



THE CITY OF BEACHWOOD OHIO
Comprehensive Annual Financial Report

C A F R

for the year ended

DECEMBER 31, 2018

CITY OF
Beachwood

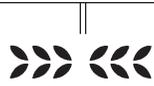
THE CITY OF BEACHWOOD OHIO

Comprehensive Annual Financial Report
for the year ended December 31, 2018



PREPARED BY : *Office of the Finance Director*
Larry A. Heiser, CPA
Finance Director

INTRODUCTORY SECTION



City of Beachwood, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2018
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June 27, 2019

Members of Beachwood City Council and
The Citizens of Beachwood, Ohio

It is our privilege to present to you the City of Beachwood's (the City) Comprehensive Annual Financial Report (CAFR). This CAFR represents the official report of the City of Beachwood's operations and financial position for the year ended December 31, 2018, and has been developed to accurately detail the status of City finances to Beachwood residents and elected officials, investment banks and underwriters, rating agencies and all other interested parties. This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of year end.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the entire presentation, including all disclosures, rests with the City of Beachwood. We believe the data presented is accurate in all material respects and it is presented in a manner designed to set forth fairly the financial position and results of operations of the City as measured by financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City of Beachwood's activities have been included.

Through the use of a computerized financial accounting and reporting system, the City has implemented a series of strong internal controls which provide a reasonable, but not absolute, assurance with respect to the safeguarding of City assets against losses resulting from unauthorized use or disposal. Such assurances also pertain to the reliability of the financial records utilized to prepare financial statements and maintain accountability of assets. The framework of the City's internal control system was structured using the concept of reasonable assurance, a concept that recognizes that the cost of a control should not exceed the expected benefits likely to be derived from its implementation.

In accordance with Ohio law, independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Auditor of State's Office performed these services for the year 2018. The independent auditor's report is presented in the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's Discussion and Analysis complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Beachwood gained formal status as a City in 1960 with an estimated census of approximately 6,100 residents. Previously, the City was incorporated as a village in 1915. Beachwood is located in the county of Cuyahoga in northeastern Ohio approximately 13.5 miles east of downtown Cleveland.

The City of Beachwood covers approximately 5.25 square miles, and serves a population of 11,953. Due to factors attracting commercial interests to Beachwood it is estimated that approximately 100,000 people come to Beachwood daily to work, shop, or visit.

Voters first adopted the City Charter on November 3, 1959. It was extensively revised and re-adopted in its entirety at the general election of November 8, 1994 and most recently at the general election of November 6, 2018. The Charter governs operations of the City of Beachwood and provides for a Mayor-Council form of municipal government. All legislative authority is vested in a seven-member Council. Council members are elected on an at-large basis at the regular municipal election in November of odd numbered years for a term of four years, and serve staggered terms commencing on the first day of January after the election.

Pursuant to the Charter, the Mayor is to be elected every fourth year. The Mayor is considered to be the Chief Executive Officer of the City, and is responsible for all contracts, conveyances, evidences of indebtedness and other instruments to which the City is a party. The Mayor serves as the official and ceremonial head of the City government.

Beachwood residents receive water services from the City of Cleveland and sewer services from the Northeast Ohio Regional Sewer District. Beachwood safety forces are partners with other local municipalities for joint response fire and police services.

The City has reviewed its reporting entity definition in order to ensure compliance and conformance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34." For financial reporting definition purposes, City management has considered all agencies, departments and organizations comprising the City of Beachwood, the primary government, and its potential component units.

The Beachwood City School District and the (Greater Cleveland) Regional Transit Authority have not been included in the accompanying financial statements. Boards of both entities are not appointed by the City, nor is either fiscally dependent on the City of Beachwood.

The City has contracted with the Regional Income Tax Agency for municipal income tax administration and collection services.

In accordance with State law, all funds, with the exception of agency funds, are legally required to be budgeted and appropriated. The legal level of control has been established by Council at the personal services and other object level within each fund. Modifications or amendments to control levels in the Appropriation Ordinance require Council approval; internal City financial policies permit fund transfers within control levels with approval by the Mayor and Finance Director.

Annual appropriations for the current year are determined by Council action on or before December 31.

Local Economy

City Council and the Administration are committed to protecting the level of services afforded all of the commercial and residential citizenry of the City and to implement projects and programs designed to improve the economic and operational efficiency of the City Government. Through effective financial management, the City is striving to maintain tax rates at current levels, an action that should continue to draw new businesses and homebuyers to the City.

The City currently maintains an Aaa rating with Moody's Investor Service and an AAA rating with Fitch Investors Service, two of the three largest recognized rating agencies of municipal debt. These ratings demonstrate the City's high level of performance as it relates to management and administration of government resources, effective debt management with moderate low levels, vibrant and diverse local economy, and strong finances. The City is very proud of these ratings and will strive to continue at the level of excellence required to maintain them.

The City has consistently enjoyed the benefits of a strong commercial employment base that has provided for a consistent level of withholding tax collections. This strong commercial base allows the City of Beachwood to be one of the few communities in northeast Ohio that gives a 100 percent income tax credit to its residents. This credit allows residents working in locations outside Beachwood to receive 100 percent credit for all income taxes paid to other taxing districts. This credit, in addition to the low property tax rates levied by the City, has continued to make Beachwood an attractive alternative to new homebuyers and proved to be a factor in the overall stability of the City's residential population. This strong commercial base should provide the City with funds to continue to provide the extraordinary level of services our residents have come to expect for several years to come.

