CITY OF TWINSBURG, OHIO

ANNUAL INFORMATION FILING FOR FISCAL YEAR 2019

The following provides, in accordance with the continuing disclosure agreements (the Continuing Disclosure Agreements) entered into by the City of Twinsburg, Ohio (the City), annual financial information and operating data for the City's fiscal year ended December 31, 2019 (Fiscal Year 2019), of the type included in the respective final official statements for its primary offerings of and issuances:

$310,000 Street Improvement Special Assessment Bonds, Series 2003, dated as of October 15, 2003. Final Maturity December 1, 2023.

$6,455,000 Park Land and Conservation Refunding Bonds, Series 2011A, dated February 17, 2011. Final Maturity December 1, 2021.

$4,115,000 Various Purpose Refunding Bonds, Series 2011B, dated February 17, 2011. Final Maturity December 1, 2021.

The applicable CUSIP number is 901799.

The Annual Information Filing constitutes only the annual financial information and operating data agreed to be provided under the Continuing Disclosure Agreements entered into at the time of the primary offerings referenced above. No representation is made as to the materiality or completeness of that information. Other relevant information for Fiscal Year 2019 may exist, and matters may have occurred or become known during or since that period, which an investor would consider to be important when making an investment decision. Further, no representation is made that the Annual Information Filing is indicative of financial or operating results of the City since the end of Fiscal Year 2019 or future financial or operating results. Finally, the inclusion of certain information pertaining to post-Fiscal Year 2019 events, if any, is provided solely for convenience, and is not intended to suggest that other such information not so included is any less material or important to an investor.

Dated: September 28, 2020

CITY OF TWINSBURG, OHIO

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INTRODUCTORY STATEMENT

The City entered into the Continuing Disclosure Agreements pursuant to SEC Rule 15c2-12 (the Rule) in connection with the primary offerings and issuances by the City of the bond issues identified on the cover page (collectively, the Bonds). The Continuing Disclosure Agreements require the City to provide annually financial information and operating data for its immediately preceding Fiscal Year of the type included in the final official statements for those offerings (collectively, the Official Statements). This Annual Information Filing provides such financial information and operating data for the City's Fiscal Year ended December 31, 2019.

All financial and other information in this Annual Information Filing has been provided by the City from its records, except for information expressly attributed to other sources. More complete information regarding laws, reports and documents referenced in this Annual Information Filing may be obtained by reviewing those laws, reports and documents. Subject to limited exceptions, records of the City are available for public inspection and copies may be obtained at cost upon request. Questions regarding information contained in this Annual Information Filing and requests for copies of documents should be directed to the Director of Finance of the City at the address shown on the cover.

The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or otherwise be predictive of future experience. The information and expressions of opinion herein are subject to change without notice. The delivery of this Annual Information Filing shall not, under any circumstances, give rise to any implication that the affairs of the City have not changed since the date of this Annual Information Filing.

The City's audited basic financial statements for Fiscal Year 2019 are not yet available and will be filed with the Municipal Securities Rulemaking Board (MSRB) in an electronic format prescribed by the MSRB using the MSRB's Electronic Municipal Market Access (EMMA) platform promptly after they have been made available by the Ohio Auditor of State (OAS) on the internet address of the OAS, currently http://www.auditor.state.oh.us. Unaudited basic financial statements of the City for Fiscal Year 2019 are attached as **Appendix B** (the Unaudited Fiscal Year 2019 Financial Statements).

As used in this Annual Information Filing:

- **"Council"** means the Council of the City.
- **"County"** means the County of Summit, Ohio.
- **"County Fiscal Officer"** means the County Fiscal Officer of the County.
- **"Debt charges"** means the principal (including any mandatory sinking fund deposits and mandatory redemption payments), interest and any redemption premium payable on the obligations referred to as those payments come due and are payable; debt charges may also be referred to as "debt service."
- **"Fiscal Year"** means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as "Fiscal Year 2019") means the Fiscal Year ending on December 31 in that year.
- **"Revised Code"** means the Ohio Revised Code.

- **"State"** or **"Ohio"** means the State of Ohio.

FINANCIAL OUTLOOK

The City had a General Fund cash balance of $8,957,790 as of December 31, 2019. The unencumbered General Fund balance was $8,808,230 as of December 31, 2019. Receipts and expenditures in the General Fund for 2019 are listed in **Appendix A**.

For Fiscal Year 2019, City income taxes were the largest source of revenue. See **Municipal Income Tax**. Ad valorem property taxes were the second largest source of City revenues. See **Ad Valorem Property Taxes**.

There were no deficits in City funds at year end for Fiscal Year 2019.

Until the COVID-19 pandemic (see **Subsequent Events – COVID-19 Pandemic**), an expanding economy with increased industrial activity was generating new jobs and increasing the need for space. The City benefitted by a location with strong arterial and interstate connections that supported area growth. Fortunately, retail and service commercial sectors were never fully developed. Residents have been willing and able to make a small commute to one of the surrounding communities more open to commercial activity and its resultant traffic. Local commercial activity has been impacted by operational and social distancing mandates. Some have closed and others are struggling to survive. However, the relatively small retail and service sector has resulted in only small decreases in tax revenues to the City. The largest impacts to the City's finances have been associated with commercial and industrial office spaces where work at home practices, employee layoffs and furloughs have been implemented, resulting in declines in income tax revenues. Local businesses associated with travel, aviation and events planning have been particularly impacted.

The warehousing and distribution sectors have partially compensated for reduced commercial economic activity. Companies located in Cornerstone Business Park (more below), including Amazon, FedEx, O'Reilly Auto, Vistar and others have thrived as "e-commerce" substitutes for traditional shopping. Industrial activity remains strong with some disruptions occurring due to supplier problems, particularly those with suppliers outside of the U.S.

Because of the continuing demand for distribution space, industrial vacancy has remained relatively low. Prior to COVID-19, local industrial space vacancies in the City were less than 3% of total industrial space (all time low). Currently, the vacancy rate stands at less than 10%, according to CoStar Realty Services.

Cornerstone Business Park (former Chrysler Stamping Plant)

The former Chrysler Stamping Plant site is cleared and fully improved. As of December 31, 2019, this resurrected and renamed 165-acre property (known as "Cornerstone Business Park") provided approximately 1,640,000 square feet of industrial building space.

Recent new buildings at Cornerstone Business Park include:

- Scannell Properties recently completed its 248,000 square foot distribution building at the southern end of Cornerstone Business Park. The building has been completely leased with the largest space leased by Lowe's Hardware for assembly and distribution of home appliances.

- O'Reilly Auto Enterprises, LLC's new 404,000 square foot distribution facility in Cornerstone Business Park is now completed and has ramped up to full operation with as many as 300 employees expected prior to the end of 2020. It is anticipated that this addition will bring more than $11 million in new payroll and its associated income tax revenue.

A 17-acre parcel and smaller five-acre parcel remain in the Park to accommodate future clients. A new 240,000 square foot industrial building is in the initial planning and permitting phases, and the smaller five-acre site has been proposed for development as a semi-truck parking area to serve the needs of businesses in the Park. Upon construction and implementation, this future development would complete the park.

New and Expanding Business

In the past 12 months, a number of entities have opened in the City.

- Loews Hardware (8601 Cornerstone Parkway).
- Watco (8601 Cornerstone Parkway.
- TreadMax (8601 Cornerstone Parkway).
- Zoom Car Wash (8581 Darrow Road).
- Divana Nail and Spa.
- Good Shepard Church.

Businesses expanding space through building expansions in the last 12 months include the following:

- Vistar (8601 Cornerstone Parkway) (70,000 square foot refrigerated storage).
- Siffron (8181 Darrow Road) (100,000 square foot warehouse).

Central Twinsburg Redevelopment and the Twinsburg Community Improvement Corporation

The City is in the process of establishing a new development tool to assist with redevelopment of the central area. A tool recently developed by the State has been reviewed by City Council. This "Downtown Redevelopment District" tool enables the City to divert increases in property tax receipts to be redirected for the support of historic preservation and infrastructure development. The City anticipates moving forward with this tool over the next year.

The Twinsburg Community Improvement Corporation (TCIC) has reached a tentative understanding with a major property owner in the central area for the cooperative promotion and sale for redevelopment purposes of 9.6 acres of land for mixed-use development. Ultimately, the partnership will promote the sale of the site and select a developer. It is anticipated that the selected developer will carry the project forward in coming years.

Housing Starts

Residential housing demand remains strong in the community. Permits have been granted for development of 95 single family residential lots in three subdivisions within the City since January 2019. These housing starts will generate more than $30,000,000 in construction value and more than $725,000 in total income tax revenue annually in the coming years.

AD VALOREM PROPERTY TAXES

Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the City.

Collection Year	Real(a)	Public Utility(b)	Total Assessed Valuation
2016	$560,944,850	$10,386,130	$571,330,980
2017	569,752,880	11,267,450	581,020,330
2018(c)	619,283,200	11,671,230	630,954,430
2019	628,100,400	12,173,910	640,274,310
2020	637,921,880	13,019,670	650,941,550

(a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Fiscal Officer. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.
(b) Tangible personal property of all public utilities and real property of railroads.
(c) Reflects triennial adjustment.

Source: County Fiscal Officer.

Based on County Fiscal Officer records of assessed valuations for the 2020 collection year, the largest City ad valorem property tax payers are:

Name of Taxpayer	Nature of Business	Total Assessed Valuation	% of Total Assessed Valuation
Ohio Edison Company	Electricity	$7,863,250	1.21%
Deer Run Apartments, LTD.	Multi-family housing	7,349,920	1.13
HGG Twinsburg Residential LLC	Multi-family housing	5,044,110	0.77
Aveni Twinsburg I LTD.	Multi-family housing	4,613,750	0.71
Twinsburg Ohio Property LLC	Nursing home	4,225,350	0.65
Pepsi Cola General Bottlers of Ohio, Inc.	Soft drink bottling	4,021,380	0.62
GL Edison Blvd Propcp LLC	Commercial property	3,642,810	0.56
Apple Nine Hospitality Ownership, Inc.	Real estate investment	3,558,390	0.55
American Transmission	Multi-national conglomerate	3,428,900	0.53
Twinsburg Owners, LLC	Commercial property	3,239,610	0.50
Twinsville Associates	Real estate investment	3,159,630	0.49
Ohio Industrial LLC	Commercial property	3,025,220	0.46

Taxes collected on "Real" in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. "Public Utility" (real and tangible personal) 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.

Pursuant to statutory requirements for sexennial reappraisals, in 2020 the County Fiscal Officer is currently adjusting the true value of taxable real property to reflect current fair market values. These adjustments will be reflected in the 2020 duplicate (collection year 2021) and in the ad valorem taxes distributed to the City in 2021 and thereafter. The County Fiscal Officer is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value triennially to reflect true values. The County Fiscal Officer completed such a triennial adjustment in 2017.

The "assessed valuation" of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

As a result of the phase-out of taxation of tangible personal property used in general business (excluding certain public utility property) and tangible personal property used by telephone, telegraph or interexchange telecommunications companies, as described above, and a 2002 reduction of the percentages of true value of electric utility production equipment and natural gas utility property assessed for taxation, eligible local governments have received reimbursement payments from the State to account for the loss of property tax revenue. The City has not received reimbursement from the State relating to lost property revenue from operating levies since 2015.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt. These credits are discussed further following **Tax Table A**.

Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per $1.00 of assessed valuation.

The City Charter provides that the maximum total tax rate that may be levied without a vote of the electors for all purposes is 7.0 mills. See **Indirect Debt and Unvoted Property Tax Limitations**.

The following are the rates at which the City and overlapping taxing subdivisions have in recent years levied ad valorem property taxes.

TAX TABLE A
Overlapping Tax Rates

Collection Year	City	County(a)	Twinsburg City School District	Cuyahoga Valley JVSD	Twinsburg Library	Total
2016	2.05	12.70	66.10	2.00	2.00	84.85
2017	2.05	12.70	65.83	2.00	2.00	84.58
2018	1.93	12.70	71.62	2.00	2.00	90.25
2019	1.91	12.70	72.01	2.00	2.00	90.62
2020	1.91	13.70	72.15	2.00	2.00	91.76

(a) Includes levies for the County Board of Developmental Disabilities, Children's Services, Mental Health and Akron Zoo.

Source: County Fiscal Officer.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year; and

- amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

As noted above, all of the City's property tax levies, as levies inside the ten-mill limitation or as Charter tax rates, are exempt from those tax credit provisions. The tax credit provisions do not apply to amounts realized from taxes levied at whatever rate is required to produce a specified amount or an amount to pay debt charges on voted general obligations, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the levies subject to these tax credits. A resulting "effective tax rate" reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the total overlapping tax rate for the 2020 tax collection year of 91.76 mills within the City (in that portion of the City within the School District) is reduced by reduction factors of 0.310947 for residential/agricultural property and 0.228119 for all other real property, which results in "effective tax rates" of 63.227520 mills for residential and agricultural property and 70.827837 mills for all other real property. See **Tax Table A**.

Residential and agricultural real property tax amounts paid by taxpayers generally have been further reduced by an additional 10% (12.5% in the case of owner-occupied residential property); however, legislation passed by the State's General Assembly in 2013 eliminated such reductions for additional and replacement levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Collections** for a discussion of reimbursements by the State to taxing subdivisions for these reductions and related changes made by that State legislation.

The following are the rates at which the City levied property taxes for the general categories of purposes for the years shown, both inside and outside the Charter tax limitation.

TAX TABLE B
City Tax Rates

Inside the Limitation(a)

Collection Year	Debt Retirement	Police and Fire Pension	Total
2016	1.45	0.60	2.05
2017	1.45	0.60	2.05
2018	1.33	0.60	1.93
2019	1.31	0.60	1.91
2020	1.31	0.60	1.91

(a) All taxes are levied inside the Charter tax limitation, except that for Debt Retirement which is a voted tax levied to pay debt charges on the City's unlimited tax general obligation bonds.

The voted levies for Debt Retirement continue for the life of the bonds authorized by the voters, in annual amounts sufficient to pay debt charges on those bonds as they become due.

See the discussion of the Charter tax limitation, and the priority of claim on that millage for debt charges on unvoted general obligation debt, under **Indirect Debt and Unvoted Property Tax Limitations**.

