being Depreciated, Net	47,141,281	15,449,898	0
Total Assets	87,566,610	26,364,504	522,990
Deferred Outflows of Resources:			
Deferred Loss on Debt Refunding	588,891	0	0
Pension	568,293	316,849	0
OPEB	91,502	51,158	0
Total Deferred Outflows of Resources	1,248,686	368,007	0
Liabilities:			
Current Liabilities:			
Accounts Payable	156,671	642,609	0
Accrued Wages and Benefits	71,945	40,575	0
Intergovernmental Payable	0	0	932,283
Accrued Interest Payable	12,058	6,394	0
General Obligation Notes Payable	0	1,650,000	0
Compensated Absences Payable - Current	50,200	19,538	0
General Obligation Bonds - Current	852,604	0	0
OWDA Loans - Current	564,347	0	0
Total Current Liabilities	1,707,825	2,359,116	932,283

Total	Governmental Activities Internal Service Funds
$ 23,776,892	$ 758,464
4,378,259	0
1,856,622	0
102,767	0
238,328	0
189,652	0
64,482	6,666
30,607,002	765,130
21,255,923	0
62,591,179	0
114,454,104	765,130
588,891	0
885,142	0
142,660	0
1,616,693	0
799,280	0
112,520	86,116
932,283	0
18,452	0
1,650,000	0
69,738	0
852,604	0
564,347	0
4,999,224	86,116

(Continued)

Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Nonmajor Enterprise
Long Term Liabilities:			
Compensated Absences Payable	46,263	13,671	0
Net Pension Liability	1,824,676	1,016,598	0
Net OPEBLiability	918,733	511,867	0
General Obligation Bonds Payable	6,443,230	0	0
OWDA Loans Payable	11,218,914	0	0
Total Liabilities	22,159,641	3,901,252	932,283
Deferred Inflows of Resources:			
Pension	53,430	29,754	0
OPEB	21,762	12,125	0
Total Deferred Inflows of Resources	75,192	41,879	0
Net Position:			
Net Investment in Capital Assets	47,484,353	15,633,654	0
Unrestricted	19,096,110	7,155,726	(409,293)
Total Net Position	$ 66,580,463	$ 22,789,380	$ (409,293)

Adjustment to reflect the consolidation of internal
service fund activities related to the enterprise funds.
Net Position of Business-type Activities

See accompanying notes to the basic financial statements

Total	Governmental Activities Internal Service Funds
59,934	0
2,841,274	0
1,430,600	0
6,443,230	0
11,218,914	0
26,993,176	86,116
83,184	0
33,887	0
117,071	0
63,118,007	0
25,842,543	679,014
88,960,550	$ 679,014
98,524	
$ 89,059,074	

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

	Business-Type Activities Enterprise Funds		
	Sewer	Water	Nonmajor Enterprise
Operating Revenues:			
Charges for Services	$ 7,486,434	$ 6,598,159	$ 0
Other Operating Revenue	528,470	0	0
Total Operating Revenues	8,014,904	6,598,159	0
Operating Expenses:			
Personal Services	1,987,961	911,437	0
Contractual Services	1,113,465	4,000,622	0
Materials and Supplies	258,707	177,613	0
Depreciation	2,917,589	1,101,463	0
Total Operating Expenses	6,277,722	6,191,135	0
Operating Income (Loss)	1,737,182	407,024	0
Nonoperating Revenue (Expenses):			
Investment Earnings	0	0	0
Interest Expense	(608,619)	(63,485)	0
Total Nonoperating Revenues (Expenses)	(608,619)	(63,485)	0
Income (Loss) Before Transfers and Contributions	1,128,563	343,539	0
Transfers In	45,000	0	0
Capital Contributions	776,610	566,853	0
Total Transfers and Contributions	821,610	566,853	0
Change in Net Position	1,950,173	910,392	0
Net Position Beginning of Year	64,630,290	21,878,988	(409,293)
Net Position End of Year	$ 66,580,463	$ 22,789,380	$ (409,293)
Change in Net Position - Total Enterprise Funds			
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			
Change in Net Position - Business-type Activities			

See accompanying notes to the basic financial statements

Total	Governmental Activities - Internal Service Funds
$ 14,084,593	$ 2,334,226
528,470	0
14,613,063	2,334,226
2,899,398	2,432,392
5,114,087	4,436
436,320	36,000
4,019,052	0
12,468,857	2,472,828
2,144,206	(138,602)
0	10,961
(672,104)	0
(672,104)	10,961
1,472,102	(127,641)
45,000	0
1,343,463	0
1,388,463	0
2,860,565	(127,641)
86,099,985	806,655
$ 88,960,550	$ 679,014
2,860,565	
(17,168)	
$ 2,843,397	

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Nonmajor Enterprise
Cash Flows from Operating Activities:			
Cash Received from Customers	$8,993,367	$7,384,966	$1,837,624
Cash Payments for Goods and Services	(1,389,580)	(3,683,067)	(1,567,102)
Cash Payments to Employees	(1,582,085)	(762,026)	0
Net Cash Provided (Used) by Operating Activities	6,021,702	2,939,873	270,522
Cash Flows from Noncapital Financing Activities:			
Transfers In from Other Funds	45,000	0	0
Net Cash Provided by Noncapital Financing Activities	45,000	0	0
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(861,900)	(1,091,583)	0
Capital Contributions	13,789	23,708	0
General Obligation Notes Issued	0	1,650,000	0
Principal Paid on General Obligation Notes	0	(2,085,000)	0
Principal Paid on General Obligation Bonds	(815,000)	0	0
Principal Paid on Ohio Water Development Authority Loans	(535,986)	0	0
Interest Paid on All Debt	(544,903)	(65,170)	0
Net Cash Used for Capital and Related Financing Activities	(2,744,000)	(1,568,045)	0
Cash Flows from Investing Activities:			
Receipts of Interest	0	0	0
Purchase of Investments	0	(1,496,484)	0
Net Cash Provided (Used) by Investing Activities	0	(1,496,484)	0
Net Increase (Decrease) in Cash and Cash Equivalents	3,322,702	(124,656)	270,522
Cash and Cash Equivalents at Beginning of Year	16,382,347	3,862,721	63,256
Cash and Cash Equivalents at End of Year	$19,705,049	$3,738,065	$333,778