The area of Beachwood known as Chagrin Highlands is the largest area of future commercial development in the City. Commercial development in this area promises to deliver a blend of custom designed corporate headquarters, multi-tenant buildings, hotels, restaurants and business service enterprises that will add to the tax base of the City. Of this 630-acre site, 408.25 acres are located in the City; the remaining acres are located in the following entities: Village of Highland Hills, Village of Orange and City of Warrensville Heights. Chagrin Highlands continues to be a focal point of future economic growth for the City.

The Cleveland Clinic, Eaton Corporation, and University Hospitals are the City's largest employers. These companies should provide the City with a strong core employment base for years to come.

In an effort to provide the highest level of services to its residential and business community the City has spent over \$93,181,900 over the past fifteen years on City streets, facilities and recreational areas. Most of these improvements were financed with existing funds; only \$30,625,000 in general obligation debt was issued to finance these improvements and \$16,745,000 is still outstanding. The City issued \$9 million in debt for a new fire station in 2017.

The combination of good government and a superlative public school system make the City of Beachwood an attractive place to live, work and play. Because of this, the City will be able to continually attract new residents and businesses, which will protect the City's income stream for years to come.

Long-term financial planning and relevant financial policies

The City has remained focused on an extensive Master Plan which continues to be updated to meet the future growth of the City. These initiatives are designed to improve the general level of operations of the City and to enhance the level of services and benefits provided to its residential and commercial residents. Since 2001, residents have benefited from construction of two new fire stations, new recreational facilities, which include tennis courts, the Beachwood Family Aquatic Center, a park with walking/jogging trails, a sledding hill, and a picnic pavilion, the expansion and remodeling of the existing Municipal Building and Community Center, and a new Service Center Building.

Additionally, on an annual basis, the City budgets for road improvement projects. These projects are generally funded out of the capital improvement fund. The capital improvement fund is funded by excess reserves accumulated in the general fund that are transferred to the capital improvement fund on a periodic basis.

As an informal policy, the City attempts to maintain a General Fund balance of approximately 50 percent of general fund revenues.

Major initiatives

Lake Health Medical Center which began construction of a two-story surgical building at the corner of Chagrin and Richmond Roads in 2017 and the facility with 69,800 square feet and 25 patient beds opens fully in June 2019.

In 2018 the City created a Community Reinvestment Area (CRA) with the boundaries set as Chagrin Boulevard on the North, the City boundary line on the South, Richmond road on the east, and Green road on the west. The first company to make a considerable reinvestment in the CRA is Lee-Silsby Pharmacy with the purchase and renovation of a property in Commerce Park. Lee-Silsby did not move into the property until 2019; therefore, the abated taxes will be for tax year 2019, collected in 2020. There were no abated taxes in 2018.

The City launched a Senior Trash Assistance Program in 2018. The City is working with a non-profit Group, Village in the Heights, to supply local volunteers to assist senior residents 80 years and older or disabled residents in single family homes with getting their trash and recycling bins to the curb each week.

The City opened a new Public Safety Center at 3777 Richmond Road in 2018. The facility contains an emergency operations center, and houses a Fire Department, a Dispatch Center, and a training tower for regional fire and rescue teams. This \$14 million dollar investment by the City confirms Beachwood's support for local emergency-services requirements and it was designed to anticipate long-term growth in the Chagrin Highlands area.

AWARDS

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beachwood for its comprehensive annual financial report for the year ended December 31, 2017.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting standards and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

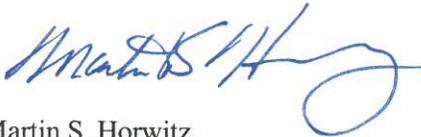
ACKNOWLEDGMENTS

Successful preparation of a report of this scope depends upon the dedicated contribution of many employees. The sincere appreciation of those primarily responsible for its completion is extended to all contributors but especially to those employees in the Department of Finance who have spent their time and energy on various parts of the project and to the Local Government Services section of the Auditor of State's office for their assistance in helping the City prepare this report in conformity with generally accepted accounting principles (GAAP) and the requirements of the Government Finance Officers Association.

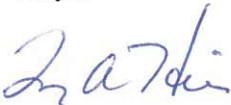
In addition, we would like to thank Beachwood City Council, without whose positive leadership and encouragement, the preparation of this report would not have been possible.

In closing, we would like to thank the residents and taxpayers of the City of Beachwood for entrusting us with the administration of their local government.