Collections

The following are the amounts billed and collected for City ad valorem property taxes on real and public utility property for the tax collection years shown.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent	
				Current	Accumulated
2015	$1,208,613	$1,183,484	97.92%	$25,129	$50,874
2016	1,171,231	1,149,154	98.12	22,077	32,472
2017	1,191,284	1,165,980	97.88	25,304	37,964
2018	1,217,744	1,194,921	98.13	22,823	35,119
2019	1,222,925	1,196,257	97.82	26,669	37,857

Source: County Fiscal Officer.

Included in the "Current Billed" and "Current Collected" figures above are payments made from State revenue sources under two Statewide real property tax relief programs – the Homestead Exemption and the Property Tax Rollback Exemption. Homestead Exemptions have been available for (i) persons 65 years of age or older, (ii) persons who are totally or permanently disabled and (iii) surviving spouses of persons who were totally or permanently disabled or 65 years of age or older, and had applied and qualified for a reduction of property taxes in the year of death, so long as the surviving spouses were not younger than 59 or older than 65 years of age on the date of their deceased spouses' deaths. The Homestead Exemption exempts $25,000 of the homestead's market value from taxation, thereby reducing the property owner's ad valorem property tax liability. The Property Tax Rollback Exemption applies to all non-business properties, and reduces each property owner's ad valorem property tax liability by either 12.5% (for owner-occupied non-business properties) or 10% (for non-owner non-business occupied properties). Payments to taxing subdivisions have been made in amounts approximately equal to the Homestead and Property Tax

Rollback Exemptions granted. This State assistance reflected in the City's tax collections for 2019 was $16,517 for the elderly/disabled homestead payment and $105,429 for the rollback payment.

The Homestead Exemption became subject to means testing beginning in 2014, and the Property Tax Rollback Exemption and related reimbursements have been eliminated with respect to new or replacement tax levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Tax Rates**.

Real property taxes are payable in two installments, the first usually by February and the second in July.

Special Assessments

The City on occasion conducts residential and other street improvements, which can include paving, resurfacing, draining, planting shade trees and constructing curbs, sidewalks, storm sewers, sanitary sewers and water lines. The cost of these improvements is paid in part from special assessments levied against the property benefiting from those improvements; the remaining cost is paid by the City. Unless all of the benefiting property owners petition to pay all costs, State law requires the City to pay at least 2% (plus the cost associated with intersections) of the total cost of the improvements.

Owners of benefiting properties may commence a street improvement project by filing a petition with City Council requesting the improvement. Alternatively, Council, with a three-quarter majority, may by resolution declare the necessity for such an improvement. The special assessment proceedings provide for notice to property owners and an opportunity for property owners to object to the special assessments. At the commencement of construction of the improvement, bond anticipation notes may be issued to pay the property owners' portion of the project cost. Following completion of the work and determination of final costs, the special assessments are levied by Council against the benefiting property. Special assessments not paid within 30 days are certified to the County Fiscal Officer for collection over a period of time (usually 10 to 20 years for most projects). Special assessments are billed by the County Fiscal Officer and collected along with and at the same time as real property taxes. The real property taxes levied on any property against which special assessments have been levied are not to be paid unless those special assessments are also paid.

If bond anticipation notes are issued to pay the property owner's portion of the project cost as described above, bonds may be issued in anticipation of the collection of the special assessments to refund (together with any cash payments of special assessments) those notes. The special assessments certified for collection bear the same interest as the bonds. Under State law, those bonds are to be paid from the anticipated special assessments, but they are also general obligations of the City, payable from ad valorem property taxes to the extent not paid from those special assessments. See **City Debt and Other Long-Term Obligations – Statutory Direct Debt Limitations, Indirect Debt and Unvoted Property Tax Limitations** and **Debt Tables A** and **B**. The City has never been required to levy an ad valorem property tax for debt charges on bonds issued in anticipation of the collection of special assessments because special assessments have been collected as required and sufficient balances have been available in the Bond Retirement Fund to cover any temporary shortfall.

The following are the amounts billed and collected for City special assessments for the tax collection years shown.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent Current	Delinquent Accumulated
2015	$175,044	$174,973	99.96%	$ 72	$25,049
2016	138,115	136,924	99.14	1,191	27,527
2017	130,190	125,414	96.33	4,776	30,755
2018	149,308	134,532	90.10	5,086	32,629
2019	156,145	154,021	98.64	2,124	28,517

Source: County Fiscal Officer.

MUNICIPAL INCOME TAX

Ohio law authorizes a city or village to levy a municipal income tax on both business income and employee wages and salaries at a rate of up to 1% without voter authorization. An income tax rate in excess of 1% requires approval by the voters. In 1967, City Council passed legislation authorizing an income tax at the rate of 0.5% and, in 1969, passed legislation authorizing an additional income tax at the rate of 0.5%, each for a continuing period of time. City electors authorized an additional income tax at the rate of (i) 0.5% in 1987, (ii) 0.5% in 1996 and (iii) 0.25% in 2009. In November 2013, City electors, with support of City officials, approved the repeal of the 0.25% income tax increase initially approved in 2009. The City, pursuant to Council action and the voter authorizations, currently levies the tax at the rate of 2.00%. This tax on business income and individuals' salaries and wages is collected and administered by the City. For taxable years beginning on or after January 1, 2018, taxpayers subject to a municipal net profit tax may elect to file one municipal net profit tax return that covers its total municipal net profit tax liability to all municipal corporations through the Ohio Business Gateway for processing by the Ohio Department of Taxation. The Ohio Department of Taxation will provide all administrative functions for those centrally-filed returns and will distribute payments to the appropriate municipalities, as well as address audits and appeals. The State will charge a processing fee to municipalities for taxpayers electing a centralized filing.

The tax is in effect for a continuing period of time. It could be reduced or terminated by action of the Council (unless restricted by a Charter provision), or by vote of the electors initiated by petition of 10% of the number of electors of the City who voted for governor at the next preceding election, following initiated ordinance procedures. Under current law, the Council could (unless restricted by a Charter provision) reimpose a 1% tax without authorization by the electors. No such Charter provision is now in effect.

Income tax proceeds, after payment of collection expenses, have been allocated by the Council for Fiscal Year 2019 100% to operating expenses.

Annual income tax receipts (all at 2.00%) in recent years were:

Year	Total Receipts
2015	$19,651,388
2016	20,739,171
2017	22,300,468
2018	22,816,024
2019	23,534,824

The City has received $15,013,547 of income tax receipts through August 31, 2020.

Residents are currently permitted, as a credit against their City income tax liability, up to a maximum of 2.00% paid as municipal income tax on the same income in another municipal corporation.

Based on the employer payments of corporate and salary withholding income taxes, only one employer, RGH Enterprises, Inc., contributed more than 5% of the City income tax collected in 2019.

STATE LOCAL GOVERNMENT ASSISTANCE FUNDS

Statutory state level local government assistance funds, comprised of designated State revenues, are another source of revenue to the General Fund. Most are distributed to each county and then allocated on a formula basis, or in some cases on an agreement basis, among the county and cities, villages and townships, and in some cases park districts, in the county. City receipts from those funds are set forth in the following table.

Year	Receipts
2015	$325,680
2016	262,823
2017	228,530
2018	217,696
2019	268,563

The City has received $192,729 of State level local government assistance funds receipts through August 31, 2020. The amounts of and formula for distribution of these funds have been and may be revised from time to time. In 2018, villages with a population of 1,000 or more and cities experienced smaller distributions from the State's Local Government Fund due to a portion of those funds being redirected to townships and drug epidemic services.

CITY DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt, applicable debt and ad valorem property tax limitations, and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the City.

As used in the discussions that follow, the term BANs refers to notes issued in anticipation of the issuance of general obligation bonds.

Certain overlapping subdivisions also may issue voted and unvoted general obligation debt.

The City is not, and to the knowledge of current City officials has not in at least the last 25 years been in default in the payment of debt service on any of the bonds or notes on which the City is obligor. The City, however, makes no representation as to the existence of a condition of default resulting from a default by any private entity under any financing documents relating to industrial development or hospital revenue bonds for which the City was the issuer.

Security for General Obligation Debt; Bonds and BANs

The following describes the security for City general obligation debt: bonds and bond anticipation notes (BANs).

Voted Bonds. The basic security for voted City general obligation bonds is the authorization by the electors for the City to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes, without limitation as to rate or amount, on all real and tangible personal property subject to ad valorem taxation by the City. These taxes are outside of the Charter tax limitation and are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on the voted bonds (subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities).

As of December 31, 2019, the City had $950,000 of voted general obligation bonds outstanding.

Unvoted Bonds. The basic security for unvoted City general obligation bonds is the City's ability to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the City, within the Charter tax limitation described below. These taxes are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on unvoted general obligation bonds. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities. See the discussion under **Indirect Debt and Unvoted Property Tax Limitations** of the Charter tax limitation, and the priority of claim on it for debt charges on unvoted general obligation debt of the City and all overlapping taxing subdivisions.

As of December 31, 2019, the City had $1,390,000 of unvoted general obligation bonds outstanding.

BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bands anticipated by the BANs, or available funds of the City or a combination of these sources. While BANs are outstanding, Ohio law requires the levy of an ad valorem property tax in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes (the maximum maturity for special assessment BANs is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

As of December 31, 2019, the City had $6,138,000 in outstanding BANs.

Statutory Direct Debt Limitations

The Revised Code provides:

- The net principal amount of both voted and unvoted debt of a city, excluding "exempt debt" (discussed below), may not exceed 10½% of the total tax valuation of all property in the city as listed and assessed for taxation.

- The net principal amount of the unvoted nonexempt debt of a city may not exceed 5½% of that valuation.

These two limitations, which are referred to as the "direct debt limitations," may be amended from time to time by the General Assembly.

The City's ability to incur unvoted debt (whether or not exempt from the direct debt limitations) also is restricted by the indirect debt limitation discussed below under **Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt that the City may issue is exempt from the direct debt limitations (exempt debt). Exempt debt includes, among others, the following categories.

- General obligation debt:
  - That is "self supporting" (*i.e.*, nontax revenues from the facility or category of facilities are sufficient to pay operating and maintenance expenses and related debt charges and other requirements) issued for facilities for city utility systems, airports, railroads, mass transit systems, parking, health care, solid waste, urban development, recreation, sports, convention, auditorium, museum, trade show and other public attractions, facilities for natural resource exploration, development, recovery, use or sale, and correctional, detention and related rehabilitation facilities.
  - To the extent debt charges are expected to be paid from tax increment financing payments in lieu of taxes pledged to the payment of those debt charges (subject to certain limitations).
  - For highway improvements if the municipality has covenanted to pay debt charges and financing costs from distributions of motor vehicle license and fuel taxes.
  - In anticipation of the levy or collection of special assessments.
  - To pay final judgments or court-approved settlements.
- Securities for water or sanitary or storm water sewerage facilities to the extent that another subdivision has agreed to pay to the City amounts equal to debt charges on those securities.
- Unvoted general obligation bonds to the extent that debt charges will be met from lawfully available municipal income taxes, to be applied to those debt charges pursuant to ordinance covenants.
- Revenue debt and mortgage revenue bonds to finance municipal utilities.
- Notes issued in anticipation of (i) the collection of current revenues (which have a latest maturity of the last day of the Fiscal Year in which issued) or (ii) the proceeds of a specific tax levy.
- Notes issued for certain energy conservation improvements or certain emergency purposes.
- Debt issued in anticipation of the receipt of federal or State grants for permanent improvements, or to evidence loans from the State capital improvements fund or State infrastructure bank.
- Voted debt for urban redevelopment purposes not in excess of 2% of the City's assessed valuation.

- ° Securities issued to make a single payment on certain accrued liability to the statewide Police and Fire Pension Fund.
- ° Securities issued for municipal educational and cultural facilities and sports facilities.

BANs issued in anticipation of exempt bonds also are exempt debt.

The City may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

In the calculation of debt subject to the direct debt limitations, the amount in a city's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of amounts in the City's Bond Retirement Fund, and based on outstanding debt and current tax (assessed) valuation, the City's voted and unvoted nonexempt debt capacities as of December 31, 2019, were:

Limitation	**Nonexempt Debt Outstanding**	**Additional Debt Capacity Within Limitation**
10½% = $68,348,862	$8,398,000	$59,950,862
5½% = $35,801,785	$7,448,000	$28,353,785

This is further detailed in **Debt Table A**.

Indirect Debt and Unvoted Property Tax Limitations

Voted general obligation debt may be issued by the City if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the City without a vote of the electors. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on those bonds (the bonds in anticipation of which BANs are issued) and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the City resulting in the highest tax required for such debt charges, in any year is seven mills or less per $1.00 of assessed valuation. This indirect debt limitation is imposed by the Charter.

In lieu of the ten-mill limitation briefly discussed below, the electors of a charter municipality such as the City may authorize the levy of a tax at a rate subject to a different limitation. The electors of the City have authorized the Council to levy each year a tax of up to the Charter tax limitation on all the taxable property in the City without further authorization from the electors, but subject to change by further action of the electors. See **Tax Rates**.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the highest estimate of annual debt charges for the anticipated bonds is used to calculate the millage required.

Revenue bonds and notes and mortgage revenue bonds are not included in debt subject to the indirect limitation because they are not general obligations, and the full faith and credit of the City is not pledged for their payment.

The indirect limitation applies to all unvoted general debt even if debt charges on some of it is expected to be paid in fact from municipal income taxes, special assessments, utility revenues or other sources.

As of December 31, 2019, the estimated highest requirement for debt charges in any year for all City debt subject to the Charter tax limitation was estimated to be $1,087,043. That debt includes all unvoted general obligation bonds outstanding (see **Debt Table D**). The payment of those annual debt charges would require a levy of 1.6700 mills based on current assessed valuation.

As of December 31, 2019, the total millage theoretically required by the City for its outstanding unvoted bonds was estimated to be 1.6700 mills for the year of the highest potential debt charges. There thus remained 5.3300 mills within the Charter tax limitation that have yet to be allocated to debt charges by the City and that are available to the City in connection with the issuance of additional unvoted general obligation debt.