Totals	Governmental Activities Internal Service Funds
$18,215,957	$2,334,310
(6,639,749)	(25,947)
(2,344,111)	(2,426,941)
9,232,097	(118,578)
45,000	0
45,000	0
(1,953,483)	0
37,497	0
1,650,000	0
(2,085,000)	0
(815,000)	0
(535,986)	0
(610,073)	0
(4,312,045)	0
0	10,961
(1,496,484)	0
(1,496,484)	10,961
3,468,568	(107,617)
20,308,324	866,081
$23,776,892	$758,464

(Continued)

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Nonmajor Enterprise
Reconciliation of Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities:			
Operating Income (Loss)	$1,737,182	$407,024	$0
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	2,917,589	1,101,463	0
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	918,579	781,663	(189,212)
Decrease in Special Assessments Receivable	59,834	5,330	0
Decrease in Inventory	729	70,393	0
Increase in Prepaid Items	(11,775)	(16,255)	0
Increase in Deferred Outflows of Resources	(254,124)	(138,265)	0
Increase (Decrease) in Accounts Payable	(5,707)	441,164	0
Increase in Intergovernmental Payables	0	0	459,734
Increase in Accrued Wages and Benefits	18,580	3,361	0
Increase in Net Pension Liability	733,286	398,521	0
Increase in Net OPEB Liability	120,269	59,679	0
Decrease in Deferred Inflows of Resources	(243,557)	(138,402)	0
Increase (Decrease) in Compensated Absences	30,817	(35,803)	0
Total Adjustments	4,284,520	2,532,849	270,522
Net Cash Provided (Used) by Operating Activities	$6,021,702	$2,939,873	$270,522

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2019, the Sewer Fund and Water Fund had outstanding liabilities of $35,136 and $69,698, respectively for the purchase of certain capital assets.

During 2019, the Sewer and Water Funds received $660,054 and $543,145, respectively of capital contributions from other sources.

See accompanying notes to the basic financial statements

Totals	Governmental Activities Internal Service Funds
$2,144,206	($138,602)
4,019,052	0
1,511,030	84
65,164	0
71,122	0
(28,030)	(6,666)
(392,389)	0
435,457	0
459,734	0
21,941	26,606
1,131,807	0
179,948	0
(381,959)	0
(4,986)	0
7,087,891	20,024
$9,232,097	($118,578)

Statement of Net Position
Fiduciary Funds
December 31, 2019

		Custodial Funds
Assets:		
Cash and Cash Equivalents	$	70,551
Receivables:		
Taxes		214,907
Intergovernmental		15,979
Payments in Lieu of Taxes		1,506,530
Special Assessments		503,256
Total Assets		2,311,223
Liabilities:		
Intergovernmental Payable		2,311,223
Total Liabilities		2,311,223
Net Position:		
Total Net Position	$	0

See accompanying notes to the basic financial statements

Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

	Custodial Funds
Additions:	
Contributions:	
Property Taxes Collected for Distribution	$ 221,427
Payments in Lieu of Taxes Collected for Distribution	1,651,161
Special Assessments Collected for Distribution	425,100
Fines, Licenses and Permits for Distribution	1,962,981
Total Contributions	4,260,669
Deductions:	
Distributions to Other Governments	4,260,669
Total Deductions	4,260,669
Change in Net Position	0
Net Position at Beginning of Year	0
Net Position End of Year	$ 0

See accompanying notes to the basic financial statements

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Perrysburg, Ohio (the "City") was incorporated in 1816 under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Mayor/Council form of government, was adopted in 1960 and has been amended several times, most recently in 2008.

A. Reporting Entity

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

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

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: public safety, highways and streets, water, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services. In addition, the City maintains water, sewer and utility collections operations which are reported as enterprise funds.

The accounting policies and financial reporting practices of the City conform to GAAP as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

Governmental Funds - Governmental funds are those funds through which most governmental functions are typically financed. Governmental funds are reported using the flow of current financial resources measurement focus. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

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

Garbage and Refuse Fund - This fund is used to account for the cost of all refuse & recycling services within the City.

Bond Retirement Fund - This fund is used to account for financial resources to be used for the principal and interest payments on the City's debt.

Capital Improvements Fund - This 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 funds).

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

Proprietary Funds

All proprietary funds are reported using the flow of "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

The nonmajor enterprise fund of the City is used to account for utility collections.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has two internal service funds, the Employees Health and Welfare Fund, which is used to account for monies received from city departments to cover the cost of health care for employees of the City's departments and the Postage Meter Fund, which is used to account for postage used by the various City departments.

Fiduciary Funds

These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's only fiduciary fund is a custodial fund. This fund is used to account for the collection and distribution of municipal court fines and forfeitures and various other outside entities..

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The internal service funds are eliminated to avoid "doubling up" revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

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

Revenues resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees, and local government assistance). Other revenues, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2019, but which are not intended to finance 2019 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 6.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows 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, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. For the City, deferred outflows of resources have been reported for the following items related to the City's net pension and other postemployment benefits (OPEB) liability/asset: (1) net difference between projected and actual investment earnings on pension plan investments, (2) the City's contributions to the pension systems subsequent to the measurement date and (3) differences between the City's contributions and the City's proportionate share of contributions. The City also reports deferred outflows related to the deferred loss on debt refunding. The City's deferred outflows of resources related to pension and OPEB are further discussed in Notes 11 and 12.