Respectfully submitted,



Martin S. Horwitz
Mayor



Larry A. Heiser, CPA
Director of Finance

City of Beachwood, Ohio

City Officials - as of December 31, 2018

ELECTED OFFICIALS

Mayor-Safety DirectorMartin S. Horwitz
President of CouncilBrian Linick

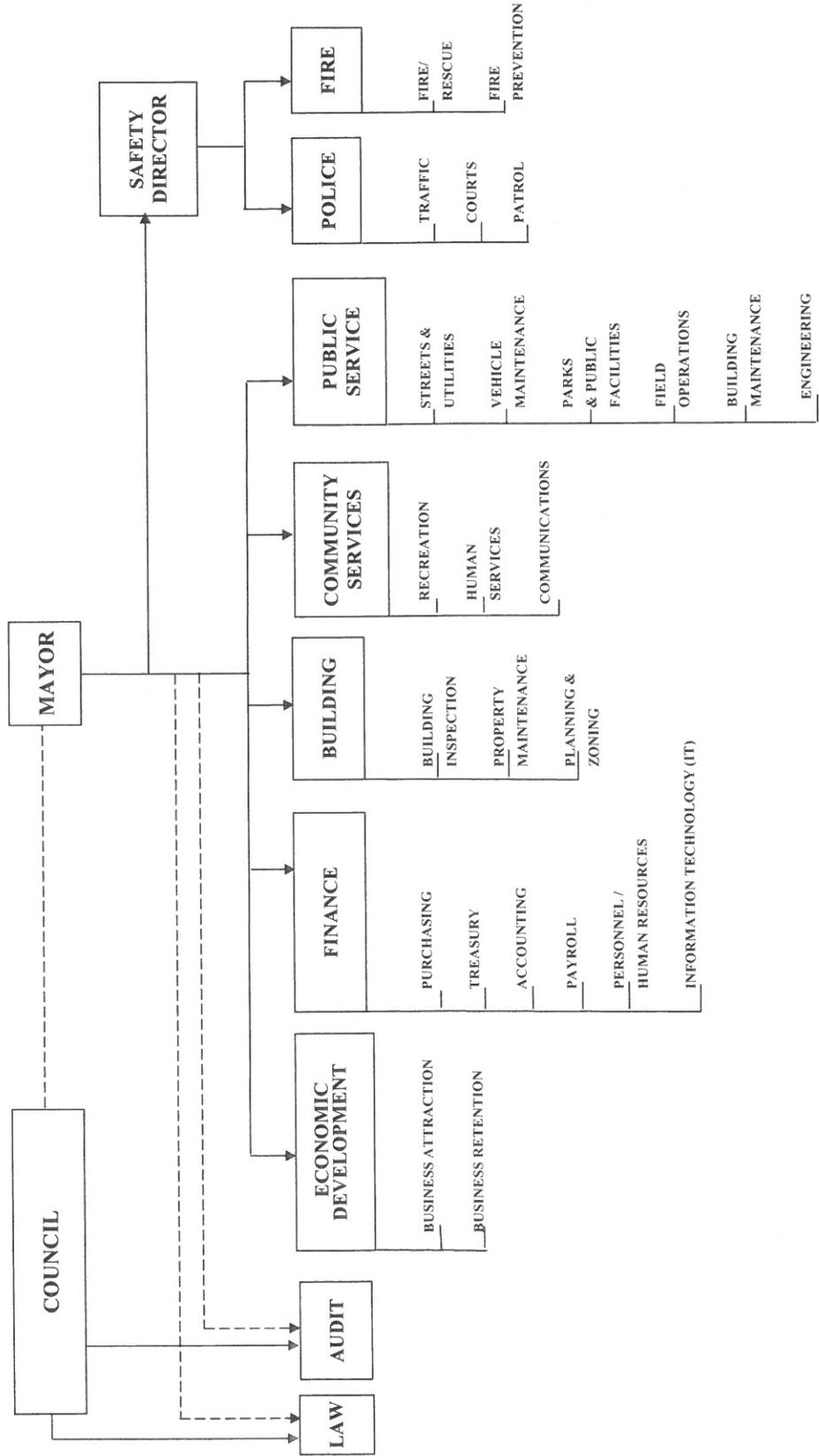
Council Member Justin Berns
Council Member Alec Isaacson
Council Member Barbara Bellin Janovitz
Council Member James Pasch
Council Member Eric Synenberg
Council Member June Taylor

APPOINTED OFFICIALS

Finance DirectorLarry Heiser
Police ChiefGary Haba
Fire ChiefPatrick J. Kearns
Service DirectorDale H. Pekarek
Building Commissioner..... William B. Griswold
Clerk of Courts Kelly L. Bowen
Community Service DirectorKaren A. Carmen
Law Director Diane Calta
City AuditorHarvey S. Rose
Clerk of Council Whitney Crook

CITY OF BEACHWOOD

Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Beachwood
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

City of Beachwood
Cuyahoga County
25325 Fairmount Boulevard
Beachwood, Ohio 44122

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

June 27, 2019

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City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

The discussion and analysis of the City of Beachwood's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2018. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- The City's net position decreased by \$4,183,536 which is due to requirements of Governmental Accounting Standards Board (GASB) Statement 68, 71 and 75, which establish standards for measuring and recognizing pension liabilities, OPEB liabilities, deferred outflows/inflows of resources and expense/expenditure. Excluding adjustments related to these standards, the City's net position increased by \$356,155.
- The City completed construction of the \$11.6 million public safety center/fire station.
- In 2018, the City invested approximately \$3.3 million (cash basis) on road improvements.

Using this Annual Financial Report

This annual report consists of a series of financial statements some of which focus on the City as a whole (government-wide) and some of which focus on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

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

Reporting the City of Beachwood as a Whole

Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question.

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

From the Statement of Net Position, you can determine the City's current financial position by subtracting total liabilities and deferred inflows of resources (what the City owes) from total assets and deferred outflows of resources (what the City owns). Over time, increases or decreases in the City's net position are one indicator of whether the City's financial health is improving or deteriorating. From the Statement of Activities, you can determine what the cost of governmental services are and how much of that cost is financed by taxpayers, where the City gets its money and how it is used, whether the City is better or worse off financially and why and will the City be able to finance services in the future. Other non-financial factors such as changes in the City's property tax base, income tax base and the condition of the City's capital assets should be considered to assess the overall financial health of the City.