In the absence of the Charter tax limitation, the applicable indirect debt limitation would be the product of what is commonly referred to as the "ten mill limitation" imposed by a combination of provisions of the Ohio Constitution and of the Revised Code. The ten mill limitation is the maximum aggregate millage for all purposes that may be levied without elector approval on a single piece of property by *all* overlapping taxing subdivisions, with the 10 mills being allocated among certain overlapping taxing subdivisions (including the cities) pursuant to a statutory formula. The inside millage so allocated is required by Ohio law to be used first for the payment of debt charges on unvoted general obligation debt of the subdivisions (unless provision has been made for its payment from other sources) and the balance may be used for other purposes of the subdivisions. If the ten mill limitation applied to the City (that is, if the City did not have the Charter tax limitation), unvoted obligations could not be issued by the City unless the tax required to be imposed in any one year would be 10 mills or less per $1.00 of assessed valuation for payment of annual debt charges on those obligations (if BANs, the bonds in anticipation of which the BANs are issued) and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions, including the City, resulting in the highest tax rate required for those debt charges. To the extent that this inside millage is required for debt charges of a taxing subdivision (which may exceed the formula allocation for that subdivision), the amount that would otherwise be available to that subdivision or to other overlapping subdivisions for general fund purposes would be reduced. In the case of the City, however, a law applicable to all Ohio cities and villages requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on City unvoted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

Debt Outstanding

The Debt Tables attached provide information concerning the City's outstanding debt represented by bonds and notes, with respect to City and overlapping subdivision general obligation debt allocations, and debt charges.

Long-Term Financial Obligations Other Than Bonds and Notes

Between the years 2008 to 2016, the City entered into 13 loan agreements with the Ohio Public Works Commission (OPWC). Under these loans, OPWC provided funds to the City to pay costs of certain street and sewer improvements. The aggregate principal amount of the City's loan obligation under those loan agreements was $6,479,212 as of December 31, 2019, requiring an annual principal payment of $218,726 in Fiscal Year 2019. The final payments on the loans are due in 2047. The loan agreements grant no security or property interest to OPWC in any City property and do not pledge the general credit of the City, or create a debt subject to the direct or indirect debt limitations, or require the application of the general resources of the City for repayment. OPWC loans are not subject to prepayment by the City before the final due date. See the Notes to the Unaudited Fiscal Year 2019 Financial Statements attached as **Appendix B**.

The City has no other significant long term financial obligations, other than the bonds described above and certain lease purchase contracts for photocopying and general office equipment, the retirement obligations and liability described under **Retirement Expenses** of the City's required annual payments for allocated accrued liability of the statewide pension fund for police and fire personnel and the compensated absences described in the Notes to the Unaudited Fiscal Year 2019 Financial Statements attached as **Appendix B**.

Retirement Expenses

Present and retired employees of the City are covered under two statewide public employee retirement (including disability retirement) systems. The Ohio Police and Fire Pension Fund (OP&F) covers uniformed members of the police and fire departments. All other eligible City employees are covered by the Ohio Public Employees Retirement System (OPERS).

OPERS and OP&F are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for employee members. In 2012, the General Assembly passed five separate pension reform measures intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities. The reform legislation passed with respect to OPERS and OP&F provided for (i) no change in the City contribution rates with respect to its employees' earnable salaries, (ii) no change in OPERS employee contribution rate, and (iii) an increase in the OP&F employee contribution rate from 10% to 12.25% in annual increments of 0.75% that began on July 2, 2013. With certain transition provisions applicable to certain current employees, the reform legislation has, among other changes, increased minimum age and service requirements for retirement and disability benefits, revised the calculation of an employee's final average salary on which pension benefits are based to include the five highest years (rather than the three highest years), provided for OPERS pension benefits to be calculated on a lower, fixed formula, changed provisions with respect to future cost-of-living adjustments to limit those adjustments to the lesser of any increase in the Consumer Price Index or three percent. The OP&F reform legislation also authorizes the OP&F board to further adjust member contribution rates or further adjust age and service requirements after November 1, 2017, if, after an actuarial investigation, the board determines that an adjustment is appropriate.

For further information on these pension plans and for Fiscal Year 2019 reporting with respect to employer pensions, see the Notes to the Unaudited Fiscal Year 2019 Financial Statements attached as **Appendix B**. Financial and other information for OPERS and OP&F can also be found on the respective website for each retirement system including its Comprehensive Annual Financial Report.

As of December 31, 2019, the City had the net pension liability reported and explained in the Notes to the Unaudited Fiscal Year 2019 Financial Statements attached as **Appendix B**.

In Fiscal Year 2019, City employees covered by OPERS contributed at a statutory rate of 10.0% of earnable salary. As the employer, the City's statutory contribution rate for those employees was 14.0% of the same base. City employees covered by OP&F contributed at a statutory rate of 12.25% of earnable salary. As the employer, the City's statutory contribution rates, applied to the same base, are 19.5% for police personnel and 24.0% for fire personnel.

These employee and employer contribution rates have been and are now the maximums permitted under current State law.

The City's current employer contributions to OPERS and OP&F, and the payments toward the accrued OP&F liability, have been treated as current expenses and included in the City's operating expenditures, except to the extent paid from the proceeds of the "Police and Fire Pension" levy referred to under **Tax Rates**.

Federal law requires City employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, City employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. OPERS and OP&F are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

SUBSEQUENT EVENTS

$7,138,000 Recreational Facilities Improvement Notes, Series 2020

On February 26, 2020, the City issued its $7,138,000 Recreational Facilities Improvement Notes, Series 2020 (the Series 2020 Notes), for the purpose of retiring the City's then-outstanding Recreational Facilities Improvement Notes, Series 2019 (the Series 2019 Notes), and in anticipation of the issuance of bonds for the purpose of paying costs of constructing, furnishing and equipping a new clubhouse at the City's Gleneagles Golf Club including related storage, lighting and drainage facilities, and clearing, improving and equipping its site, together with all necessary appurtenances thereto.

The attached **Debt Tables** are as of December 31, 2019, and thus do not reflect the issuance of the Series 2020 Notes or the retirement of the Series 2019 Notes.

COVID-19 Pandemic

COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to over 170 countries including the United States, was characterized as a global pandemic by the World Health Organization on March 11, 2020 (the "COVID-19 Pandemic" or the "Pandemic"). On March 13, 2020, President Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. The responses of governments, business and individuals to the Pandemic have caused widespread and significant changes in economic activity. Certain sectors of the global, national and local economics are experiencing negative effects due to reduced consumer spending, decreased investor confidence and increased unemployment as well as government mandated and voluntary responses to mitigate the Pandemic including school and business closures, event cancellations and reduced travel. The full effect of the Pandemic on global financial markets as well as national, state, and local economies is unknown. There can be no assurances as to the materiality, severity and duration of negative economic conditions caused by the Pandemic.

In response to the Pandemic, Governor DeWine and the Director of the Ohio Department of Health have taken certain actions to limit the spread of the virus and its impact on local communities and health care services, including the declaration of a state of emergency in the State on March 9, 2020 and the closure of all non-essential businesses from March 23, 2020, through May 1, 2020. While many businesses were able to operate remotely and essential businesses were permitted to continue to operate in accordance with strict guidelines during the order, some businesses were unable to operate at all during this time. The Governor began a rolling re-opening of non-essential businesses under specific restrictions beginning May 4. While any direct impact on the City's General Fund resources is currently unknown, the Pandemic could impact the City's collection of income taxes and property taxes and could increase the property tax delinquency rate.

There can be no assurance concerning the Pandemic's full effect on the City's finances or operations.

DEBT TABLE A

Principal Amounts of Outstanding General Obligation (GO) Debt;
Leeway for Additional Debt Within Direct Debt Limitations
(as of December 31, 2019)(a)

A.	Total debt:			$ 8,478,000
B.	Exempt debt:			
		Category	Outstanding Principal Amount	
		Unvoted general obligation bonds and notes issued in anticipation of the collection of special assessments	$ 80,000	
	Total exempt debt:			$ 80,000
C.	Total nonexempt debt **[**A minus B**]**			$ 8,398,000
D.	5½% of tax (assessed) valuation (unvoted nonexempt debt limitation):			$35,801,785
E.	Total nonexempt limited tax bonds and notes outstanding:			
		Bonds	$1,310,000	
		Notes	$6,138,000	$ 7,448,000
F.	Debt leeway within 5½% unvoted debt limitation **[**D minus E**]**			$28,353,785*
G.	10½% of tax (assessed) valuation (voted and unvoted debt limitation):			$68,348,862
H.	Total nonexempt bonds and notes outstanding:			
		Bonds	$2,260,000	
		Notes	$6,138,000	$ 8,398,000
I.	Debt leeway within 10½% debt limitation **[**G minus H**]**			$59,950,862*

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* Debt leeway in this table determined without considering money in the Bond Retirement Fund.

(a) See **Subsequent Events**.

DEBT TABLE B

Various City and Overlapping GO Debt Allocations (Principal Amounts) (as of December 31, 2019)(a)

	Amount	Per Capita(b)	% of City's Current Assessed Valuation(c)
City Nonexempt GO Debt	$ 8,398,000	$443.99	1.29%
Total City GO Debt (exempt and nonexempt)	8,478,000	448.22	1.30
Highest Total Overlapping GO Debt(d)	15,176,566	802.36	2.33

(a) See **Subsequent Events**.

(b) Based on 2018 City population of 18,915.

(c) The City's assessed valuation as of December 31, 2019 was $650,941,550.

(d) Includes, in addition to "Total City GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions (as of December 31, 2019) resulting in the calculation of highest total overlapping debt based on percent of tax (assessed) valuation of territory of the subdivisions located within City (% figures are resulting percent of total debt of subdivisions allocated to City in this manner), as follows:

$2,450,196 County (5.04%); and
$4,248,370 Twinsburg City School District (70.26%).

Source of tax (assessed) valuation and confirmation of GO debt figures for overlapping subdivisions: OMAC*

* Ohio Municipal Advisory Council (OMAC) compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Annual Information Filing to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

DEBT TABLE C

Projected Debt Service Requirements on City GO Debt (as of December 31, 2019)(a)

Year	Outstanding Bonds	Bonds Anticipated by BANs(b)	Total Debt Service	Portions of Total Debt Service Anticipated To Be Paid From: Unlimited Ad Valorem Taxes	Limited Ad Valorem Taxes	Special Assessments
2020	$1,436,777.50	$416,900.00	$1,853,677.50	$833,350.00	$ 998,267.50	$22,060.00
2021	773,162.50	481,680.00	1,254,842.50	167,800.00	1,065,897.50	21,145.00
2022	234,850.00	479,480.00	714,330.00	0.00	694,100.00	20,230.00
2023	19,315.00	481,980.00	501,295.00	0.00	481,980.00	19,315.00
2024	4,400.00	478,880.00	483,280.00	0.00	478,880.00	4,400.00
2025	4,200.00	480,480.00	484,680.00	0.00	480,480.00	4,200.00
2026	0.00	481,480.00	481,480.00	0.00	481,480.00	0.00
2027	0.00	481,880.00	481,880.00	0.00	481,880.00	0.00
2028	0.00	481,680.00	481,680.00	0.00	481,680.00	0.00
2029	0.00	480,880.00	480,880.00	0.00	480,880.00	0.00
2030	0.00	479,480.00	479,480.00	0.00	479,480.00	0.00
2031	0.00	477,480.00	477,480.00	0.00	477,480.00	0.00
2032	0.00	479,880.00	479,880.00	0.00	479,880.00	0.00
2033	0.00	481,380.00	481,380.00	0.00	481,380.00	0.00
2034	0.00	476,980.00	476,980.00	0.00	476,980.00	0.00
2035	0.00	481,980.00	481,980.00	0.00	481,980.00	0.00
2036	0.00	480,780.00	480,780.00	0.00	480,780.00	0.00
2037	0.00	478,680.00	478,680.00	0.00	478,680.00	0.00
2038	0.00	480,680.00	480,680.00	0.00	480,680.00	0.00
2039	0.00	481,480.00	481,480.00	0.00	481,480.00	0.00
2040	0.00	481,080.00	481,080.00	0.00	481,080.00	0.00
2041	0.00	479,480.00	479,480.00	0.00	479,480.00	0.00
2042	0.00	481,680.00	481,680.00	0.00	481,680.00	0.00
2043	0.00	477,380.00	477,380.00	0.00	477,380.00	0.00
2044	0.00	474,880.00	474,880.00	0.00	474,880.00	0.00

(a) See **Subsequent Events**.

(b) Assumes that all of the general obligation BANs are retired with bonds dated as of the issuance date, having first interest payment and first principal payment, being paid serially on the debt service basis and over the number of years and at the estimated interest rate, all as referred to in the legislation authorizing those BANs.

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DEBT TABLE D

Outstanding GO Bonds
(as of December 31, 2019)

The following debt is reflected in **Debt Tables A, B** and **C**.

Bonds

Issue	Date of Issuance	Final Maturity	Original Principal Amount	Outstanding Principal Amount
Street Improvement Special Assessment Bonds, Series 2003	10/15/2003	12/01/2023	$ 310,000	$ 60,000
Special Assessment Bonds, Series 2005	09/14/2005	12/01/2025	62,000	20,000
Park Land and Conservation Refunding Bonds, Series 2011A	02/17/2011	12/01/2021	6,455,000	950,000
Various Purpose Refunding Bonds, Series 2011B	02/17/2011	12/01/2021	4,115,000	695,000
Land Acquisition Refunding Bonds, Series 2013	04/16/2013	12/01/2022	1,888,500	615,000

DEBT TABLE E

Outstanding GO Bond Anticipation Notes
(as of December 31, 2019)(a)

These BANs, or the bonds they anticipate, are reflected in **Debt Tables A**, **B** and **C**.

General Purpose of Issue	Principal Amount	Due	Estimated Bond Terms Years/Rate
Recreational Improvement Notes, Series 2019	$6,138,000	02/27/20	25 yrs/5%

(a) See **Subsequent Events**.

The ability of the City to retire BANs from the proceeds of the sale of either bonds or renewal BANs will be dependent upon the marketability of those obligations under market conditions prevailing at the time of that sale. Under present laws applicable to the City, there is no statutory maximum interest rate applicable to those bonds or renewal BANs.