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

The City also reports deferred inflows of resources for the differences between expected and actual experience related to the City's net pension and OPEB liability/asset. This deferred inflows of resources are only reported on the government-wide statement of net position and in the proprietary funds financial statements. The deferred inflows of resources related to pension and OPEB are further discussed in Notes 11 and 12.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. <u>Cash and Cash Equivalents</u>

Cash and cash equivalents include amounts in demand deposits. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

For purposes of the statement of cash flows and for the presentation on the statement of net position, 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.

G. <u>Investments</u>

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements) which are reported at cost. See Note 5, "Cash, Cash Equivalents and Investments."

H. <u>Inventory</u>

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

I. <u>Prepaid Items</u>

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Contributed capital assets are measured at their acquisition value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective proprietary funds.

3. Depreciation

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

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	30 - 40
Improvements other than Buildings	50
Infrastructure	10-50
Machinery and Equipment	5 - 15

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

Obligation	Fund
General Obligation Bond	Sewer Fund
Ohio Water Development Authority Loans	Sewer Fund
Compensated Absences	General Fund Income Tax Fund Litter Control Fund Water Fund Sewer Fund
Pension/OPEB Liabilities	General Fund Water Fund Sewer Fund

L. Compensated Absences

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

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees expected to become eligible to receive such payments in the future.

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” In the government wide statement of net position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Position

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

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

N. Fund Balances

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

O. Pensions/Other Postemployment Benefits (OPEB)

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

P. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

Q. Estimates

The preparation of financial statements in conformity with GAAP 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.

R. Restricted Assets

Cash with fiscal agent amounts are classified as restricted assets on the balance sheet because these funds are being held for specified purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

T. Contributions of Capital

Contributions of capital in proprietary fund financial statements and for governmental activities arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements and on the statement of activities.

U. Fair Value

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. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, "Certain Asset Retirement Obligations," Statement No. 84, "Fiduciary Activities," Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements," and Statement No. 90, "Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61."

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments.

GASB Statement No. 88 revises the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements.

GASB Statement No. 90 establishes criteria for reporting a government's majority equity interest in a legally separate organization.

The implementation of the above GASB Statements did not have an effect on the financial statements of the City for 2019.

The implementation of GASB 84 had the following effect on the presentation of the financial statements of the City for 2019:

- Agency funds are now referred to as custodial funds
- Custodial funds now present a Statement of Changes in Net Position for the fiduciary fund.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The accumulated deficits at December 31, 2019 of $409,293 in the Utility Collection Fund (nonmajor enterprise fund), arose from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. Deficits do not exist under the budgetary/cash basis of accounting. The general fund provides transfers when cash is required, not when accruals occur.

NOTE 4 – FUND BALANCE CLASSIFICATION

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 imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Garbage and Refuse Fund	Bond Retirement Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Supplies Inventory	$0	$0	$0	$0	$138,299	$138,299
Prepaid Items	299,414	14,939	0	4,581	40,296	359,230
Total Nonspendable	299,414	14,939	0	4,581	178,595	497,529
Restricted:						
Hotel/Motel Tax	0	0	0	0	40,898	40,898
Street Construction and Maintenance	0	0	0	0	1,552,178	1,552,178
State Highway Improvements	0	0	0	0	594,448	594,448
Police Pension	0	0	0	0	1,345,321	1,345,321
Garbage and Refuse	0	145,082	0	0	0	145,082
Motor Vehicle License Tax	0	0	0	0	434,737	434,737
ASR Radio	0	0	0	0	20,307	20,307
Street Trees	0	0	0	0	353,115	353,115
Public Transportation	0	0	0	0	114,641	114,641
Municipal Court Computer	0	0	0	0	274,521	274,521
Municipal Court Probation Services	0	0	0	0	78,477	78,477
CDBG Revolving Loan	0	0	0	0	814,178	814,178
DUI Indigent Drivers Alcohol Treatment	0	0	0	0	284,209	284,209
Indigent Drivers	0	0	0	0	234,592	234,592
Match Surplus	0	0	0	0	33,083	33,083
Total Restricted	0	145,082	0	0	6,174,705	6,319,787
Committed:						
Capital Improvements	0	0	0	3,173,848	0	3,173,848
Parkland Acquisition and Development	0	0	0	0	403,031	403,031
Total Committed	0	0	0	3,173,848	403,031	3,576,879
Assigned						
Encumbrances for Purchase Orders	242,876	0	0	0	0	242,876
Budget Resource	275,043	0	0	0	0	275,043
Debt Service	0	0	20,779	0	0	20,779
Total Assigned	517,919	0	20,779	0	0	538,698
Unassigned	13,563,136	0	0	0	0	13,563,136
Total Fund Balances	$14,380,469	$160,021	$20,779	$3,178,429	$6,756,331	$24,496,029

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

- Interim deposits in eligible institutions applying for interim funds;

- Bonds and other obligations of the State of Ohio;

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and

- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be protected by 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 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.

At year end the carrying amount of the City's deposits was $37,406,808 and the bank balance was $38,055,277. Federal depository insurance covered $15,968,451 of the bank balance and $22,086,826 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

B. Investments

The City's investments at December 31, 2019 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investments Maturities (in Years) less than 1	1-3
Negotiable CD's	$13,015,245	N/A	Level 1	$8,105,326	$4,909,919
U.S. Treasury Notes	1,156,188	N/A	Level 1	901,443	254,745
Total Investments	$14,171,433			$9,006,769	$5,164,664

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The City's investment policy limits security purchases to those that mature within five years of settlement date with an average weighted maturity not to exceed two years.