Reporting on the Most Significant Funds of the City of Beachwood

Fund Financial Statements

The fund financial statements which begin on page 18, provide detailed information about the City's major funds and include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. These statements tell how City services charged to major funds were financed in the short-term as well as what remains for future spending. For the City of Beachwood, the most significant governmental funds are the general fund, bond retirement fund and capital improvements fund.

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

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City's internal service fund accounts for revenues used to provide for workers' compensation. The proprietary fund uses the accrual basis of accounting.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The City of Beachwood as a Whole

Statement of Net Position

As noted earlier, the Statement of Net Position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2018 and 2017.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Table 1
Net Position

	Governmental Activities		
	2018	2017 Restated*	Change
Assets			
Total Current and Other Assets	\$61,753,608	\$67,265,679	(\$5,512,071)
Net Pension Asset	5,925	0	5,925
Nondepreciable Capital Assets	14,235,641	20,071,309	(5,835,668)
Depreciable Capital Assets, Net	80,125,836	70,643,795	9,482,041
Total Assets	156,121,010	157,980,783	(1,859,773)
Deferred Outflows of Resources			
Pension	6,788,707	11,678,045	(4,889,338)
OPEB	2,747,089	142,841	2,604,248
Total Deferred Outflows of Resources	9,535,796	11,820,886	(2,285,090)
Liabilities			
Total Current and Other Liabilities	2,296,877	2,859,794	562,917
Long-Term Liabilities:			
Due Within One Year	3,340,636	3,245,825	(94,811)
Due In More Than One Year			
Net Pension Liability	35,564,754	41,984,574	6,419,820
Net OPEB Liability	29,583,395	25,890,403	(3,692,992)
Other Amounts	22,882,968	24,815,680	1,932,712
Total Liabilities	93,668,630	98,796,276	5,127,646
Deferred Inflows of Resources			
Property Taxes	2,960,572	2,781,607	(178,965)
Pension	3,975,560	173,653	(3,801,907)
OPEB	1,185,447	0	(1,185,447)
Total Deferred Inflows of Resources	8,121,579	2,955,260	(5,166,319)
Net Position			
Net Investment in Capital Assets	71,879,216	70,352,464	1,526,752
Restricted for:			
Debt Service	6,698,163	7,499,706	(801,543)
Unclaimed Monies	36,165	44,750	(8,585)
Streets	1,872,314	1,597,714	274,600
Other Purposes	603,505	596,320	7,185
Unrestricted (Deficit)	(17,222,766)	(12,040,821)	(5,181,945)
Total Net Position	\$63,866,597	\$68,050,133	(\$4,183,536)

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

*Beginning net position restated December 31, 2017, due to the provisions of GASB 75.

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability or net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation had the effect of restating net position at December 31, 2017, from \$93,797,695 to \$68,050,133.

The largest portion of the City's net position reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

The City's financial position decreased from 2017 to 2018 as indicated by the decrease in total net position for governmental activities of \$4,183,536. If deferred inflows and liabilities related to pension and OPEB are added to total net position and net pension asset and deferred outflows related to pension and OPEB are subtracted from total net position, the total net position for 2018 and 2017 respectively is \$124,634,032 and \$124,277,877. Under this scenario, the City's financial position increased by \$356,155.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

City of Beachwood, Ohio
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Table 2
Change in Net Position

	Governmental Activities		
	2018	2017	Change
Revenues			
Program Revenues			
Charges for Services	\$4,236,495	\$4,122,334	\$114,161
Operating Grants, Contributions and Interest	604,299	577,788	26,511
General Revenues			
Property Taxes	2,510,024	2,585,121	(75,097)
Municipal Income Tax	32,309,577	31,142,611	1,166,966
Admission, Lodging and Franchise Taxes	1,532,086	1,530,036	2,050
Estate Taxes	1,325	16,795	(15,470)
Grants and Entitlements	334,032	873,277	(539,245)
Investment Earnings	557,786	282,320	275,466
Gain on Sale of Capital Assets	211,333	0	211,333
Health Care Reimbursements	595,177	539,444	55,733
Other	872,354	315,586	556,768
Total Revenues	43,764,488	41,985,312	1,779,176
Program Expenses			
General Government	5,744,348	6,006,746	262,398
Public Safety:			
Police	12,384,365	10,912,329	(1,472,036)
Fire	10,124,266	8,834,478	(1,289,788)
Public Services	14,004,105	17,334,140	3,330,035
Health and Welfare	680,821	653,796	(27,025)
Culture and Recreation	2,977,189	3,068,098	90,909
Building and Community Development	1,371,313	1,315,950	(55,363)
Interest and Fiscal Charges	661,617	510,788	(150,829)
Total Expenses	47,948,024	48,636,325	688,301
Change in Net Position	(4,183,536)	(6,651,013)	2,467,477
Net Position Beginning of Year	68,050,133	N/A	N/A
Net Position End of Year	\$63,866,597	\$68,050,133	(\$4,183,536)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$142,841 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB

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expense. Under GASB 75, the 2018 statements report OPEB expense of \$2,318,850. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities
Total 2018 program expenses under GASB 75	\$47,948,024
OPEB expense under GASB 75	(2,318,850)
2018 contractually required contribution	44,659
Adjusted 2018 program expenses	45,673,833
Total 2017 program expenses under GASB 45	48,636,325
Increase (Decrease) in program expenses not related to OPEB	(\$2,962,492)

Governmental Activities

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 2.0 percent on all income earned within the City as well as on income of residents earned outside of the City. The City gives a 100 percent credit for taxes paid to another municipality on income earned outside of the City. On a full accrual basis, the City received \$32,309,577 in income tax collections or 73.8 percent of total 2018 revenue. Other significant sources of revenue include property taxes and EMS charges for services of which the City received \$2,510,024 and \$1,121,174 respectively in 2018.