APPENDIX A

COMPARATIVE CASH BASIS SUMMARY OF GENERAL FUND[(a)]
RECEIPTS AND EXPENDITURES 2014 THROUGH 2018

	2015	2016	2017	2018	2019
CASH BALANCE January 1	$25,357,626	$19,552,971	$13,774,697	$11,152,849	$ 8,866,292
REVENUE RECEIPTS					
Taxes	$19,837,758	$20,925,999	$22,492,160	$23,006,180	$23,719,982
Charges for Service	1,355,755	1,320,193	1,210,984	1,190,415	1,199,173
Licenses and Permits	369,090	468,043	696,105	657,524	775,195
Intergovernmental Receipts	343,608	494,391	251,228	289,116	353,007
All Other Revenue(b)	976,740	1,068,845	1,270,643	1,501,925	1,716,485
TOTAL REVENUE RECEIPTS	$22,882,951	$24,277,471	$25,921,120	$26,645,160	$27,763,842
EXPENDITURE DISBURSEMENTS					
General Government	$ 6,141,025	$ 6,561,725	$ 6,800,928	$ 6,442,290	$ 6,670,909
Public Safety	7,956,199	8,239,643	8,601,245	8,593,459	8,700,547
Public Works(c)	6,785,718	6,503,378	6,963,833	7,094,513	7,078,771
Public Health Service	107,861	208,164	208,142	208,609	210,262
Leisure Time Activities	1,007,707	990,466	1,035,814	1,059,553	1,061,940
TOTAL EXPENDITURE DISBURSEMENTS	$21,998,510	$22,503,376	$23,609,962	$23,398,424	$23,722,429
Total Receipts Over (Under) Disb.	$ 884,441	$ 1,774,095	$ 2,311,158	$ 3,246,736	$ 4,041,413
Total Other Sources (Uses)	(6,689,096)	(7,552,369)	(4,933,006)	(5,533,293)	(3,949,915)
Total Receipts and Other Sources (Uses) Over (Under) Disbursements	(5,804,655)	(5,778,274)	(2,621,848)	(2,286,557)	91,498
General Fund Cash Balance, as of December 31	$19,552,971	$13,774,697	$11,152,849	$ 8,866,292	$ 8,957,790

(a) Unaudited cash basis for 2015 through 2019.

(b) All Other Revenue includes fines and forfeitures, investment income, and all other.

(c) Public Works contains community development and transportation.

APPENDIX B

Basic Financial Statements
from the City's Financial Report for Fiscal Year 2019
(Unaudited)

Statement of Net Position
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Twinsburg Community Improvement Corporation
Assets				
Equity in Pooled Cash and Cash Equivalents	$ 14,371,870	$ 3,446,689	$ 17,818,559	$ 156,206
Cash and Cash Equivalents:				
Restricted Cash	40,925	-	40,925	-
Receivables:				
Accounts	274,226	854,191	1,128,417	-
Accrued Interest	52,850	-	52,850	-
Intergovernmental	648,888	-	648,888	-
Municipal Income Taxes	6,704,705	-	6,704,705	-
Property Taxes	1,189,399	-	1,189,399	-
Contributions	-	-	-	-
Special Assessments	1,711	26,806	28,517	-
Prepaid Items	-	-	-	1,071
Materials and Supplies Inventory	147,722	160,054	307,776	-
Land Held for Investment/Sale	-	-	-	875,078
Nondepreciable Capital Assets	23,630,645	2,596,350	26,226,995	-
Depreciable Capital Assets (Net)	109,286,869	51,326,796	160,613,665	-
Net Pension Asset	49,992	23,701	73,693	-
Total Assets	156,399,802	58,434,587	214,834,389	1,032,355
Deferred Outflows of Resources				
Deferred Charges on Refunding	42,633	-	42,633	-
Pensions	8,674,124	1,724,523	10,398,647	-
OPEB	1,936,699	223,181	2,159,880	-
Total Deferred Outflows of Resources	$ 10,653,456	$ 1,947,704	$ 12,601,160	$ -

See the related notes to the financial statements

City of Twinsburg, Ohio

Statement of Net Position
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Twinsburg Community Improvement Corporation
Liabilities				
Accounts Payable	$ 151,052	$ 24,002	$ 175,054	$ -
Accrued Wages and Benefits	336,461	83,843	420,304	-
Intergovernmental Payable	345,693	90,668	436,361	-
Claims Payable	160,822	34,270	195,092	-
Accrued Interest Payable	86,518	29,847	116,365	-
Unearned Revenue	-	107,385	107,385	-
Long Term Liabilities:				
Due Within One Year	2,267,903	157,704	2,425,607	55,000
Due in More Than One Year:				
Net Pension Liability	33,036,926	5,635,604	38,672,530	-
Net OPEB Liability	7,889,927	2,621,945	10,511,872	-
Other Amounts Due in More than One Year	8,214,241	6,967,965	15,182,206	105,417
Total Liabilities	52,489,543	15,753,233	68,242,776	160,417
Deferred Inflows of Resources				
Property Taxes	1,121,132	-	1,121,132	-
Pensions	757,236	85,777	843,013	-
OPEB	1,242,921	7,137	1,250,058	-
Total Deferred Inflows of Resources	3,121,289	92,914	3,214,203	-
Net Position				
Net Investment in Capital Assets	124,332,004	47,134,586	171,466,590	-
Restricted for:				
Capital Projects	1,906,075	-	1,906,075	-
Debt Service	657,958	-	657,958	-
Other Purposes	3,016,062	-	3,016,062	-
Unrestricted (Deficit)	(18,469,673)	(2,598,442)	(21,068,115)	871,938
Total Net Position	$ 111,442,426	$ 44,536,144	$ 155,978,570	$ 871,938

See the related notes to the financial statements

City of Twinsburg, Ohio

Statement of Activities
For the Year Ended December 31, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Twinsburg Community Improvement Corporation
Primary Government								
Governmental Activities:								
General Government	$ 3,641,103	$ 1,018,242	$ -	$ 2,232,804	$ (390,057)	$ -	$ (390,057)	$ -
Security of Persons and Property	10,442,932	634,166	15,456	-	(9,793,310)	-	(9,793,310)	-
Public Health and Welfare	210,262	-	-	-	(210,262)	-	(210,262)	-
Transportation	8,222,401	-	-	-	(8,222,401)	-	(8,222,401)	-
Leisure Time Activities	1,755,317	243,807	-	-	(1,511,510)	-	(1,511,510)	-
Community Development	1,249,005	364,707	-	134,370	(749,928)	-	(749,928)	-
Interest and Fiscal Charges	156,888	-	-	-	(156,888)	-	(156,888)	-
Total Governmental Activities	25,677,908	2,260,922	15,456	2,367,174	(21,034,356)	-	(21,034,356)	-
Business-Type Activities								
Sewer	3,634,378	3,984,336	-	792,636	-	1,142,594	1,142,594	-
Fitness Center	1,944,708	1,489,491	-	-	-	(455,217)	(455,217)	-
Golf Course	4,365,419	2,084,207	-	-	-	(2,281,212)	(2,281,212)	-
Community Theater	36,977	31,251	1,115	-	-	(4,611)	(4,611)	-
Total Business-Type Activities	9,981,482	7,589,285	1,115	792,636	-	(1,598,446)	(1,598,446)	-
Total - Primary Government	$ 35,659,390	$ 9,850,207	$ 16,571	$ 3,159,810	$ (21,034,356)	$ (1,598,446)	$ (22,632,802)	$ -
Component Unit								
Twinsburg Community Improvement Corporation	$ 25,123	$ 11,905	$ 92,589	$ -	$ -	$ -	$ -	$ 79,371

See the related notes to the financial statements

City of Twinsburg, Ohio

Statement of Activities
For the Year Ended December 31, 2019

General Revenues				
Property and Other Local Taxes Levied for:				
General Purposes	535,679	-	535,679	-
Debt Service	789,882	-	789,882	-
Municipal Income Taxes Levied for				
General Purposes	26,689,266	-	26,689,266	-
Grants and Entitlements not Restricted				
to Specific Programs	2,440,034	-	2,440,034	-
Investment Income	598,281	-	598,281	-
Gain/(Loss) on Disposal of Assets	(21,156)	(3,052)	(24,208)	-
Miscellaneous Income	1,431,158	139,353	1,570,511	1,602
Total General Revenues	32,463,144	136,301	32,599,445	1,602
Net Transfers	(879,600)	879,600	-	-
Change in Net Position	10,549,188	(582,545)	9,966,643	80,973
Net Position Beginning of Year	100,893,238	45,118,689	146,011,927	790,965
Net Position End of Year	$ 111,442,426	$ 44,536,144	$ 155,978,570	$ 871,938

See the related notes to the financial statements

City of Twinsburg, Ohio

Balance Sheet
Governmental Funds
December 31, 2019

	General	Street Construction Maintenance and Repair	Park Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$ 8,923,748	$ 1,546,612	$ 34,095	$ 1,731,491	$ 2,135,924	$ 14,371,870
Cash and Cash Equivalents:						
Restricted Cash	440	-	-	-	40,485	40,925
Receivables:						
Accounts	274,226	-	-	-	-	274,226
Accrued Interest	52,850	-	-	-	-	52,850
Intergovernmental	143,360	379,219	41,819	-	84,490	648,888
Municipal Income Taxes	6,704,705	-	-	-	-	6,704,705
Property Taxes	-	-	815,764	-	373,635	1,189,399
Special Assessments	1,711	-	-	-	-	1,711
Interfund Receivable	270,000	-	-	-	-	270,000
Materials and Supplies Inventory	147,722	-	-	-	-	147,722
Total Assets	$ 16,518,762	$ 1,925,831	$ 891,678	$ 1,731,491	$ 2,634,534	$ 23,702,296
Liabilities						
Accounts Payable	$ 143,463	$ 3,431	$ -	$ 2,628	$ 1,530	$ 151,052
Accrued Wages & Benefits	336,461	-	-	-	-	336,461
Intergovernmental Payable	194,184	-	-	-	151,509	345,693
Claims Payable	160,822	-	-	-	-	160,822
Interfund Payable	-	-	-	-	270,000	270,000
Total Liabilities	834,930	3,431	-	2,628	423,039	1,264,028
Deferred Inflows of Resources						
Deferred Inflows - Property Taxes	-	-	768,942	-	352,190	1,121,132
Unavailable Revenue	2,582,968	209,671	88,641	-	57,599	2,938,879
Total Deferred Inflows of Resources	2,582,968	209,671	857,583	-	409,789	4,060,011
Fund Balances						
Nonspendable	152,172	-	-	-	-	152,172
Restricted	-	1,712,729	34,095	-	1,166,079	2,912,903
Committed	-	-	-	-	729,637	729,637
Assigned	3,431,199	-	-	1,728,863	-	5,160,062
Unassigned (Deficit)	9,517,493	-	-	-	(94,010)	9,423,483
Total Fund Balances	13,100,864	1,712,729	34,095	1,728,863	1,801,706	18,378,257
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 16,518,762	$ 1,925,831	$ 891,678	$ 1,731,491	$ 2,634,534	$ 23,702,296

See the related notes to the financial statements

City of Twinsburg, Ohio

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2019

Total Governmental Fund Balances		$ 18,378,257
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		132,917,514
Net pension asset is a long-term asset that is not a financial resource and therefore is not reported in the funds		49,992
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Property & Other Local Taxes	68,267	
Municipal Income Taxes	2,257,675	
Special Assessments	1,711	
Charges for Services	197,916	
Intergovernmental	52,850	
Investment Income	360,460	
Total		2,938,879
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(86,518)
Deferred charges on refunding related to the issuance of long-term refunding debt that will be amortized over the life of the debt on the statement of net position.		42,633
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions:		
Pension	8,674,124	
OPEB	1,936,699	
Total		10,610,823
Deferred inflows of resources related to pensions and OPEB:		
Pension	(757,236)	
OPEB	(1,242,921)	
Total		(2,000,157)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(2,260,000)	
Special Assessment Bonds	(80,000)	
OPWC Loans Payable	(5,828,653)	
Unamortized Premium on Bonds	(83,853)	
Capital Leases	(333,004)	
Claims Payable	(18,350)	
Compensated Absences	(1,878,284)	
Net Pension Liability	(33,036,926)	
Net OPEB Liability	(7,889,927)	
Total		(51,408,997)
Net Position of Governmental Activities		$ 111,442,426

See the related notes to the financial statements

City of Twinsburg, Ohio

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

	General	Street Construction Maintenance and Repair	Park Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues						
Property and Other Local Taxes	$ 176,478	$ -	$ 743,060	$ -	$ 337,756	$ 1,257,294
Municipal Income Taxes	24,431,591	-	-	-	-	24,431,591
Intergovernmental	368,269	1,044,898	93,967	26,086	561,954	2,095,174
Charges for Services	1,204,877	-	-	-	3,217	1,208,094
Licenses & Permits	740,981	-	-	-	-	740,981
Fines & Forfeitures	108,731	-	-	-	3,489	112,220
Investment Income	485,279	-	-	-	60,152	545,431
Miscellaneous	1,385,845	13,015	-	140,634	25,890	1,565,384
Total Revenues	28,902,051	1,057,913	837,027	166,720	992,458	31,956,169
Expenditures						
Current Operations and Maintenance:						
General Government	6,522,023	-	10,672	-	-	6,532,695
Security of Persons and Property	8,754,460	-	-	-	1,566,652	10,321,112
Public Health and Welfare	210,262	-	-	-	-	210,262
Transportation	5,666,487	1,664,432	-	-	325,546	7,656,465
Leisure Time Activities	1,424,545	-	-	-	54,367	1,478,912
Community Development	1,433,280	-	-	-	-	1,433,280
Capital Outlay	-	-	-	893,601	-	893,601
Debt Service:						
Principal Retirement	-	-	760,000	320,291	761,565	1,841,856
Interest and Fiscal Charges	-	-	75,650	17,933	63,305	156,888
Total Expenditures	24,011,057	1,664,432	846,322	1,231,825	2,771,435	30,525,071
Excess of Revenues Over (Under) Expenditures	4,890,994	(606,519)	(9,295)	(1,065,105)	(1,778,977)	1,431,098
Other Financing Sources (Uses)						
Proceeds from OPWC Loan	-	60,187	-	-	-	60,187
Transfers In	9,000	500,000	-	1,000,000	1,720,250	3,229,250
Transfers Out	(4,099,850)	-	-	-	(9,000)	(4,108,850)
Total Financing Sources (Uses)	(4,090,850)	560,187	-	1,000,000	1,711,250	(819,413)
Net Change in Fund Balance	800,144	(46,332)	(9,295)	(65,105)	(67,727)	611,685
Fund Balance Beginning of Year	12,300,720	1,759,061	43,390	1,793,968	1,869,433	17,766,572
Fund Balance End of Year	$ 13,100,864	$ 1,712,729	$ 34,095	$ 1,728,863	$ 1,801,706	$ 18,378,257