Custodial Credit Risk – The City's investments in Negotiable CD's and U.S. Treasury Notes securities in the amounts of $13,015,245 and $1,156,188, respectively, are uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

C. Reconciliation of Cash and Cash Equivalents

A reconciliation between cash and cash equivalents on the financial statements and classification per item A of this note is as follows:

	Cash and Cash Equivalents
Statement of Net Position cash and cash equivalents	$36,680,162
Restricted Assets: Cash and cash equivalents with fiscal agent	656,095
Statement of Fiduciary Net Position cash and cash equivalents	70,551
Total	$37,406,808

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2019 were levied after October 1, 2018 on assessed values as of January 1, 2018, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed during 2017 and the last equalization adjustment was completed in 2015. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

NOTE 6 - TAXES (Continued)

A. <u>Property Taxes</u> (Continued)

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Perrysburg. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2019 was $5.65 per $1,000 of assessed value. The assessed value upon which the 2019 receipts were based was $701,901,360. This amount constitutes $693,137,190 in real property assessed value and $8,764,170 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .630% (6.30 mills) of assessed value.

B. <u>Income Tax</u>

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 50% of the tax paid to another municipality to a maximum of 50% of the total amount assessed.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 – TAX ABATEMENT DISCLOSURES

Real Estate Tax Abatements

As of December 31, 2019, the City of Perrysburg provides tax incentives under three programs: Tax Increment Financing (TIF), Jobs Grant, and Community Reinvestment Area (CRA).

Real Estate Tax Abatement

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area. The City authorizes incentives through passage of public ordinances, based upon each businesses investment criteria and through a contractual application process with each business. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located within the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements in specified areas.

The City has offered the CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth.

Below is the information relevant to the disclosure of those programs for the year ending December 31, 2019.

Property Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2019 In Actual Dollars)
OI Levis Park STS (2007 - 2021) (CRA)	
- Gross Dollar amount of taxes abated during 2019	$260,452
Lorton Rentals LLC (2009 - 2018) (CRA)	
- Gross Dollar amount of taxes abated during 2019	35,223
All Others (CRA)	
- Gross Dollar amount of taxes abated during 2019	83,824
Owens Brockway (Jobs Grant)	
- Gross Dollar amount of taxes abated during 2019	11,919
Total Fleet Solutions (Jobs Grant)	
- Gross Dollar amount of taxes abated during 2019	13,243
A Renewed Mind (Jobs Grant)	
- Gross Dollar amount of taxes abated during 2019	11,513
Total	$416,174

NOTE 8 - RECEIVABLES

Receivables at December 31, 2019 consisted of taxes, loans, special assessments, interest receivable, accounts receivable and intergovernmental receivables.

NOTE 9 - TRANSFERS

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

	Transfers In:					
Transfers Out:	General Fund	Garbage and Refuse Fund	Capital Improvements Fund	Other Governmental Funds	Sewer Fund	Total
General Fund	$0	$1,585,000	$3,290,000	$197,500	$45,000	$5,117,500
Bond Retirement Fund	0	0	190,000	0	0	190,000
Other Governmental Funds	302,158	0	0	0	0	302,158
	$302,158	$1,585,000	$3,480,000	$197,500	$45,000	$5,609,658

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

The transfer out of the Bond Retirement Fund was made on a modified accrual basis in order to retire the Fire Station note out of the capital project fund where the short-term note payable was originally booked in the previous year.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets for the year ended December 31, 2019 was as follows:

Historical Cost:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Capital assets not being depreciated:				
Land	$10,449,238	$0	$0	$10,449,238
Construction in Progress	20,254,567	269,996	(7,537,758)	12,986,805
Subtotal	30,703,805	269,996	(7,537,758)	23,436,043
Capital assets being depreciated:				
Buildings	18,428,568	8,637,093	0	27,065,661
Improvements Other than Buildings	7,957,729	685,498	0	8,643,227
Machinery and Equipment	14,809,740	2,186,992	(546,194)	16,450,538
Infrastructure	83,008,799	3,002,584	(177,355)	85,834,028
Subtotal	124,204,836	14,512,167	(723,549)	137,993,454
Total Cost	$154,908,641	$14,782,163	($8,261,307)	$161,429,497

Accumulated Depreciation:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Buildings	($7,350,267)	($1,212,736)	$0	($8,563,003)
Improvements Other than Buildings	(2,193,821)	(287,660)	0	(2,481,481)
Machinery and Equipment	(10,594,228)	(1,048,834)	508,400	(11,134,662)
Infrastructure	(22,461,491)	(1,899,503)	161,232	(24,199,762)
Total Depreciation	($42,599,807)	($4,448,733) *	$669,632	($46,378,908)
Capital assets being depreciated, net:	81,605,029	10,063,434	(53,917)	91,614,546
Total Net Value:	$112,308,834			$115,050,589

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 - CAPITAL ASSETS (Continued)

A. Governmental Activities Capital Assets (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$964,131
Leisure Time Activities	93,744
Community Development	11,175
Basic Utility Services	102,109
Transportation	2,956,370
General Government	321,204
Total Depreciation Expense	$4,448,733

B. Business-Type Activities Capital Assets

Summary by category of changes in business- type activities capital assets for the year ended December 31, 2019 was as follows:

Historical Cost:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Capital assets not being depreciated:				
Land	$273,383	$0	$0	$273,383
Construction in Progress	24,130,283	1,205,479	(4,353,222)	20,982,540
Subtotal	24,403,666	1,205,479	(4,353,222)	21,255,923
Capital assets being depreciated:				
Buildings	16,960,074	0	0	16,960,074
Improvements Other than Buildings	67,637,675	5,561,654	0	73,199,329
Machinery and Equipment	13,957,365	636,605	(142,566)	14,451,404
Subtotal	98,555,114	6,198,259	(142,566)	104,610,807
Total Cost	$122,958,780	$7,403,738	($4,495,788)	$125,866,730