In 2018, the City experienced an increase in income taxes (\$32,309,577 in 2018 compared to \$31,142,611 in 2017 – full accrual basis). The chart below identifies income tax receipts for the last five years.

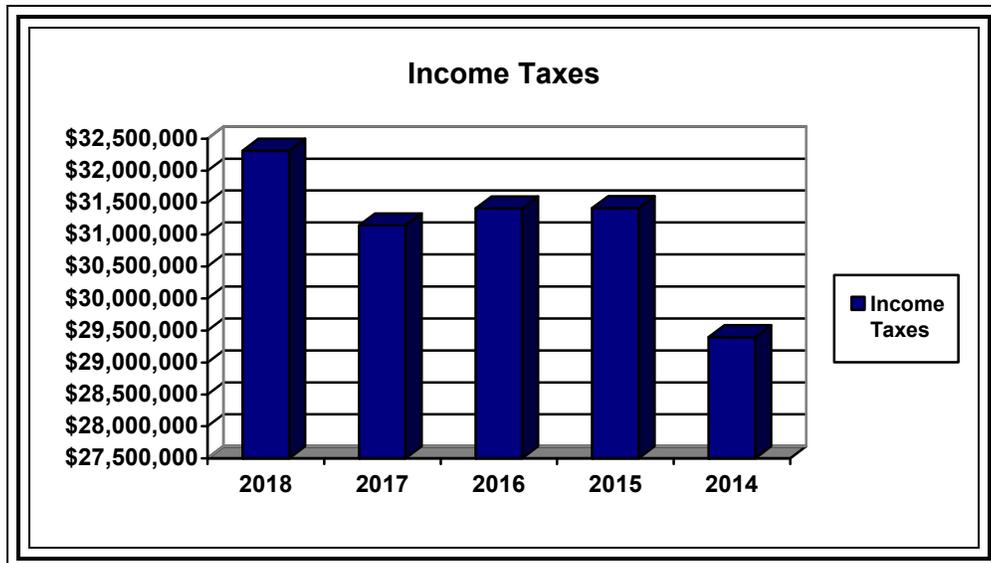


Table 3 presents a summary of governmental activity expenses and the net cost of providing these services (excluding general revenues).

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Table 3
Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
General Government	\$5,744,348	(\$5,460,837)	\$6,006,746	(\$5,944,542)
Public Safety				
Police	12,384,365	(11,531,622)	10,912,329	(9,976,856)
Fire	10,124,266	(9,003,092)	8,834,478	(7,767,251)
Public Services	14,004,105	(13,414,859)	17,334,140	(16,771,343)
Health and Welfare	680,821	(521,053)	653,796	(501,959)
Culture and Recreation	2,977,189	(2,034,503)	3,068,098	(2,156,793)
Building and				
Community Development	1,371,313	(479,647)	1,315,950	(306,671)
Interest and Fiscal Charges	661,617	(661,617)	510,788	(510,788)
Total	<u>\$47,948,024</u>	<u>(\$43,107,230)</u>	<u>\$48,636,325</u>	<u>(\$43,936,203)</u>

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government. The total cost of services and the net cost of services both decreased in 2018.

Public safety expenses account for approximately 46.9 percent of total 2018 expenses. A significant portion of these expenses can be attributed to salaries, wages and employee benefits. Other significant expenses include public service expenses which make up approximately 29.2 percent of total expenses. The majority of public services expenses include salaries, benefits and infrastructure depreciation.

The City's Funds

Information about the City's major governmental funds begins on page 18. These funds are accounted for using the modified accrual basis of accounting.

The general fund is the chief operating fund of the City. The total fund balances at December 31, 2018 and 2017 were \$32,508,683 and \$30,098,297 respectively.

The bond retirement fund is used to account for the accumulation of resources for, and the payment of, various types of debt principal, interest and related costs. The fund balances at December 31, 2018 and 2017 were \$726,674 and \$1,045,726 respectively. The bond retirement fund receives revenue through special assessments levied against various property owners. Additional monies are received from other financing sources such as the issuance of bonds and notes and transfers from the general fund.

City of Beachwood, Ohio
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The capital improvements fund is used to account for the flow of resources related to the construction, acquisition, and renovation of capital assets. This fund is funded with excess revenue from the general fund. The City strives to maintain a general fund balance which is 50 percent of general fund revenues. Any excess may be transferred to the capital improvements fund. The fund balances at December 31, 2018 and 2017 were \$10,833,668 and \$17,703,289. The decrease is due to the construction of a new fire station.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The legal level of control has been established by Council at the personal services and other object level within each fund. Any budgetary modifications at this level may only be made by ordinance of City Council. During the course of the year, the City amended its general fund budget several times. In addition to day-to-day budget monitoring, the Finance Director closely examines the budget with the preparation of the monthly financial statements.

For the general fund, final budgeted revenues were \$41,695,400; and actual revenue collections were \$42,525,298. Final budgeted appropriations (excluding transfers) were \$41,533,925 and actual expenditures (excluding transfers) were \$38,686,362. Appropriations are always conservatively budgeted on the high side which accounts for the difference between budgeted appropriations and actual expenditures.