See the related notes to the financial statements

City of Twinsburg, Ohio

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

Net Change in Fund Balances - Total Governmental Funds		$ 611,685
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 depreciation exceeded capital outlays in the current period.		
Capital Asset Additions	2,333,896	
Contributed Capital - Donated Assets	2,232,804	
Current Year Depreciation	(4,330,917)	
Total		235,783
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(21,156)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property & Other Local Taxes	68,267	
Municipal Income Taxes	2,257,675	
Special Assessments	1,711	
Charges for Services	360,460	
Intergovernmental	52,850	
Investment Income	197,916	
Total		2,938,879
Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,863,173
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB liability impact pension/OPEB expense in the statement of activities.		
Pension	(4,184,709)	
OPEB	11,068,075	
Total		6,883,366
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(1,878,284)	
Claims Payable	(18,350)	
Total		(1,896,634)
Governmental funds report premiums and deferred outflows as expenditures, whereas these amounts are deferred and amortized in the statement of activities.		
Amortization of Deferred Charge on Refunded Bonds	(21,317)	
Amortization of Bond Premiums	41,927	
Total		20,610
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(86,518)
Change in Net Position of Governmental Activities		$ 10,549,188

See the related notes to the financial statements

City of Twinsburg, Ohio

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Municipal Income Taxes	$ 22,575,000	$ 23,475,000	23,534,824	$ 59,824
Other Local Taxes	190,000	190,000	185,158	(4,842)
Intergovernmental	247,400	269,436	353,007	83,571
Charges for Services	1,147,535	1,147,535	1,199,173	51,638
Licenses & Permits	721,500	721,500	775,195	53,695
Fines & Forfeitures	106,350	106,350	99,684	(6,666)
Investment Income	210,000	210,000	269,200	59,200
Other	1,142,250	1,163,750	1,347,601	183,851
Total Revenues	26,340,035	27,283,571	27,763,842	480,271
Expenditures				
Current:				
General Government	7,067,350	6,940,336	6,670,909	269,427
Security of Persons and Property	8,846,250	8,953,744	8,700,547	253,197
Public Health and Welfare	210,000	210,262	210,262	-
Transportation	5,598,200	5,652,300	5,602,444	49,856
Leisure Time Activities	1,077,800	1,101,420	1,061,940	39,480
Community Development	1,649,135	1,731,291	1,476,327	254,964
Total Expenditures	24,448,735	24,589,353	23,722,429	866,924
Excess of Revenues Over (Under) Expenditures	1,891,300	2,694,218	4,041,413	1,347,195
Other Financing Sources (Uses)				
Proceeds of OPWC Loan	25,000	25,000	-	(25,000)
Transfers In	-	-	9,000	9,000
Transfers Out	(5,503,415)	(5,748,615)	(4,099,850)	1,648,765
Total Other Financing Sources (Uses)	(5,478,415)	(5,723,615)	(4,090,850)	1,632,765
Net Change in Fund Balance	(3,587,115)	(3,029,397)	(49,437)	2,979,960
Fund Balance Beginning of Year	8,866,292	8,866,292	8,866,292	-
Prior Year Encumbrances Appropriated	140,935	140,935	140,935	-
Fund Balance End of Year	$ 5,420,112	$ 5,977,830	$ 8,957,790	$ 2,979,960

See the related notes to the financial statements

City of Twinsburg, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Changes in Fund Balances of Budget (Non-GAAP Basis) and Actual
Street, Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 837,000	$ 837,000	980,287	$ 143,287
Other	-	15,000	13,015	(1,985)
Total Revenues	837,000	852,000	993,302	141,302
Expenditures				
Current:				
Transportation	1,560,000	1,968,928	1,779,954	188,974
Excess of Revenues Over (Under) Expenditures	(723,000)	(1,116,928)	(786,652)	330,276
Other Financing Sources (Uses)				
Proceeds of OPWC Loan	50,000	50,000	60,186	10,186
Transfers In	675,000	675,000	500,000	(175,000)
Total Other Financing Sources (Uses)	725,000	725,000	560,186	(164,814)
Net Change in Fund Balance	2,000	(391,928)	(226,466)	165,462
Fund Balance Beginning of Year	1,318,226	1,318,226	1,318,226	-
Prior Year Encumbrances Appropriated	335,898	335,898	335,898	-
Fund Balance End of Year	$ 1,656,124	$ 1,262,196	$ 1,427,658	$ 165,462

See the related notes to the financial statements

City of Twinsburg, Ohio

Statement of Fund Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities - Enterprise				
	Sewer	Fitness Center	Golf Course	Theater Fund	Total
Assets					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	$ 3,314,312	$ 21,164	$ 7,784	$ 103,429	$ 3,446,689
Accounts Receivable	839,787	14,404	-	-	854,191
Special Assessments Receivable	26,806	-	-	-	26,806
Materials and Supplies Inventory	105,552	-	54,502	-	160,054
Total Current Assets	4,286,457	35,568	62,286	103,429	4,487,740
Noncurrent Assets:					
Nondepreciable Capital Assets	31,150	-	2,565,200	-	2,596,350
Depreciable Capital Assets, Net	32,552,391	7,574,080	11,200,325	-	51,326,796
Net Pension Asset	10,407	6,351	6,943	-	23,701
Total Noncurrent Assets	32,593,948	7,580,431	13,772,468	-	53,946,847
Total Assets	36,880,405	7,615,999	13,834,754	103,429	58,434,587
Deferred Outflows of Resources					
Pension	757,220	462,096	505,207	-	1,724,523
OPEB	97,996	59,804	65,381	-	223,181
Total Deferred Outflows of Resources	$ 855,216	$ 521,900	$ 570,588	-	$ 1,947,704

See the related notes to the financial statements

City of Twinsburg, Ohio

Statement of Fund Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities - Enterprise				
	Sewer	Fitness Center	Golf Course	Theater Fund	Total
Liabilities:					
Current Liabilities:					
Accounts Payable	$ 4,858	$ 8,472	$ 10,672	-	$ 24,002
Accrued Wages and Benefits	44,343	20,529	18,971	-	83,843
Intergovernmental Payable	23,502	56,872	10,294	-	90,668
Claims Payable	12,881	7,250	14,139	-	34,270
Accrued Interest Payable	-	-	29,847	-	29,847
Unearned Revenue	-	107,385	-	-	107,385
Due Within One Year	97,496	15,379	44,829	-	157,704
Total Current Liabilities	183,080	215,887	128,752	-	527,719
Long-Term Liabilities (net of current portion)					
Notes Payable	-	-	6,138,000	-	6,138,000
Compensated Absences Payable	105,233	30,296	60,754	-	196,283
OPWC Loans Payable	633,682	-	-	-	633,682
Net Pension Liability	2,474,535	1,510,094	1,650,975	-	5,635,604
Net OPEB Liability	1,151,269	702,566	768,110	-	2,621,945
Total Long-Term Liabilities	4,364,719	2,242,956	8,617,839	-	15,225,514
Total Liabilities	4,547,799	2,458,843	8,746,591	-	15,753,233
Deferred Inflows of Resources					
Pension	37,664	22,984	25,129	-	85,777
OPEB	3,133	1,912	2,092	-	7,137
Total Deferred Inflows of Resources	40,797	24,896	27,221	-	92,914
Net Position					
Net Investment in Capital Assets	31,932,981	7,574,080	7,627,525	-	47,134,586
Unrestricted (Deficit)	1,214,044	(1,919,920)	(1,995,995)	103,429	(2,598,442)
Total Net Position	$ 33,147,025	$ 5,654,160	$ 5,631,530	$ 103,429	$ 44,536,144

See the related notes to the financial statements

City of Twinsburg, Ohio

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

	Business-Type Activities - Enterprise				
	Sewer	Fitness Center	Golf Course	Theater Fund	Total
Operating Revenues					
Charges for Services	$ 3,984,336	$ 1,489,491	$ 2,084,207	$ 31,251	$ 7,589,285
Other Operating Revenues	125,663	10	13,680	-	139,353
Total Operating Revenues	4,109,999	1,489,501	2,097,887	31,251	7,728,638
Operating Expenses					
Personal Services	2,208,207	1,143,255	2,404,272	-	5,755,734
Materials & Supplies	250,849	203,494	771,056	26,794	1,252,193
Contractual Services	346,110	191,341	660,999	10,183	1,208,633
Other Operating Expenses	608	46,964	80,335	-	127,907
Depreciation Expense	828,604	359,654	360,298	-	1,548,556
Total Operating Expenses	3,634,378	1,944,708	4,276,960	36,977	9,893,023
Operating Income (Loss)	475,621	(455,207)	(2,179,073)	(5,726)	(2,164,385)
Non-Operating Revenues (Expenses)					
Interest and Fiscal Charges	-	-	(88,459)	-	(88,459)
Other Non-Operating Revenue (Expense)	-	(3,052)	-	-	(3,052)
Income (Loss) Before Contributions & Transfers	475,621	(458,259)	(2,267,532)	(5,726)	(2,255,896)
Grants & Contributed Capital	792,636	-	-	1,115	793,751
Transfers In	-	233,000	646,600	-	879,600
Change in Net Position	1,268,257	(225,259)	(1,620,932)	(4,611)	(582,545)
Net Position Beginning of Year	31,878,768	5,879,419	7,252,462	108,040	45,118,689
Net Position End of Year	$ 33,147,025	$ 5,654,160	$ 5,631,530	$ 103,429	$ 44,536,144

See the related notes to the financial statements

City of Twinsburg, Ohio

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

	Business-Type Activities - Enterprise				
	Sewer	Fitness Center	Golf Course	Theater Fund	Total
Cash Flows From Operating Activities:					
Cash Received from Customers	$ 3,821,429	$ 1,493,201	$ 2,084,207	$ 31,251	$ 7,430,088
Other Operating Revenues	125,663	10	13,680	-	139,353
Cash Paid for Personal Services	(2,217,899)	(1,257,635)	(1,419,118)	-	(4,894,652)
Cash Paid for Contractual Services	(347,073)	(193,357)	(666,141)	(10,200)	(1,216,771)
Cash Paid for Materials & Supplies	(273,318)	(203,494)	(771,970)	(26,794)	(1,275,576)
Cash Paid for Other Operating Expenses	(608)	(46,964)	(80,335)	-	(127,907)
Net Cash Provided By (Used For) Operating Activities	1,108,194	(208,239)	(839,677)	(5,743)	54,535
Cash Flows From Non-Capital Financing Activities					
Contributions and Donations	-	-	-	1,115	1,115
Transfers In	-	233,000	646,600	-	879,600
Cash Flows From Capital and Related Financing Activities					
Proceeds of Notes	-	-	6,138,000	-	6,138,000
Proceeds of Loans	403,026	-	-	-	403,026
Cash Received from Capital Grants	792,636	-	-	-	792,636
Payment for Capital Acquisitions	(1,109,657)	(56,016)	(20,903)	-	(1,186,576)
Principal Paid on Debt	(10,161)	-	(6,138,000)	-	(6,148,161)
Interest Paid on Debt	-	-	(121,532)	-	(121,532)
Net Cash Provided by (Used For) Capital and Related Financing Activities	75,844	(56,016)	(142,435)	-	(122,607)
Net Increase (Decrease) in Cash and Cash Equivalents	1,184,038	(31,255)	(335,512)	(4,628)	812,643
Cash and Cash Equivalents Beginning of Year	2,130,274	52,419	343,296	108,057	2,634,046
Cash and Cash Equivalents End of Year	$ 3,314,312	$ 21,164	$ 7,784	$ 103,429	$ 3,446,689

City of Twinsburg, Ohio

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

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	Sewer	Fitness Center	Golf Course	Theater Fund	Total
Operating Income (Loss)	$ 475,621	$ (455,207)	$ (2,179,073)	$ (5,726)	$ (2,164,385)
Adjustments:					
Depreciation	828,604	359,654	360,298	-	1,548,556
(Increase) Decrease in Assets & Deferred Outflows:					
Accounts Receivable	(180,075)	2,608	-	-	(177,467)
Materials & Supplies Inventory	(22,469)	-	(914)	-	(23,383)
Special Assessments Receivable	17,168	-	-	-	17,168
Retirement of Capital Assets	-	-	-	-	-
Net Pension Asset	4,913	3,641	(1,843)	-	6,711
Deferred Outflows - Pension	(303,617)	(166,248)	(354,199)	-	(824,064)
Deferred Outflows - OPEB	4,625	7,127	(31,218)	-	(19,466)
Increase (Decrease) in Liabilities & Deferred Inflows:					
Accounts Payable	(9,070)	(28,293)	(7,000)	(17)	(44,380)
Accrued Wages & Benefits	7,398	2,382	(84)	-	9,696
Intergovernmenal Payable	8,107	26,277	1,858	-	36,242
Claims Payable	(10,425)	(6,005)	25,989	-	9,559
Unearned Revenue	-	1,102	-	-	1,102
Compensated Absences Payable	(23,840)	(4,416)	17,232	-	(11,024)
Net Pension Liability	774,428	401,254	1,084,992	-	2,260,674
Net OPEB Liability	(1,848)	(49,517)	384,226	-	332,861
Deferred Inflows - Pension	(378,560)	(248,485)	(113,436)	-	(740,481)
Deferred Inflows - OPEB	(82,766)	(54,113)	(26,505)	-	(163,384)
Total Adjustments	632,573	246,968	1,339,396	(17)	2,218,920
Net Cash Provided By (Used For) Operating Activities	$ 1,108,194	$ (208,239)	$ (839,677)	$ (5,743)	$ 54,535

See the related notes to the financial statements

Note 1: The Reporting Entity

The City of Twinsburg (the "City") is a home rule municipal corporation established under the laws of the State of Ohio, which operates under its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted November 3, 1981.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City of Twinsburg, this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, refuse collection, a wastewater treatment plant, and general administrative services.

The City of Twinsburg is divided into various departments and financial management and control systems. The City departments include a public safety department, a public service department, a street maintenance department, a sanitation system, a parks and recreation department, a planning and zoning department, a waste water treatment system, and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process and therefore is included as a part of the reportable entity.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. Based on these criteria, the City has one component unit.

The Twinsburg Community Improvement Corporation (TCIC) is a not-for-profit corporation to advance, encourage, and promote the industrial, commercial, civic, and economic development of Twinsburg, Ohio, under the applicable sections of the Ohio Revised Code. The City has agreed to provide 50 percent of the Transient Guest Tax funds the City collects and receives annually to the TCIC. Since this funding represents a significant portion of TCIC revenue, the organization is fiscally dependent on the City and therefore is considered a component unit of the City and is discretely presented in the City's financial statements. See Note 20 for specific disclosures relating to the TCIC.