Accumulated Depreciation:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Buildings	($5,393,216)	($1,010,827)	$0	($6,404,043)
Improvements Other than Buildings	(22,135,912)	(2,513,208)	0	(24,649,120)
Machinery and Equipment	(10,614,014)	(495,017)	142,566	(10,966,465)
Total Depreciation	($38,143,142)	($4,019,052)	$142,566	($42,019,628)
Capital assets being depreciated, net:	60,411,972	2,179,207	0	62,591,179
Total Net Value:	$84,815,638			$83,847,102

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 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
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $970,929 for 2019. Of this amount, $126,252 is reported as an intergovernmental payable.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

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

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

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

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

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	Police	Firefighters
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2019 through December 31, 2019	12.25 %	12.25 %
2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee:		
January 1, 2019 through December 31, 2019	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was $1,078,446 for 2019. Of this amount, $137,244 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability 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
Proportionate Share of the Net Pension Liability	$12,969,295	$16,981,562	$29,950,857
Proportion of the Net Pension Liability-2019	0.047354%	0.208040%	
Proportion of the Net Pension Liability-2018	0.049169%	0.220481%	
Percentage Change	(0.001815%)	(0.012441%)	
Pension Expense	$2,924,649	$2,157,445	$5,082,094

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	$1,129,008	$450,205	$1,579,213
Differences between expected and actual experience	600	697,703	698,303
Net difference between projected and actual earnings on pension plan investments	1,760,297	2,092,114	3,852,411
Change in proportionate share	177,430	213,302	390,732
City contributions subsequent to the measurement date	970,929	1,078,446	2,049,375
Total Deferred Outflows of Resources	$4,038,264	$4,531,770	$8,570,034
Deferred Inflows of Resources			
Differences between expected and actual experience	$170,295	$15,855	$186,150
Change in proportionate share	209,430	714,146	923,576
Total Deferred Inflows of Resources	$379,725	$730,001	$1,109,726

$2,049,375 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2020	$1,235,827	$901,668	$2,137,495
2021	469,811	444,188	913,999
2022	163,305	530,874	694,179
2023	818,667	813,915	1,632,582
2024	0	32,678	32,678
Total	$2,687,610	$2,723,323	$5,410,933

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.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018 and December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2018
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent (including wage inflation at 3.25%)
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

	December 31, 2017
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.2 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	$19,159,428	$12,969,295	$7,825,249

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, compared with January 1, 2017, are presented below.

	January 1, 2018	January 1, 2017
Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2018 valuation, 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

For the January 1, 2018 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

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

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

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2018, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2017 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$22,321,092	$16,981,562	$12,519,612

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NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary 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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $0 for 2019.

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

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

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

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

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

Funding Policy **–** The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

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.

The City's contractually required contribution to OP&F was $25,466 for 2019.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability	$6,530,154	$1,894,522	$8,424,676
Proportion of the Net OPEB Liability-2019	0.050087%	0.208040%	
Proportion of the Net OPEB Liability-2018	0.051968%	0.220481%	
Percentage Change	(0.001881%)	(0.012441%)	
OPEB Expense	$649,233	($9,415,946)	($8,766,713)

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes of assumptions	$210,539	$982,027	$1,192,566
Net difference between projected and actual earnings on pension plan investments	299,370	64,134	363,504
Differences between expected and actual experience	2,215	0	2,215
Change in proportionate share	137,463	100,156	237,619
City contributions subsequent to the measurement date	0	25,466	25,466
Total Deferred Outflows of Resources	$649,587	$1,171,783	$1,821,370
Deferred Inflows of Resources			
Changes in assumptions	$0	$524,492	$524,492
Differences between expected and actual experience	17,721	50,759	68,480
Change in proportionate share	136,962	640,482	777,444
Total Deferred Inflows of Resources	$154,683	$1,215,733	$1,370,416

$25,466 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2020	$292,535	($4,987)	$287,548
2021	4,303	(4,987)	(684)
2022	47,255	(4,983)	42,272
2023	150,811	14,415	165,226
2024	0	(16,169)	(16,169)
2025-2026	0	(52,705)	(52,705)
Total	$494,904	($69,416)	$425,488

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

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

Wage Inflation	3.25 percent
Projected Salary Increases,	3.25 to 10.75 percent
including inflation	including wage inflation at 3.25%
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.50 percent
Municipal Bond Rate:	
Current measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial
	3.25 percent, ultimate in 2029
Prior Measurement date	7.5 percent, initial
	3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	$8,354,512	$6,530,154	$5,079,323

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$6,276,903	$6,530,154	$6,821,849

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

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

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

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

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.66 percent	3.24 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

Discount Rate The total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent.

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

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	$2,308,047	$1,894,522	$1,547,406

NOTE 13 - COMPENSATED ABSENCES

Employees are eligible for vacation at varying rates depending on their years of service to the City. Any vacation earned during the year must be taken during the subsequent year. Unless requested by the City, no employee will receive vacation pay in lieu of vacation time off with pay.

Sick leave is accrued by all employees at the rate of .0577 hours for each hour worked for a total of 120 hours in an employee's anniversary year. A percentage of accrued sick leave time is liquidated in cash upon normal retirement under the appropriate State of Ohio retirement system after ten years of credited service, or upon death, or upon termination of employment other than for disciplinary reasons after fifteen years of service with the City. The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or under law. Generally, employees may receive 50% of their sick leave accrued prior to September 14, 1976, up to 720 hours, 25% of their sick leave accrued after September 14, 1976, up to 1,000 hours and 50% of their sick leave thereafter, after meeting the minimum service time requirement. Cash compensation for sick leave is paid at the employee's full rate of pay at the time of termination or retirement.

At December 31, 2019, the City's accumulated, unpaid compensated absences amounted to $1,439,792, of which $1,310,120 is recorded as a liability of the Governmental Activities and $129,672 is recorded as a liability of the Business-Type Activities.

NOTE 14 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period. The Water Tower notes below were issued on October 28, 2019 and mature on October 27, 2020.