Debt Administration and Capital Assets

Debt

Table 4 summarizes outstanding debt at December 31, 2018 compared to December 31, 2017.

The general obligation bonds will be paid out of the debt service fund with funds transferred from the general fund. The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. See Note 16 to the basic financial statements for more information regarding the City's outstanding debt.

Table 4
Outstanding Debt at Year End

	Governmental Activities	
	2018	2017
General Obligation Bonds	\$17,045,256	\$18,822,122
Special Assessment Bonds	5,644,123	6,050,351
<i>Totals</i>	\$22,689,379	\$24,872,473

City of Beachwood, Ohio
Management's Discussion and Analysis
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Capital Assets

Table 5 compares capital assets as of December 31, 2018 to balances at December 31, 2017.

Table 5
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	\$14,235,641	\$14,235,641
Land Improvements	1,895,289	2,255,446
Buildings and Improvements	41,820,017	32,182,961
Furniture and Equipment	1,509,903	1,709,809
Vehicles	2,487,029	2,712,664
Construction in Progress	0	5,835,668
Infrastructure		
Streets	27,754,873	27,000,214
Sanitary Sewers	1,674,837	1,725,220
Storm Sewers	1,652,237	1,700,089
I-Net Fiber	772,543	788,837
Traffic Signals	559,108	568,555
<i>Totals</i>	\$94,361,477	\$90,715,104

Significant capital asset additions mainly include road improvements and construction of the new fire station. In 2018, work was done on the following roads: Halburton Road and Richmond Road. The new fire station was completed in 2018.

With regards to the City's infrastructure, the Service Director maintains a comprehensive listing of all streets, waterlines and sanitary and storm sewer lines. As part of the annual road maintenance program, the Service Director evaluates the condition of the streets and identifies which roads need to be repaired or replaced the following year. Over the last five years, the City has averaged \$3.0 million a year for the road maintenance program.

See Note 10 to the basic financial statements for additional information on the City's capital assets.

City of Beachwood, Ohio
Management's Discussion and Analysis
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Current Financial Related Activities

The City of Beachwood is strong financially and well managed, as evidenced by the Aaa bond rating awarded the City by Moody's Investor Service and the AAA rating awarded by Fitch Investors Service. The City has continued to maintain the highest standards of service to the Citizens of Beachwood while diligently planning expenses, to stay within the City's revenues. The City is well prepared to meet the challenges of the future.

Contacting the City's Finance Department

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Larry Heiser, CPA, Finance Director at the City of Beachwood, 25325 Fairmount Boulevard, Beachwood, Ohio 44122, 216-292-1913, or email at larry.heiser@beachwoodohio.com.

City of Beachwood, Ohio
Statement of Net Position
December 31, 2018

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$42,092,364
Cash and Cash Equivalents in Segregated Accounts	2,375
Accounts Receivable	125,863
Loans Receivable	700,000
Admission Taxes Receivable	27,541
Lodging Taxes Receivable	56,529
Franchise Taxes Receivable	34,550
Intergovernmental Receivable	356,982
Materials and Supplies Inventory	894,522
Prepaid Items	186,009
Property Taxes Receivable	3,007,266
Income Taxes Receivable	7,455,594
Special Assessments Receivable	6,814,013
Net Pension Asset	5,925
Nondepreciable Capital Assets	14,235,641
Depreciable Capital Assets, Net	80,125,836
	156,121,010
Deferred Outflows of Resources	
Pension	6,788,707
OPEB	2,747,089
	9,535,796
<i>Total Deferred Outflows of Resources</i>	
Liabilities	
Accounts Payable	431,390
Retainage Payable	332,385
Accrued Wages	427,512
Matured Compensated Absences	334,182
Intergovernmental Payable	342,492
Accrued Interest Payable	56,714
Contracts Payable	136,329
Claims Payable	235,873
Long-Term Liabilities:	
Due Within One Year	3,340,636
Due In More Than One Year	
Net Pension Liability (See Note 12)	35,564,754
Net OPEB Liability (See Note 13)	29,583,395
Other Amounts	22,882,968
	93,668,630
<i>Total Liabilities</i>	
Deferred Inflows of Resources	
Property Taxes	2,960,572
Pension	3,975,560
OPEB	1,185,447
	8,121,579
<i>Total Deferred Inflows of Resources</i>	
Net Position	
Net Investment in Capital Assets	71,879,216
Restricted for:	
Debt Service	6,698,163
Unclaimed Monies	36,165
Streets	1,872,314
Other Purposes	603,505
Unrestricted (Deficit)	(17,222,766)
	\$63,866,597
<i>Total Net Position</i>	

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Activities
For the Year Ended December 31, 2018

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants Contributions and Interest	Governmental Activities
Governmental Activities				
General Government	\$5,744,348	\$283,511	\$0	(\$5,460,837)
Public Safety:				
Police	12,384,365	837,690	15,053	(11,531,622)
Fire	10,124,266	1,121,174	0	(9,003,092)
Public Services	14,004,105	0	589,246	(13,414,859)
Health and Welfare	680,821	159,768	0	(521,053)
Culture and Recreation	2,977,189	942,686	0	(2,034,503)
Building and				
Community Development	1,371,313	891,666	0	(479,647)
Interest and Fiscal Charges	661,617	0	0	(661,617)
<i>Total Governmental Activities</i>	<u>\$47,948,024</u>	<u>\$4,236,495</u>	<u>\$604,299</u>	<u>(43,107,230)</u>