Jointly Governed Organizations

Northeast Ohio Public Energy Council – The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of 134 members in 200 communities in 13 counties who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Twinsburg did not contribute to NOPEC during 2019. Financial information can be obtained by contacting NOPEC, 31360 Solon Rd, Suite 33, Solon, Ohio 44139.

Note 2: Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

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

ii. Fund Financial Statements

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

B. Fund Accounting

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

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

> *General Fund* – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Twinsburg and/or the general laws of Ohio.
>
> *Street Construction, Maintenance and Repair Fund* – This fund is required by the Ohio Revised Code to account for revenue from the state gasoline tax and motor vehicle registration fees. The Ohio Revised Code requires that 92.5 percent of these revenues be used for the maintenance and repair of streets within the City.
>
> *Park Debt Service Fund* – The park debt fund accounts for property taxes levied for the purpose of improving parks and paying off debt associated with maintenance of the parks.
>
> *Capital Improvement Fund* – The capital improvement fund accounts for resources allocated for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

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

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

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

> *Sewer Fund* – The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.
>
> *Fitness Center Fund* – The fitness center fund accounts for the operations of the fitness center.
>
> *Golf Course Fund* – The golf course fund accounts for the operations of the golf course.
>
> *Theater Fund* – The theater fund accounts for the operations of the community theater.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are purely custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has no agency funds.

C. Measurement Focus

i. Government-Wide Financial Statements

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

ii. Fund Financial Statements

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities 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.

D. Basis of Accounting

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

i. Revenues – Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned.

Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 5).

Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

ii. Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

iii. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements that report financial position may include a section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2019, the City had deferred outflows of resources for deferred losses on refunding, pensions and OPEB reported in the government-wide statement of net position and the proprietary funds statement of fund net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the financial statements that report financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue and amounts for pension and OPEB. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, special assessments, charges for services, investment income and intergovernmental grants.

These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and in the proprietary funds on the statement of fund net position.

iv. Expenses/Expenditures

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

E. Budgetary Process

An annual appropriated budget is legally required to be prepared for all funds of the City. City Council passes appropriations at the line item level except for capital projects funds which are appropriated by department or project. Line item appropriations may be transferred between the accounts with the approval of the City Council. City Council must approve any revisions in the budget that alter total fund appropriations. The following are the procedures used by the City in establishing the budgetary data reported in the basic financial statements:

i. Tax Budget

A tax budget of estimated revenue and expenditures for all funds is submitted to the County Fiscal Officer, as Secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

ii. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will 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 unencumbered fund balances at December 31. Further amendments may be made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the budget commission find the revised estimates to be reasonable. The amounts reported in the budgetary statements as original represent the amounts in the first official certificate of estimated resources issued during 2019. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2019.

iii. Annual Estimate

The Mayor, with the assistance of the Finance Director, is required by Charter to submit to City Council, on or before December 1 of each fiscal year, an estimate of the revenues and expenditures of each fund of the City for the next succeeding fiscal year. The annual estimate serves as the basis for appropriations (the appropriated budget) in each fund.

iv. Appropriations

An appropriation ordinance (the appropriated budget) to control the level of expenditures for all funds must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the official amended certificate of estimated resources. Supplemental appropriations may be adopted by City Council action. During the year, several supplemental appropriation measures were necessary. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget for each fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

v. Lapsing of Appropriations

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

vi. Budgeted Level of Expenditure

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from City Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by City Council. City Council appropriations are made to personal services, travel and education, contractual services, supplies and materials, capital outlay, other expenditures, debt principal and interest payments, and transfer accounts for each department. Capital projects funds are appropriated by department or project. The appropriations set by City Council must remain fixed unless amended by City Council ordinance. More detailed appropriation allocations may be made by the Finance Director as long as the allocations are within City Council's appropriated amount.

vii. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal level of budgetary control.

On the GAAP basis, encumbrances outstanding at year end are reported as assigned, committed, or restricted fund balances for subsequent-year expenditures for governmental funds.

F. Cash and Cash Equivalents

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts and nonnegotiable certificate of deposits are reported at cost. See Note 4 for specific disclosures relating to investments.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but the City has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV that approximates fair value.

For the year ended 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Interest allocation is determined by the Ohio Constitution, State statutes, and local ordinances adopted under City Charter. Under these provisions, City funds required to receive interest allocations are: 1) those which receive proceeds from the sale of notes and/or bonds and 2) those which receive distributions of state gasoline tax and motor vehicle licenses fees (street maintenance and state highway special revenue funds). All remaining interest is allocated to the general fund. Legally, proprietary funds generally do not receive interest. Interest revenue credited to the general fund during 2019 amounted to $311,601.

G. Inventory

Inventories of all funds are stated at cost which is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types and as expenses in the proprietary fund type when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed. The City did not report any prepaid assets for 2019.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of enterprise capital assets is also capitalized.

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

Description	Estimated Lives
Land Improvements	5 to 45 years
Buildings and Improvements	5 to 50 years
Machinery and Equipment	5 to 30 years
Vehicles	10 to 15 years
Infrastructure	18 to 100 years

J. Interfund Balances

On fund financial statements, interfund loans are classified as "interfund receivable/payable" on the balance sheet. Long-term interfund loans are classified as "advances to/from other funds" on the balance sheet and are equally offset as part of nonspendable fund balance which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City reported interfund balances for 2019 in the amount of $270,000.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the City's termination policy. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Payables, Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, and compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the fund financial statements when due.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations are imposed on its 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 first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer, fitness center, and other proprietary programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

O. Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after 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.

P. Deferred Charge on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of various refunding bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Q. Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued.

R. Estimates

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

S. Capital Contributions

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction and from contributions from governmental funds. During 2019, the City received #VALUE! in governmental activities contributed capital donated from outside entities.

T. Fund Balance

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

> ***Nonspendable:*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
>
> ***Restricted:*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).
>
> Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.
>
> ***Committed:*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

U. 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 position have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems report investments at fair value.

Note 3: Budgetary Basis of Accounting

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

The statements of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budgetary basis and the GAAP basis are identified as follows:

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

(b) Expenditures/Expenses are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).

(c) Encumbrances are treated as expenditures (budgetary basis) rather than a restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and street construction, maintenance, and repair fund.

Net Change in Fund Balance

	General	Street Construction, Maintenance and Repair
GAAP Basis	$ 626,466	$ (46,332)
Net Adjustment for Revenue Accruals	(1,006,932)	(64,612)
Beginning Fair Value Adjustment	129,240	-
Ending Fair Value Adjustment	(86,839)	-
Net Adjustment for Expenditure Accruals	438,188	3,431
Adjustment for Encumbrances	(149,560)	(118,953)
Budget Basis	$ (49,437)	$ (226,466)

Note 4: Deposits and Investments

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

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

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

Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim monies may be deposited or invested in the following securities:

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily.

4. Investment grade obligations of state and local governments, and public authorities.

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

6. The State Treasurer's investment pool (STAROhio).

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

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of City funds shall be required to pledge as security for repayment of all public moneys.

At year-end, the carrying amount of the City's deposits was $5,053,724 and the bank balance was $6,255,691. Of the bank balance, $290,485 was covered by FDIC. The remaining uncovered balance of $5,965,206 was collateralized with securities held by the pledging institution's trust department, not in the City's name.

Investments

Investments are reported at fair value. As of December 31, 2019, the City had the following investments:

	Fair Value	Maturity
STAROhio	$ 2,000,000	Less than One Year
Negotiable Certificates of Deposit	496,204	Less than One Year
Medium Term Note (FHLMC MTN)	634,746	Less than One Year
Commercial Paper	2,632,733	Less than One Year
Federal National Mortgage Association (FNMA)	749,992	Less than One Year
Money Market	426,350	Less than One Year
Medium Term Note (FHLMC MTN)	747,022	One to Five Years
Negotiable Certificates of Deposit	4,041,482	One to Five Years
Federal National Mortgage Association (FNMA)	350,399	One to Five Years
Federal Farm Credit Banks	726,828	One to Five Years
Total Portfolio	$ 12,805,756	

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

The City has the following recurring fair value measurements as of December 31, 2019:

- Negotiable certificates of deposit, Treasury Notes, FHLB, FNMA, FNMAMTN, and FHLMCMTN are measured based on Level 2 inputs, using a matrix or model pricing method.

- STAR Ohio, Money market and Commercial paper is valued at amortized cost, which approximates fair value.

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk requiring that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The City's investment policy also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow. During 2019, no investments have been purchased with a life greater than five years.

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The securities underlying the repurchase agreements are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty.

The City has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that requires securities shall be delivered into the custody of the Finance Director or governing board or an agent designated by the Finance Director or governing board. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed.

Credit Risk is addressed by the City's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer. The Federal Home Loan Bank bonds, Federal National Mortgage Association bonds, Federal National Mortgage Association Medium Term Note, and Federal Home Loan Mortgage Corporation Medium Term Note all carry a rating of Aaa by Standard & Poor's. The commercial paper carries a rating of P1 by Standard & Poor's. Star Ohio carries a rating AAA by Standard & Poor's. The negotiable certificate of deposits and money market are unrated.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations. The following is the City's allocation as of December 31, 2019:

	Fair Value
STAROhio	15.62%
Negotiable Certificates of Deposit	3.88%
Medium Term Note (FHLMC MTN)	4.96%
Commercial Paper	20.55%
Federal National Mortgage Association (FNMA)	5.86%
Money Market	3.33%
Medium Term Note (FHLMC MTN)	5.83%
Negotiable Certificates of Deposit	31.56%
Federal National Mortgage Association (FNMA)	2.74%
Federal Farm Credit Banks	5.68%
Total Portfolio	100.00%

Note 5: Receivables

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Real property taxes collected in 2019 are levied after October 1, 2018, on assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. The last reappraisal was completed for tax year 2014 affecting collections beginning in 2015.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 88 percent of cost). Public utility property taxes paid in 2019 that became a lien on December 31, 2018, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2019, was $1.91 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

	2019 Half Collections	
	Amount	Percent
Real Property Valuation:		
Residential/Agricultural	$ 451,619,230	70.54%
Commercial/Industrial/Mineral	176,481,170	27.56%
Tangible Personal Property Valuation:		
Public Utilities	12,173,910	1.90%
Total Valuation	$ 640,274,310	100.00%

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

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

B. Municipal Income Taxes

The City levies and collects a municipal income tax of two percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold municipal income tax on employee earnings and remit the tax to the City at least quarterly.

Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities:	
Gasoline, Excise Tax & State Highway Distributions	$ 409,967
Local Government	126,451
Homestead and Rollback	60,972
Miscellaneous	26,151
Permissive	25,347
Total Governmental Activities	$ 648,888

Note 6: Risk Management

A. Property and Liability

The City maintains comprehensive insurance coverage with private insurance carriers for real property, building contents, vehicle and general liability insurance, and police professional liability insurance. By maintaining comprehensive insurance coverage with private carriers, the City has addressed these various types of risk. There were no reductions in insurance coverage from the previous year. Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Health Insurance Benefits

The City continues to carry health insurance through Medical Mutual of Ohio (Medical Mutual). The City pays a monthly premium from the general fund, sewer fund, Gleneagles golf fund, and fitness center fund for each employee that varies according to which fund the employees' salary is paid.

The claims liability of #VALUE! reported in the funds at December 31, 2019, was estimated by reviewing current claims and is based on the requirements of GASB No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses.

Changes in the fund's claims liability amount were:

Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2019	$ 157,938	$ 200,996	$ 163,842	$ 195,092
2018	450,026	126,313	418,401	157,938

C. Workers' Compensation Program

The City is approved for self-insurance status by the Bureau of Workers' Compensation and administers its own workers' compensation program (the program). Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated.

The claims liability of #VALUE! is reported in governmental activities and is based on the requirements of Governmental Standards Board No. 30, which requires a liability for the unpaid claims costs, including estimates of costs relating to incurred but not report claims, be reported. Changes in the claims liability amount in 2019 and 2018 were as follows:

Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2019	$ 46,095	$ -	$ 27,745	$ 18,350
2018	47,643	-	1,548	46,095

Note 7: Capital Assets

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

	Balance 12/31/18	Additions	Reductions	Balance 12/31/19
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 23,712,390	$ 121,669	$ (203,414)	$ 23,630,645
Capital assets being depreciated:				
Land improvements	3,600,295	235,717	-	3,836,012
Buildings and improvements	10,681,101	-	-	10681101
Machinery and equipment	6,469,517	401,682	(15,170)	6,856,029
Vehicles	8,116,767	32,263	(323,129)	7,825,901
Infrastructure:				
Roads	65,352,441	2,446,370	(476,281)	67,322,530
Water mains	35,992,246	459,145	-	36,451,391
Storm sewers and culverts	42,490,374	812,861	-	43,303,235
Traffic signs and signals	1,684,539	-	-	1,684,539
Streetlights	1,810,682	56,993	(4,535)	1,863,140
Total capital assets being depreciated	176,197,962	4,445,031	(819,115)	179,823,878
Less Accumulated depreciation				
Land improvements	(1,850,710)	(105,999)	-	(1,956,709)
Buildings and improvements	(4,937,264)	(223,417)	-	(5,160,681)
Machinery and equipment	(4,402,766)	(259,844)	15,170	(4,647,440)
Vehicles	(4,845,852)	(388,352)	323,129	(4,911,075)
Infrastructure:				
Roads	(27,454,614)	(2,156,457)	456,868	(29,154,203)
Water mains	(7,868,669)	(365,720)	-	(8,234,389)
Storm sewers and culverts	(13,178,781)	(719,901)	-	(13,898,682)
Traffic signs and signals	(1,097,343)	(63,744)	-	(1,161,087)
Streetlights	(1,368,052)	(47,483)	2,792	(1,412,743)
Total accumulated depreciation	(67,004,051)	(4,330,917)	797,959	(70,537,009)
Capital assets being depreciated, net	109,193,911	114,114	(21,156)	109,286,869
Governmental activities capital assets, net	$ 132,906,301	$ 235,783	$ (224,570)	$ 132,917,514

Depreciation expense was charged to governmental activities as follows:

General Government	$	105,619
Security of Persons and Property		535,636
Transportation		2,411,594
Leisure Time Activities		214,708
Community Development		1,063,360
Total Depreciation Expense	$	4,330,917

	Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019
Business-Type Activities				
Capital assets not being depreciated:				
Land	$ 2,596,350	$ -	$ -	$ 2,596,350
Total capital assets not being depreciated	2,596,350	-	-	2,596,350
Capital assets being depreciated:				
Land Improvements	3,813,459	-	-	3,813,459
Buildings & Improvements	32,052,030	50,785	-	32,102,815
Machinery & Equipment	5,053,869	36,660	(113,601)	4,976,928
Vehicles	787,616	-	-	787,616
Infrastructure:				
Sewer Lines	35,546,773	1,113,715	-	36,660,488
Total capital assets being depreciated	77,253,747	1,201,160	(113,601)	78,341,306
Less Accumulated depreciation				
Land Improvements	(304,451)	(87,244)	-	(391,695)
Buildings & Improvements	(12,382,122)	(730,639)	-	(13,112,761)
Machinery & Equipment	(2,932,321)	(224,184)	110,549	(3,045,956)
Vehicles	(515,537)	(33,570)	-	(549,107)
Infrastructure:				
Sewer Lines	(9,442,072)	(472,919)	-	(9,914,991)
Total accumulated depreciation	(24,210,349)	(1,548,556)	110,549	(27,014,510)
Capital assets being depreciated, net	44,971,771	(347,396)	(3,052)	51,326,796
Business-Type activities capital assets, net	$ 51,122,689	$ (347,396)	$ (3,052)	$ 53,923,146

Note 8: Accountability

The City had deficit balances in the following funds at December 31, 2019:

Nonmajor Governmental Funds:	Deficit
Fire Pension	$ 25,090
Police Pension	25,304

The fire pension and police pension fund deficits are the result of the recognition of liabilities in accordance with generally accepted accounting principles.