	Balance December 31, 2018	Issued	(Retired)	Balance December 31, 2019
Capital Projects Funds:				
2.00% Fire Station	$2,000,000	$0	($2,000,000)	$0
Enterprise Funds:				
2.25% Elevated Water Tower	$2,085,000	$0	($2,085,000)	$0
2.25% Elevated Water Tower	0	1,650,000	0	1,650,000
Total Notes Payable	$4,085,000	$1,650,000	($4,085,000)	$1,650,000

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 15 - LONG-TERM LIABILITIES

Long-term liabilities of the City at December 31, 2019 was as follows:

		Balance December 31, 2018	Additions	(Reductions)	Balance December 31, 2019	Due Within One Year
Governmental Activities:						
Long-Term Notes:						
2.00% Fire Station	2018	$4,000,000	$0	($4,000,000)	$0	$0
2.00% Fire Station	2019	0	4,000,000	0	4,000,000	4,000,000
Total Long-Term Notes		4,000,000	4,000,000	(4,000,000)	4,000,000	4,000,000
Compensated Absences		$1,391,398	$1,310,120	($1,391,398)	$1,310,120	$490,743
Net Pension Liability		19,536,077	7,573,506	0	27,109,583	0
Net OPEB Liability		16,884,810	0	(9,890,734)	6,994,076	0
Total Governmental Activities Long-Term Liabilities		$41,812,285	$12,883,626	($15,282,132)	$39,413,779	$4,490,743

		Balance December 31, 2018	Additions	(Reductions)	Balance December 31, 2019	Due Within One Year
Business-Type Activities:						
Direct Borrowings						
Ohio Water Development Authority (O.W.D.A.) Loan:						
3.37% Waste Water Treatment Plant	2014	$12,319,247	$0	($535,986)	$11,783,261	$564,347
General Obligation Bonds:						
3.98% Various Purpose Sewer	2010	640,000	0	(640,000)	0	0
2.00% Refunding Various Purpose Sewer	2016	7,410,000	0	(175,000)	7,235,000	845,000
Premium		68,438	0	(7,604)	60,834	7,604
Total General Obligation Bonds		8,118,438	0	(822,604)	7,295,834	852,604
Compensated Absences		$134,658	$129,672	($134,658)	$129,672	$69,738
Net Pension Liability		$1,709,467	$1,131,807	$0	$2,841,274	$0
Net OPEB Liability		$1,250,652	$179,948	$0	$1,430,600	$0
Total Business-Type Long-Term Liabilities		$23,532,462	$1,441,427	($1,493,248)	$23,480,641	$1,486,689

NOTE 15 - LONG-TERM LIABILITIES (Continued)

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2019 follows:

	OWDA Loans		General Obligation Bonds	
Years	Principal	Interest	Principal	Interest
2020	$564,347	$362,904	$845,000	$144,700
2021	584,457	345,803	860,000	127,800
2022	604,319	328,122	880,000	110,600
2023	624,856	309,839	890,000	93,000
2024	646,090	290,936	910,000	75,200
2025-2029	3,575,113	1,147,860	2,850,000	114,600
2030-2034	4,225,311	569,051	0	0
2035-2036	958,768	42,582	0	0
Totals	$11,783,261	$3,397,097	$7,235,000	$665,900

The 2019 Fire Station long-term note is due in full May 21, 2020. In May 2020, the City issued bond anticipation notes for $3,000,000 with an interest rate of 2% for the construction of the new fire station.

The City’s direct borrowings from OWDA in the amount of $11,783,261 contains a provision that in the event of default, the amount of such default shall bear interest at the default rate from the due date until the date of the payment. In addition to the interest, a late charge of one percent on the amount of each default shall also be paid to OWDA by the City.

2016 Sewer System General Obligation Refunding Bonds

The Sewer System General Obligation Bonds are term bonds issued to advance refund $7,985,000, including a call premium of $173,951, of general obligation bonds issued in 2009. Refinancing of the bonds resulted in a cash savings of $2,047,743 (net present value savings of $1,607,092) or 7.75%. The amount of $8,868,339 from the 2009 bonds was placed in an escrow fund to defease the 2009 bonds. The bonds bear an interest rate of 2.00%. These bonds will be retired from the City’s Sewer Fund. The refunding bonds are not included in the City’s debt since the City has in-substance satisfied its obligations through the advance refunding. The refunding bonds had an outstanding principal balance of $7,985,000 as of December 31, 2019.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 16 - INSURANCE AND RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1989, the City joined the Ohio Government Risk Management Plan (the "OGRMP"), a public entity risk plan formed under Section 2744.081 of the Ohio Revised Code that operates as a common risk management and insurance program for 585 member political subdivisions. The City pays an annual premium to the OGRMP for its general insurance coverage. The agreement for formation of the OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure all claims in excess of a member's deductible through commercial insurance and reinsurance companies.

The City pays the State Workers' Compensation System a premium based upon a rate per $100 of payroll. The rate is determined based on accident history and administrative costs.

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

The City maintains a self-funded health insurance program with claims processed by NFP Benefit Alliance on behalf of the City. A separate Self Insurance Fund (an internal service fund) was created in 1980 to account for and finance the health insurance program. As an integral part of the health insurance program, a reinsurance policy has been purchased covering claims in excess of $35,000 per individual per year up to a maximum of $1,000,000 per individual per lifetime. Settled claims have not exceeded the commercial coverage limits in any of the past five fiscal years.

All funds of the City from which employee salaries are paid participate in the health insurance program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Total contributions to the program during the year were $2,293,966. The claims liability of $86,116 reported in the Self Insurance Fund at December 31, 2019 is based on the requirements of GASB Statement No. 10, "*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*," as amended by GASB Statement No. 30 "*Risk Management Omnibus*," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and if the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in fiscal 2018 and 2019 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2018	$78,979	$1,931,244	($1,950,713)	$59,510
2019	59,510	2,458,998	(2,432,392)	86,116

NOTE 17 - CONTINGENCIES

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

The City has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

NOTE 18 - RELATED ORGANIZATION

Perrysburg Public Library (Library) - The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Perrysburg City Council. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Perrysburg Public Library, Clerk/Treasurer, 101 East Indiana Avenue, Perrysburg, Ohio 43551.