General Revenues

Property Taxes Levied for	
General Purposes	2,321,760
Police Pension	188,264
Municipal Income Taxes Levied for	
General Purposes	32,309,577
Admission, Lodging and Franchise Taxes	1,532,086
Estate Taxes	1,325
Grants and Entitlements not Restricted to Specific Programs	334,032
Investment Earnings	557,786
Health Care Reimbursements	595,177
Gain on Sale of Capital Assets	211,333
Other	872,354

Total General Revenues 38,923,694

Change in Net Position (4,183,536)

Net Position Beginning of Year Restated
(See Note 18) 68,050,133

Net Position End of Year \$63,866,597

See accompanying notes to the basic financial statements

City of Beachwood, Ohio

Balance Sheet

Governmental Funds

December 31, 2018

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$26,187,807	\$726,674	\$11,378,091	\$2,263,627	\$40,556,199
Cash and Cash Equivalents In Segregated Accounts	2,375	0	0	0	2,375
Property Taxes Receivable	2,781,722	0	0	225,544	3,007,266
Income Taxes Receivable	7,455,594	0	0	0	7,455,594
Loans Receivable	700,000	0	0	0	700,000
Admission Taxes Receivable	27,541	0	0	0	27,541
Lodging Taxes Receivable	56,529	0	0	0	56,529
Franchise Taxes Receivable	34,550	0	0	0	34,550
Accounts Receivable	125,863	0	0	0	125,863
Intergovernmental Receivable	141,851	0	0	215,131	356,982
Materials and Supplies Inventory	894,522	0	0	0	894,522
Prepaid Items	186,009	0	0	0	186,009
Special Assessments Receivable	0	6,704,035	109,978	0	6,814,013
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	36,165	0	0	0	36,165
Total Assets	\$38,630,528	\$7,430,709	\$11,488,069	\$2,704,302	\$60,253,608
Liabilities					
Accounts Payable	\$349,240	\$0	\$75,709	\$6,441	\$431,390
Retainage Payable	0	0	332,385	0	332,385
Accrued Wages	427,512	0	0	0	427,512
Matured Compensated Absences	334,182	0	0	0	334,182
Intergovernmental Payable	342,492	0	0	0	342,492
Contracts Payable	0	0	136,329	0	136,329
Total Liabilities	1,453,426	0	544,423	6,441	2,004,290
Deferred Inflows of Resources					
Property Taxes	2,738,530	0	0	222,042	2,960,572
Unavailable Revenue	1,929,889	6,704,035	109,978	145,509	8,889,411
Total Deferred Inflows of Resources	4,668,419	6,704,035	109,978	367,551	11,849,983
Fund Balances					
Nonspendable	1,116,696	0	0	0	1,116,696
Restricted	0	726,674	0	2,330,310	3,056,984
Committed	233,883	0	803,068	0	1,036,951
Assigned	1,159,553	0	10,030,600	0	11,190,153
Unassigned	29,998,551	0	0	0	29,998,551
Total Fund Balances	32,508,683	726,674	10,833,668	2,330,310	46,399,335
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$38,630,528	\$7,430,709	\$11,488,069	\$2,704,302	\$60,253,608

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2018*

Total Governmental Fund Balances \$46,399,335

*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. 94,361,477

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.

Delinquent Property Taxes	46,694
Intergovernmental	264,515
Special Assessments	6,814,013
Municipal Income Taxes	1,764,189
	1,764,189

Total 8,889,411

An internal service fund is used by management to charge the cost of workers compensation to individual funds/departments. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 1,264,127

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due. (56,714)

The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore the asset, liability and related deferred inflows/outflows are not reported in governmental funds:

Net Pension Asset	5,925
Deferred Outflows - Pension	6,788,707
Deferred Inflows - Pension	(3,975,560)
Net Pension Liability	(35,564,754)
Deferred Outflows - OPEB	2,747,089
Deferred Inflows - OPEB	(1,185,447)
Net OPEB Liability	(29,583,395)
	(29,583,395)

Total (60,767,435)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Special Assessment Bonds	(5,644,123)
General Obligation Bonds	(17,045,256)
Compensated Absences	(3,534,225)
	(3,534,225)

Total (26,223,604)