Note 9: Contingencies/Pending Litigation

The City is a party to various legal proceedings. The City's management is of the opinion that the ultimate outcome of such litigation will not have a material adverse effect on the City's financial position.

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

Note 10: Long-Term Obligations

The original issue date, interest rates and issuance amount for each of the City's bonds and loans follows:

	Original Issue Date	Original Interest Rate	Original Issue Amount
Governmental Activities:			
General Obligation Bonds:			
Park land and conservation refunding,	2011A	2.00% - 4.88%	$6,455,000
senior citizens center, and golf course refunding	2011B	2.00% - 4.25%	3,115,000
Darrow road improvement refunding	2013	2.20%	1,888,500
Special Assessment Bonds:			
Liberty/Cannon/Chamberlin/Ravenna	2003	2.75% - 5.10%	310,000
Chamberlin waterline	2005	4.20% - 5.00%	62,000
Snow plow vehicles loan	2014	2.37%	506,045
OPWC Loans:			
Edgewood road improvements	2008	0.00%	344,925
Haverhill and Croyden road improvements	2009	0.00%	347,170
Post road improvements	2010	0.00%	895,653
Sunview drive improvements	2012	0.00%	631,912
Cobblestone Lane & Old Pond Lane improvements	2013	0.00%	499,000
Warren Parkway improvements	2014	0.00%	288,000
Darrow road sanitary sewer replacement	2014	0.00%	203,109
Westwood Drive improvements	2014	0.00%	778,999
Hillsdale waterline and sewer improvements	2015	0.00%	412,098
Chamberlin sanitary	2015	0.00%	291,652
Rolling Acres improvements	2016	0.00%	891,131
Crestwood Waterline replacement	2017	0.00%	558,655
Joann & Lila Place reconstruction	2018	0.00%	340,009
Business-Type Activities:			
Long-Term Note:			
Gleneagles Golf Club Improvements	2019	1.98%	6,138,000
OPWC Loans:			
Darrow road improvements	2012	0.00%	84,834
Belmeadow drive and Serene Court	2013	0.00%	220,000
Darrow road SR91 sanitary replacement	2019	0.00%	403,026

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2019 was as follows:

	Balance 12/31/18	Additions	Deductions	Balance 12/31/19	Due in One Year
Governmental Activities:					
General Obligation Bonds:					
Park land and conservation refunding	$ 1,710,000	$ -	$ (760,000)	$ 950,000	$ 790,000
Senior citizens center and golf course refunding	1,030,000	-	(335,000)	695,000	340,000
Darrow road improvement refunding	815,000	-	(200,000)	615,000	200,000
Premium on general obligation bonds	125,780	-	(41,927)	83,853	41,927
Total General Obligation Bonds	3,680,780	-	(1,336,927)	2,343,853	1,371,927
Special Assessment Bonds:					
Liberty/Cannon/Chamberlin/Ravenna	75,000	-	(15,000)	60,000	15,000
Chamberlin Waterline	23,000	-	(3,000)	20,000	3,000
Total Special Assessment Bonds:	98,000	-	(18,000)	80,000	18,000
Other Long-Term Obligations:					
OPWC Loans:					
CH10L Edgewood road improvements	264,443	-	(11,498)	252,945	11,498
CH19M Haverhill and Croyden road improvements	266,164	-	(11,572)	254,592	11,572
CH04N Post road improvements	731,450	-	(29,855)	701,595	29,855
CH02O Sunview drive improvements	526,593	-	(21,064)	505,529	21,064
CH06P Cobblestone Lane and Old Pond Lane improvements	432,467	-	(16,633)	415,834	16,633
CH09Q Warren Parkway improvements	259,200	-	(9,600)	249,600	9,600
CH08Q Darrow road sanitary sewer	186,183	-	(6,770)	179,413	6,770
CH11Q Westwood Drive improvements	688,116	-	(25,967)	662,149	25,967
CH05R Hillsdale waterline and sewer improvements	384,625	-	(13,737)	370,888	13,737
CH06S Chamberlin sanitary	272,209	-	(9,722)	262,487	9,722
CH03S Rolling Acres improvements	1,066,917	-	(36,167)	1,030,750	36,167
CH04T Crestwood Waterline Replacement	558,655	2,501	(9,352)	551,804	18,706
CH07U Joann & Lila Place reconstruction	340,009	57,686	(6,628)	391,067	13,257
Capital lease payable	653,295	-	(320,291)	333,004	204,096
Claims Payable	46,095	-	(27,745)	18,350	-
Accrued Compensated Absences	1,997,974	363,150	(482,840)	1,878,284	449,332
Total Other Long-Term Obligations	8,674,395	423,337	(1,039,441)	8,058,291	877,976
Total Before Net Pension & OPEB Liability	12,453,175	423,337	(2,394,368)	10,482,144	2,267,903
Net Pension Liability:					
OPERS	6,636,406	5,250,542	-	11,886,948	-
OP&F	16,608,680	4,541,298	-	21,149,978	-
Total Net Pension Liability	23,245,086	9,791,840	-	33,036,926	-
Net OPEB Liability:					
OPERS	4,501,214	1,029,146	-	5,530,360	-
OP&F	15,332,469	-	(12,972,902)	2,359,567	-
Total Net OPEB Liability	19,833,683	1,029,146	(12,972,902)	7,889,927	-
Total Governmental Long-Term Obligations	$ 55,531,944	$ 11,244,323	$ (15,367,270)	$ 51,408,997	$ 2,267,903

	Balance 12/31/18	Additions	Deductions	Balance 12/31/19	Due in One Year
Business-Type Activities:					
Long-Term Note:					
Gleneagles Golf Club Improvements	$ 6,138,000	$ 6,138,000	$ (6,138,000)	$ 6,138,000	$ -
Other Long-Term Obligations:					
CH04P Darrow road improvements	70,695	-	(2,828)	67,867	2,828
CH05P BelmeadowDrive/Serene Court	187,000	-	(7,333)	179,667	7,333
CH05U Darrow Road SR91 Sanitary Replacement	-	403,026	-	403,026	6,717
Accrued Compensated Absences	337,972	137,471	(138,334)	337,109	140,826
Total Other Long-Term Obligations	595,667	540,497	(148,495)	987,669	157,704
Total Before Net Pension & OPEB Liabilities	6,733,667	6,678,497	(6,286,495)	7,125,669	157,704
Net Pension Liability:					
OPERS	3,374,930	2,260,674	-	5,635,604	-
Net OPEB Liability:					
OPERS	2,289,084	332,861	-	2,621,945	-
Total Net Pension & OPEB Liabilities	5,664,014	2,593,535	-	8,257,549	-
Total Business-Type Long-Term Obligations	$ 12,397,681	$ 9,272,032	$ (6,286,495)	$ 15,383,218	$ 157,704

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2019 were as follows:

Year Ending 12/31	Governmental Activities: General Obligation Bonds Principal	General Obligation Bonds Interest	Special Assessment Bonds Principal	Special Assessment Bonds Interest	OPWC Principal	Business Type Activities: OPWC Principal
2020	$ 1,330,000	$ 84,718	$ 18,000	$ 4,060	$ 224,546	$ 16,878
2021	720,000	32,018	18,000	3,145	224,546	23,595
2022	210,000	4,620	18,000	2,230	224,545	23,595
2023	-	-	18,000	1,315	224,546	23,595
2024	-	-	4,000	400	224,546	23,595
2025 - 2029	-	-	4,000	200	1,122,730	117,975
2030 - 2034	-	-	-	-	1,122,730	117,975
2035 - 2039	-	-	-	-	1,122,733	117,978
2040 - 2044	-	-	-	-	987,676	111,481
2045 - 2049	-	-	-	-	350,055	67,170
2050	-	-	-	-	-	6,723
Total	$ 2,260,000	$ 121,356	$ 80,000	$ 11,350	$ 5,828,653	$ 650,560

As of December 31, 2019, the City's future governmental activities and business-type debt service requirements consisted of bonds payable at various interest rates, 16 non-interest bearing Ohio Public Works Commission (OPWC) loans numbered CH10L, CH19M, CH04N, CH02O, CH06P, CH09Q, CH04P, CH11Q, CH05R, CH06S, CH03S, CH04T, CH07U, CH04P, CH05P, and CH05U, capital leases, claims and compensated absences.

General obligation bonds will be paid from the bond retirement debt service fund and park debt service fund. Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefited from the project. Special assessment monies will be received in, and the debt will be retired through, the special assessment bond retirement debt service fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

OPWC loans will be paid semi-annually from the bond retirement debt service fund. These loans are repaid with municipal income tax monies.

Compensated absences will be paid from the fund which the employees' salaries are paid. See Note 11 for further detail on capital leases.

In 2011, the City defeased a portion of various general obligation bonds and the City's ODOT loan in order to take advantage of lower interest rates. The proceeds of the new bonds and loan were placed in an irrevocable trust to provide for all future debt service payments on the refunded portion of the various general obligation bonds and ODOT loan.

On April 16, 2013, the City issued $1,888,500 in general obligation bonds for the purpose of refunding various general obligation bonds in order to take advantage of lower interest rates. Proceeds of $1,888,500 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various general obligation bonds. The City decreased its total debt service payments by $201,638 as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of $181,151.

During 2013, the City obtained an OPWC loan for the Cobblestone Lane and Old Pond Lane reconstruction in the amount of $499,000, payable in semi-annual payments of $8,317, at zero percent interest for 30 years. The amounts are included in the amortization table above.

The City also obtained an OPWC loan for the Darrow Road sanitary sewer replacement project and the Warren Parkway improvement project in the amount of $203,109 and $778,999, respectively. These loans will be payable in semi-annual payments of $3,385 and 25,967, respectively, at zero percent interest for 30 years. The amounts are included in the amortization table above.

During 2015, the City obtained an OPWC loan for the Hillsdale improvement project and Chamberlin Sanitary improvement project in the amount of $412,099 and $291,652, respectively. These loans will be payable in semi-annual payments of $13,737 and 9,722, respectively, at zero percent interest for 30 years. The amounts are included in the amortization table above.

At December 31, 2018, the City obtained proceeds for the OPWC loan related to the Rolling Acres improvement project in the amount of $1,085,000. The loan will be repaid in semi-annual principal payments of $36,167. The amounts are included in the amortization table above.

At December 31, 2018, the City obtained partial proceeds for the OPWC loan related to the Crestwood Waterline Replacement and the Joann & Lila Place Reconstruction projects. These loans will be repaid in semi-annual principal payments. The amounts are included in the amortization table above.

During 2019, the City obtained proceeds for the OPWC loan related to the Darrow Road SR91 sanitary replacement project in the amount of $403,026. The loan will be repaid in semi-annual principal payments of $6,717. The amounts are included in the amortization table above.

On March 1, 2019, the City issued bond anticipation notes in the amount of $6,138,000 with an interest rate of 1.198 percent, maturing on February 27, 2020. The notes were issued for the purpose of paying costs of constructing, furnishing, and equipping a new clubhouse at the City's Gleneagles Golf Club.

Note 11: Lease Obligations

The City has entered into multiple lease agreements as a lessee for financing various equipment and vehicles. These lease agreements qualify as operating and capital leases. For accounting purposes, capital leases have been recorded at the present value of its future minimum lease payments as of inception date.

Governmental capital assets acquired by a capital lease have been capitalized as vehicles in the amount of $1,115,151. Accumulated depreciation as of December 31, 2019 for the vehicles and equipment was $298,997, leaving a current book value of $816,154.

Business-type capital assets acquired by these leases have been capitalized as equipment in the amount of $113,600, accumulated depreciation as of December 31, 2019, for the equipment was $82,730, leaving a current book value of $30,870 for equipment.

The following is a schedule of the future minimum lease payments required under the operating and capital leases and the present value of the minimum lease payments at year-end:

Year Ending December 31,	Capital Lease Governmental Lease Payments	Operating Lease Business-Type Lease Payments
2020	$ 204,096	$ 45,720
2021	128,908	45,720
2022	-	32,078
Total Minimum Lease Payments	333,004	123,518
Less: Amount Representing Interest	11,394	-
Present Value of Minimum Lease Payments	$ 344,398	$ 123,518

Note 12: Compensated Absences

Accumulated unpaid vacation is accrued when earned and is normally paid in the first three months of the subsequent calendar year. In accordance with the Codified Ordinances of the City, unused vacation pay cannot be carried over from year to year. Accordingly, all accrued vacation pay is considered to be due within one year. City employees are paid for earned, unused vacation leave at the time of the termination of their employment.

Sick leave is earned at the rate of ten hours per month for full-time employees and 4.6 hours per eighty hours worked by part-time employees. Each employee with the City is paid for up to 180 days or a maximum of 1,440 hours for Ohio Public Employment Retirement System (OPERS) employees and 1,740 hours for Ohio Police and Fire Pension Fund (OP&F) employees, upon retirement from the City, and 30 years of service for OPERS employees and 20 years of service for retiring police employees. Individuals leaving the employment of the City prior to retirement lose their accumulated sick leave.