NOTE 19 - SUBSEQUENT EVENTS

In May 2020, the City issued bond anticipation notes for $3,000,000 with an interest rate of 2% for the construction of the new fire station.

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the government’s operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the government for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the government’s financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 1,140,000	$ 1,168,000	$ 1,167,414	$ (586)
Municipal Income Tax	19,100,000	20,900,000	20,424,952	(475,048)
Intergovernmental Revenue	879,100	934,200	975,304	41,104
Charges for Services	1,025,000	1,131,500	1,054,871	(76,629)
Licenses and Permits	430,000	458,000	287,063	(170,937)
Investment Earnings	365,000	425,000	567,353	142,353
Special Assessments	180,000	181,650	181,627	(23)
Fines and Forfeitures	731,300	756,300	741,564	(14,736)
All Other Revenues	214,112	429,012	486,527	57,515
Total Revenues	24,064,512	26,383,662	25,886,675	(496,987)
Expenditures:				
Current:				
Security of Persons and Property	10,170,245	10,322,426	9,459,068	863,358
Public Health and Welfare Services	28,500	28,500	27,721	779
Leisure Time Activities	1,832,956	1,830,656	1,612,519	218,137
Community Development	725,572	766,806	451,807	314,999
Transportation	2,031,963	2,056,963	1,933,631	123,332
General Government	6,061,058	6,059,367	4,756,192	1,303,175
Total Expenditures	20,850,294	21,064,718	18,240,938	2,823,780
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,214,218	5,318,944	7,645,737	2,326,793
Other Financing Sources (Uses):				
Transfers In	315,000	315,000	302,158	(12,842)
Transfers Out	(3,717,500)	(7,117,500)	(5,117,500)	2,000,000
Total Other Financing Sources (Uses):	(3,402,500)	(6,802,500)	(4,815,342)	1,987,158
Net Change In Fund Balance	(188,282)	(1,483,556)	2,830,395	4,313,951
Fund Balance at Beginning of Year	8,892,802	8,892,802	8,892,802	0
Prior Year Encumbrances	242,072	242,072	242,072	0
Fund Balance at End of Year	$ 8,946,592	$ 7,651,318	$ 11,965,269	$ 4,313,951

See accompanying notes to the required supplementary information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund - Garbage and Refuse Fund For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 620,000	$ 624,000	$ 623,912	$ (88)
Intergovernmental Revenue	31,623	41,934	38,441	(3,493)
Charges for Services	2,000	3,500	2,274	(1,226)
Licenses and Permits	2,000	2,000	1,815	(185)
All Other Revenues	1,000	109,000	108,291	(709)
Total Revenues	656,623	780,434	774,733	(5,701)
Expenditures:				
Current:				
Community Development	165,000	286,600	257,670	28,930
Basic Utility Services	2,059,104	2,124,138	2,090,945	33,193
Total Expenditures	2,224,104	2,410,738	2,348,615	62,123
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,567,481)	(1,630,304)	(1,573,882)	56,422
Other Financing Sources (Uses):				
Transfers In	1,585,000	1,585,000	1,585,000	0
Total Other Financing Sources (Uses):	1,585,000	1,585,000	1,585,000	0
Net Change In Fund Balance	17,519	(45,304)	11,118	56,422
Fund Balance at Beginning of Year	89,858	89,858	89,858	0
Fund Balance at End of Year	$ 107,377	$ 44,554	$ 100,976	$ 56,422

See accompanying notes to the basic financial statements

Schedule of City's Proportionate Share of the Net Pension Liability Last Six Years

Ohio Public Employees Retirement System

Year	2014	2015	2016
City's proportion of the net pension liability	0.046948%	0.046948%	0.046239%
City's proportionate share of the net pension liability	$5,534,558	$5,662,454	$8,009,242
City's covered payroll	$6,702,723	$5,878,717	$6,544,450
City's proportionate share of the net pension liability as a percentage of its covered payroll	82.57%	96.32%	122.38%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016
City's proportion of the net pension liability	0.2170836%	0.2170836%	0.216954%
City's proportionate share of the net pension liability	$10,572,652	$11,245,835	$13,956,817
City's covered payroll	$5,344,502	$4,461,974	$4,631,832
City's proportionate share of the net pension liability as a percentage of its covered payroll	197.82%	252.04%	301.32%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available.
The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

See accompanying notes to required supplementary information

2017	2018	2019
0.045699%	0.049169%	0.047354%
$10,377,558	$7,713,620	$12,969,295
$5,907,617	$6,611,185	$6,396,243
175.66%	116.68%	202.76%
77.25%	84.66%	74.70%

2017	2018	2019
0.220121%	0.220481%	0.208040%
$13,942,265	$13,531,924	$16,981,562
$4,973,360	$5,073,783	$4,959,418
280.34%	266.70%	342.41%
68.36%	70.91%	63.07%

Schedule of City Pension Contributions
Last Seven Years

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	$871,354	$705,446	$785,334
Contributions in relation to the contractually required contribution	871,354	705,446	785,334
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$6,702,723	$5,878,717	$6,544,450
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	$912,841	$908,458	$930,535
Contributions in relation to the contractually required contribution	912,841	908,458	930,535
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$5,344,502	$4,461,974	$4,631,832
Contributions as a percentage of covered payroll	17.08%	20.36%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available.

See accompanying notes to required supplementary information

2016	2017	2018	2019
$708,914	$859,454	$895,474	$970,929
708,914	859,454	895,474	970,929
$0	$0	$0	$0
$5,907,617	$6,611,185	$6,396,243	$6,935,207
12.00%	13.00%	14.00%	14.00%

2016	2017	2018	2019
$999,148	$1,019,323	$996,347	$1,078,446
999,148	1,019,323	996,347	1,078,446
$0	$0	$0	$0
$4,973,360	$5,073,783	$4,959,418	$5,368,074
20.09%	20.09%	20.09%	20.09%

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Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
Last Three Years

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.048113%	0.051968%	0.050087%
City's proportionate share of the net OPEB liability (asset)	$4,859,594	$5,643,310	$6,530,154
City's covered payroll	$5,907,617	$6,611,185	$6,396,243
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	82.26%	85.36%	102.09%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.220121%	0.220481%	0.208040%
City's proportionate share of the net OPEB liability (asset)	$10,448,664	$12,492,152	$1,894,522
City's covered payroll	$4,973,360	$5,073,783	$4,959,418
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	210.09%	246.21%	38.20%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2017 is not available.
The schedule is reported as of the measurement date of the Net OPEB Liability.

See accompanying notes to required supplementary information

Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Seven Years

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	$67,027	$117,574	$130,889
Contributions in relation to the contractually required contribution	67,027	117,574	130,889
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$6,702,723	$5,878,717	$6,544,450
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	$26,723	$22,310	$23,159
Contributions in relation to the contractually required contribution	26,723	22,310	23,159
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$5,344,502	$4,461,974	$4,631,832
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2013 is not available.

See accompanying notes to required supplementary information

2016	2017	2018	2019
$118,152	$66,112	$0	$0
118,152	66,112	0	0
$0	$0	$0	$0
$5,907,617	$6,611,185	$6,396,243	$6,935,200
2.00%	1.00%	0.00%	0.00%

2016	2017	2018	2019
$24,867	$24,128	$23,632	$25,466
24,867	24,128	23,632	25,466
$0	$0	$0	$0
$4,973,360	$5,073,783	$4,959,418	$5,368,089
0.50%	0.50%	0.50%	0.50%

Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

NOTE 1 – BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriation ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by ordinance of the City Council.

A. Estimated Resources

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

B. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. During 2019, several supplemental appropriations were necessary to budget for unanticipated expenditures. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—General Fund," and in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual—Special Revenue Fund-Garbage and Refuse Fund" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

NOTE 1 – BUDGETARY PROCESS (Continued)

C. Encumbrances

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

D. Lapsing of Appropriations

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

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Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

NOTE 1 – BUDGETARY PROCESS (Continued)

E. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Garbage and Refuse Fund:

Net Change In Fund Balance	General Fund	Garbage and Refuse Fund
GAAP Basis (as reported)	$3,360,260	$149,901
Increase (Decrease):		
Accrued Revenues at December 31, 2019 received during 2020	(2,524,277)	0
Accrued Revenues at December 31, 2018 received during 2019	2,412,791	0
Accrued Expenditures at December 31, 2018 paid during 2019	878,943	75,763
Accrued Expenditures at December 31, 2018 paid during 2019	(735,805)	(87,471)
2018 Prepaids for 2019	147,949	7,733
2019 Prepaids for 2020	(299,414)	(14,939)
2019 Mark to Market	(45,255)	0
2018 Off the Books Account	60,401	0
2019 Off the Books Account	(66,252)	
Outstanding Encumbrances	(358,946)	(119,869)
Budget Basis	$2,830,395	$11,118

Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality Table.

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

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

Changes in assumptions:

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

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

Changes in assumptions:

2018: There were no changes in assumptions.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.24% to 4.66%.

INDEPENDENT AUDITORS' REPORT

INTERNAL CONTROL

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Rehmann

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

June 29, 2020

Honorable Mayor and
Members of the City Council
City of Perrysburg, Ohio

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

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

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

City of Perrysburg, Ohio's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Robson LLC

Schedule of Findings and Responses

For the Year Ended December 31, 2019

2019-001 - Capital Assets

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. The City makes year end entries to convert financial records from cash basis to modified accrual basis to be in conformance with generally accepted accounting principles (GAAP). As part of the conversion, the City has to identify capital asset transactions at year end or subsequent to year that should be reflected on the statement of net position and/or balance sheet.

Condition. The City initially identified some "new" capital assets that were already capitalized in the prior year and also did not identify some assets that should be capitalized in the current year. Additionally, some assets were not properly coded in the asset software package, resulting in those assets not being properly depreciated.

Cause. The City double-posted an audit entry, and also overlooked some capitalizable items during the GAAP conversion. For the depreciation, the asset software package didn't pick up certain codes when calculating depreciation.

Effect. As a result of this condition, capital assets were initially overstated for governmental activities by approximately $686,000 and overstated for business-type activities by approximately $2,570,000.

Recommendation. We recommend the City complete a review of the asset software package to ensure all funds used are calculating depreciation appropriately. In addtion, we recommend the City continue with their efforts to review capital asset activity during the GAAP conversion process to ensure that all assets are properly accounted for in the proper period.

View of Responsible Officials. Management agrees with this finding and has prepared a corrective action plan.

■ ■ ■ ■ ■

City of Perrysburg

201 West Indiana Avenue
Perrysburg, Ohio 43551
(419) 872-8030

David D. Creps
Director of Finance/Clerk of Council

2019-001 – Capital Assets

Planned Corrective Action.

Management will review and update our current processes of review of capital assets currently in process to properly capture all capital assets. This will include all transactions before and after year end to ensure transactions are recorded in the proper period. Additionally, management will be reviewing the asset software package to ensure all assets are properly classified and being depreciated.

Responsible Party. Dave Creps, Director of Finance

Date of Planned Corrective Action. 6/26/2020

Management Assessment. We concur with the audit assessment regarding this matter.

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF PERRYSBURG

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 8/4/2020