Note 13: Defined Benefit Pension Plans

Net Pension Liability/Asset

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

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

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

GASB 68 assumes any net pension liability/asset 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.

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 Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

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

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

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

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 for 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 cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those who retired prior to January 7, 2013, current law provides for a 3% cost-of-living adjustment. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

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 Authority's contractually required contributions for the traditional plan for 2019 were $1,263,987. 100% has been contributed for 2019. Of the amount for 2019, $90,813 is reported as intergovernmental payable.

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

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position.

The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $1,228,765 for 2019. Of this amount, $148,002 is reported as intergovernmental payable.

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

The net pension asset and liability were measured as of December 31, 2018, and the total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of that date. The Authority's proportions of the net pension asset and liability were based on the Authority'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:

OP&F's total pension liability was measured as of December 31, 2018 and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.06381500%	0.06627100%	0.27061200%	
Proportion of the net pension liability/asset current measurement date	0.06397900%	0.06590100%	0.25910700%	
Change in proportionate share	0.00016400%	-0.00037000%	-0.01150500%	
Proportionate share of the net pension liability	$ 17,522,552	$ -	$ 21,149,978	$ 38,672,530
Proportionate share of the net pension asset	-	73,693	-	73,693
Pension expense	3,928,257	19,926	2,375,552	6,323,735

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

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	$ 808	$ -	$ 868,970	$ 869,778
Net difference between projected and actual earnings on pension plan investments	2,378,300	15,875	2,605,660	4,999,835
Changes of assumptions	1,525,382	16,459	-	1,541,841
Changes in employer's proportionate percentage/ difference between employer contributions	119,335	282	333,263	452,880
City contributions subsequent to the measurement date	1,263,987	41,561	1,228,765	2,534,313
Total deferred outflows of resources	$ 5,287,812	$ 74,177	$ 5,036,658	$ 10,398,647

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	$ 230,082	$ 30,098	$ 19,763	$ 279,943
Changes in employer's proportionate share/ difference between employer contributions	4,837	1,688	556,545	563,070
Total deferred inflows of resources	$ 234,919	$ 31,786	$ 576,308	$ 843,013

$2,534,313 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/asset 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:

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OP&F	Total
2020	$ 1,686,201	$ 2,247	$ 1,103,327	$ 2,791,775
2021	775,986	(924)	533,552	1,308,614
2022	220,634	(589)	612,821	832,866
2023	1,106,085	4,381	958,223	2,068,689
2024	-	(2,143)	23,662	21,519
Thereafter	-	(2,142)	-	(2,142)
Total	$ 3,788,906	$ 830	$ 3,231,585	$ 7,021,321

Actuarial Assumptions - OPERS

OPERS' total pension asset and liability were determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). 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 calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2018, are presented below:

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.20%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 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 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 manage 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. Within the defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first on the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

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

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority'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 Authority'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 (asset):			
Traditional Pension Plan	$ 25,885,903	$ 17,522,552	$ 10,572,530
Combined Plan	(24,383)	(73,693)	(109,396)
Total	$ 25,861,520	$ 17,448,859	$ 10,463,134

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future.

Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations.

Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below:

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%
Cost of living adjustments	2.20% and 3.00% simple

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%.

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.

The most recent experience study was completed for the five-year period ended December 31, 2017. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2018 actuarial valuation.

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

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:

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

Note: assumptions are geometric.
* levered 2x
** numbers include inflation

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

Discount Rate - The total pension liability/asset was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from 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%. 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/asset.

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%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$ 27,800,188	$ 21,149,978	$ 15,592,767

Note 14: Defined Benefit Other Postemployment 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.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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 2018, 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.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. 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 post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

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

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

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

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

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

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

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

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

The City's contractually required contribution to OP&F was $29,108 for 2019. Of this amount, $3,507 is reported as intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS was 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
Proportion of the net OPEB liability prior measurement date	0.06253000%	0.27061200%	
Proportion of the net OPEB liability current measurement date	0.06252900%	0.25910700%	
Change in proportionate share	-0.00000100%	-0.01150500%	
Proportionate share of the net OPEB liability	$ 8,152,305	$ 2,359,567	$ 10,511,872
OPEB expense	$ 788,738	$ (11,852,272)	$ (11,063,534)

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			
Differences between expected and actual experience	$ 2,760	$ -	$ 2,760
Net difference between projected and actual earnings on pension plan investments	373,735	79,875	453,610
Changes of assumptions	262,840	1,223,085	1,485,925
Changes in employer's proportionate share/ difference between employer contributions	54,592	133,885	188,477
City contributions subsequent to the measurement date	-	29,108	29,108
Total deferred outflows of resources	$ 693,927	$ 1,465,953	$ 2,159,880

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 22,119	$ 63,218	$ 85,337
Changes of assumptions	-	653,240	653,240
Changes in employer's proportionate percentage/ difference between employer contributions	72	511,409	511,481
Total deferred inflows of resources	$ 22,191	$ 1,227,867	$ 1,250,058

$29,108 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 the year ending December 31, 2020.

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

Year Ending December 31:	OPERS	OP&F	Total
2020	$ 342,174	$ 43,276	$ 385,450
2021	79,727	43,276	123,003
2022	61,560	43,278	104,838
2023	188,275	67,437	255,712
2024	-	29,348	29,348
Thereafter	-	(17,637)	(17,637)
Total	$ 671,736	$ 208,978	$ 880,714

Actuarial Assumptions - OPERS

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

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

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

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

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

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

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

During 2018, OPERS managed investments in three investment portfolios: The Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is a loss of 5.6 percent for 2018.

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

The projection of cash flows used to determine this single discount rate assumed 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 the year 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the 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	$ 10,429,770	$ 8,152,305	$ 6,341,025

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 10.0 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 Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 7,836,084	$ 8,152,305	$ 8,516,395

Actuarial Assumptions – OP&F

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

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

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

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Currrent measurement date	3.85 percent
Prior measurement date	3.24 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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 Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

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 Conduent Modified 2016 Improvement Scale.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	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	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	120.00 %	

Note: Assumptions are geometric.
*levered 2x

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 - 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 contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017 was blended with the long-term rate of 8.00 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. 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	$ 2,874,596	$ 2,359,567	$ 1,927,244

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

Note 15: Fund Balances

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

Fund Balances	General	Street Construction Maintenance and Repair	Park Debt Service	Capital Improvement	Nonmajor Governmental	Total
Nonspendable:						
Inventory	$ 147,722	$ -	$ -	$ -	$ -	$ 147,722
Unclaimed Monies	4,450	-	-	-	-	4,450
Total Nonspendable	152,172	-	-	-	-	152,172
Restricted for:						
Debt Service Payments	-	-	34,095	-	-	34,095
Capital Improvements	-	-	-	-	240,216	240,216
Streets and Highways	-	1,712,729	-	-	787,650	2,500,379
Law Enforcement Education	-	-	-	-	94,597	94,597
Total Restricted	-	1,712,729	34,095	-	1,122,463	2,869,287
Committed to:						
Parks and Recreation	-	-	-	-	87,182	87,182
Employee Payout Reserve	-	-	-	-	107,234	107,234
Debt Service Payments	-	-	-	-	535,221	535,221
Total Committed	-	-	-	-	729,637	729,637
Assigned to:						
Capital Improvements	-	-	-	1,728,863	-	1,728,863
Encumbrances	149,560	-	-	-	-	149,560
Subsequent Year's Budget:						
Appropriation of Fund Balances	3,281,639	-	-	-	-	3,281,639
Total Assigned	3,431,199	-	-	1,728,863	-	5,160,062
Unassigned (Deficit)	9,517,493	-	-	-	(50,394)	9,467,099
Total Fund Balances	$ 13,100,864	$ 1,712,729	$ 34,095	$ 1,728,863	$ 1,801,706	$ 18,378,257

Note 16: Interfund Transfers

Interfund transfers for the year ended December 31, 2019, consisted of the following:

	Transfers From	
	General Fund	Other Governmental Funds
Transfers To:		
General Fund	$ -	$ 9,000
Street Construction, Maintenance and Repair	500,000	-
Capital Improvement Fund	1,000,000	-
Fitness Center Fund	233,000	-
Golf Course Fund	646,600	-
	-	-
Other Governmental Funds	1,720,250	-
Total Transfers	$ 4,099,850	$ 9,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and to provide additional resources for current operations or debt service.

Note 17: Other Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

	Encumbrances
Governmental Funds:	
General Fund	$ 149,560
Street Construction, Maintenance and Repair Fund	118,953
Capital Improvement Fund	139,134
Other Governmental Funds	413,826
Total Governmental	$ 821,473

Note 18: Tax Abatement Disclosures

As of December 31, 2019, the City of Twinsburg provides tax incentives under the Community Reinvestment Area (CRA) Program.

Real Estate tax abatements

Pursuant to Ohio Revised Code Chapter 3735, the City established a Community Reinvestment area in 1999, which included all land within the boundaries of the City of Twinsburg. The City of Twinsburg authorizes incentives through passage of public resolutions, based upon each business's investment criteria, and through a contractual application process with each business, including proof that the improvement has been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value because of the improvements.

The abatement is provided for an agreed upon time frame. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate. During 2019, the City of Twinsburg contracted with the Twinsburg City School District for payments in lieu of taxes when required by Section 5709.82 of the Ohio Revised Code.

City Council's incentive criteria for decision making

The City of Twinsburg has offered tax incentives and CRA abatements to various businesses based upon substantial project investment into the City. The City considers projects that have at least a $100,000 real estate investment into a property, along with the retention and creation of at least 10 jobs.

If the abated business materially fails to fulfill their obligations under their agreement, or if the City determines the certification as to delinquent taxes required by the agreement to be fraudulent, the City may terminate or modify the exemptions from taxation granted under their agreement and may require the repayment of the amount of taxes that would have been payable had the property not been exempted from taxation under their agreement.

For the year ended December 31, 2019, the City abated property taxes totaling $377,151 under this program.

Pursuant to Section 5709.82 of the Ohio Revised Code, the City of Twinsburg and the Twinsburg City School District created various Community Reinvestment Area Compensation Agreements. These agreements state a reimbursement percentage of 35 percent municipal income tax revenue sharing with the Twinsburg City School District when new income tax collections exceed $1 million dollars and the corresponding CRA abatement percentage on the project is greater than 50 percent.

The required amount of income tax dollars paid by the City to the Twinsburg City School District in 2019 was $94,596.

Note 19: Discretely Presented Component Unit

Note A. Nature of Operations

The Twinsburg Community Improvement Corporation (TCIC) was incorporated as a non-profit organization in the state of Ohio, on July 1, 2013. The mission of the TCIC is to advance, encourage, and promote the industrial, economic, commercial, distribution, research, and civic development of the City of Twinsburg. The TCIC's basic programs include economic development and community development activities and the City of Twinsburg has designated the TCIC to as its agent for the Community Reinvestment Area and Twinsburg Occupancy programs.

Note B. Summary of Significant Accounting Policies

Basis of Accounting

The TCIC accounts for its revenues and related expenses on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Revenues are reported in the year earned. Costs and expenses are charged against revenues in the year to which the cost is applicable.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the TCIC is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Income Tax Status

The TCIC has filed for exemption from Federal income taxes as described under Internal Revenue Code (IRC) 501(c) (3). Therefore, no provision for income tax has been recorded in the accompanying financial statements.

Accounting principles generally accepted in the United States require management to evaluate tax positions taken by the TCIC and recognize a tax liability (or asset) if the TCIC has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the TCIC, and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The TCIC is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The TCIC's Federal Return of Organization Exempt from Income Tax (federal Form 990) for 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after filing.

Estimates

In preparing financial statements in conformity with GAAP, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the TCIC considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. It is the TCIC's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Capital Assets

It is the policy of the TCIC to capitalize capital assets if the cost exceeds $5,000, has a useful life of 3 years, and is not considered to be a normal repair or maintenance item.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on management estimates. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the TCIC.

Restricted Without or With Donor Restrictions

Contributions received are recorded as increases in net assets without or with donor restrictions, depending on the revenue being comprised of any donor-imposed restrictions.

Unless specifically restricted by the donor, all contributions and grants are considered to be available for unrestricted use in the activities of the TCIC.

The Board of Trustees has discretionary control of the net assets without donor restrictions to use in the activities of the TCIC.

Note C. Liquidity

The TCIC's financial assets available within one year of the statement of financial position date for general expenditure consist only of cash and cash equivalents in the amount of $156,206. Cash and cash equivalents are held in a business checking account and a money market savings account. Financial assets that are subject to donor restriction make them unavailable for general expenditure within one year of the statement of financial position date. As of December 31, 2019, the TCIC did not have any financial assets subject to donor restriction. The TCIC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note D. Land for Investment/Sale

The Corporation owns the land at 8949 Darrow Road, 2573 East Aurora Road, 2593 East Aurora Road, all of Twinsburg, Ohio 44087. The land is valued at its purchase price in the financial statements. The Corporation promotes the sale of this land in Summit County to prospective industrial clients.

Note E. Concentration of Risk

The TCIC maintains its cash at a local financial institution. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2019, the TCIC's entire cash balance is insured.

For the year ended December 31, 2019, the TCIC received 88 percent of its revenue from the City of Twinsburg.

Note F. Debt

Long-term debt consists of the following as of December 31, 2019:

		Amount
Aurora Road Property Note	$	160,417
Less: Current Portion		(55,000)
Total Long-Term Debt	$	105,417

The Aurora Road Property Note was used to purchase property at 2573 and 2593 East Aurora Road, Twinsburg, OH 44087. The monthly payments are variable with a fixed principal payment of $4,583 and interest rate of 2.75%. The note matures on November 7, 2022.

The aggregate maturities on long-term debt for the five years as of December 31, 2019, are as follows:

Year Ended June 30,		Amount
2020	$	55,000
2021		55,000
2022		50,417
Total	$	160,417

Note H. Insurance

The Corporation maintains property insurance through a private insurance carrier. The insurance was purchased in 2019 when the property was purchased. There have been no claims that exceeded coverage.

Note 20. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many counties, including the geographical area in which the City operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergence assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions with the coronavirus will last and what the complete financial effect will be to the City, however, the City has enough significant liquidity to survive.