Net Position of Governmental Activities \$63,866,597

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,550,043	\$0	\$0	\$206,774	\$2,756,817
Municipal Income Taxes	32,037,195	0	0	0	32,037,195
Charges for Services	2,945,138	0	0	0	2,945,138
Fines, Licenses and Permits	1,086,466	0	0	9,760	1,096,226
Intergovernmental	333,291	0	0	581,957	915,248
Estate Taxes	1,325	0	0	0	1,325
Admission Taxes	338,557	0	0	0	338,557
Lodging Taxes	1,053,716	0	0	0	1,053,716
Franchise Taxes	139,813	0	0	0	139,813
Rentals	174,851	0	0	0	174,851
Health Care Reimbursements	595,177	0	0	0	595,177
Special Assessments	0	568,761	19,855	20,280	608,896
Interest	549,641	0	0	28,835	578,476
Other	401,699	0	450,662	19,993	872,354
<i>Total Revenues</i>	<u>42,206,912</u>	<u>568,761</u>	<u>470,517</u>	<u>867,599</u>	<u>44,113,789</u>
Expenditures					
Current:					
General Government	4,838,941	0	0	3,529	4,842,470
Public Safety:					
Police	10,279,851	0	0	246,387	10,526,238
Fire	7,957,349	0	0	0	7,957,349
Public Services	9,764,097	0	0	109,052	9,873,149
Health and Welfare	615,967	0	0	0	615,967
Culture and Recreation	2,452,692	0	0	0	2,452,692
Building and					
Community Development	1,187,629	0	0	0	1,187,629
Capital Outlay	0	0	9,340,138	209,988	9,550,126
Debt Service:					
Principal Retirement	0	2,110,000	0	0	2,110,000
Interest and Fiscal Charges	0	777,813	0	0	777,813
<i>Total Expenditures</i>	<u>37,096,526</u>	<u>2,887,813</u>	<u>9,340,138</u>	<u>568,956</u>	<u>49,893,433</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,110,386</u>	<u>(2,319,052)</u>	<u>(8,869,621)</u>	<u>298,643</u>	<u>(5,779,644)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	1,300,000	0	0		1,300,000
Transfers In	0	2,000,000	2,000,000	0	4,000,000
Transfers Out	(4,000,000)	0	0	0	(4,000,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,700,000)</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>0</u>	<u>1,300,000</u>
<i>Net Change in Fund Balances</i>	2,410,386	(319,052)	(6,869,621)	298,643	(4,479,644)
<i>Fund Balances Beginning of Year</i>	<u>30,098,297</u>	<u>1,045,726</u>	<u>17,703,289</u>	<u>2,031,667</u>	<u>50,878,979</u>
<i>Fund Balances End of Year</i>	<u>\$32,508,683</u>	<u>\$726,674</u>	<u>\$10,833,668</u>	<u>\$2,330,310</u>	<u>\$46,399,335</u>

See accompanying notes to the basic financial statements

City of Beachwood, 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, 2018*

Net Change in Fund Balances - Total Governmental Funds

Amounts reported for governmental activities in the statement of activities are different because (\$4,479,644)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Asset Additions		
Capital Outlays	9,626,705	
Current Year Depreciation	(4,839,924)	
Total		4,786,781

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. (1,140,408)

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

Delinquent Property Taxes	(246,793)	
Intergovernmental	2,393	
Special Assessments	(588,616)	
Municipal Income Taxes	272,382	
Total		(560,634)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,110,000

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.

Accrued Interest on Bonds	43,102	
Amortization of Premium	73,094	
Total		116,196

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (345,193)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	3,296,275	
OPEB	44,659	
Total		3,340,934

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension/OPEB expense in the statement of activities.

Pension	(5,561,775)	
OPEB	(2,318,850)	
Total		(7,880,625)

The internal service fund used by management to charge the costs of workers' compensation to individual departments is not reported in the entity wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (130,943)

Change in Net Position of Governmental Activities (\$4,183,536)

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,700,000	\$2,560,000	\$2,550,043	(\$9,957)
Municipal Income Taxes	35,063,009	32,160,000	32,093,800	(66,200)
Charges for Services	3,000,000	2,812,000	2,962,497	150,497
Fines, Licenses and Permits	1,300,000	1,130,000	1,086,591	(43,409)
Intergovernmental	500,000	327,400	333,424	6,024
Rentals	0	0	174,851	174,851
Estate Taxes	0	0	1,325	1,325
Admission Taxes	400,000	390,000	340,693	(49,307)
Lodging Taxes	1,200,000	1,000,000	1,060,903	60,903
Franchise Taxes	150,000	140,000	138,386	(1,614)
Health Care Reimbursements	550,000	533,000	595,177	62,177
Interest	500,000	400,400	804,190	403,790
Other	300,000	242,600	383,418	140,818
<i>Total Revenues</i>	45,663,009	41,695,400	42,525,298	829,898
Expenditures				
Current:				
General Government	5,668,178	5,829,178	5,246,609	582,569
Public Safety:				
Police	11,189,634	11,274,834	10,656,615	618,219
Fire	8,329,768	8,329,768	7,966,995	362,773
Public Services	11,095,410	11,095,410	10,442,114	653,296
Health and Welfare	722,543	762,543	637,823	124,720
Culture and Recreation	2,909,752	2,909,752	2,528,331	381,421
Building and Community Development	1,332,440	1,332,440	1,207,875	124,565
<i>Total Expenditures</i>	41,247,725	41,533,925	38,686,362	2,847,563
<i>Excess of Revenues Over Expenditures</i>	4,415,284	161,475	3,838,936	3,677,461
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	600,000	600,000
Transfers Out	(4,000,000)	(4,000,000)	(4,000,000)	0
<i>Total Other Financing Sources (Uses)</i>	(4,000,000)	(4,000,000)	(3,400,000)	600,000
<i>Net Change in Fund Balance</i>	415,284	(3,838,525)	438,936	4,277,461
<i>Fund Balance Beginning of Year</i>	22,931,988	22,931,988	22,931,988	0
Prior Year Encumbrances Appropriated	1,672,025	1,672,025	1,672,025	0
<i>Fund Balance End of Year</i>	\$25,019,297	\$20,765,488	\$25,042,949	\$4,277,461

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2018

	<u>Internal Service</u>
Assets	
<i>Current Assets</i>	
Equity in Pooled Cash and Cash Equivalents	\$1,500,000
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	<u>235,873</u>
Net Position	
Unrestricted	<u><u>\$1,264,127</u></u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2018

	Internal Service
Operating Revenues	
Charges for Services	\$219,510
Operating Expenses	
Claims	350,453
<i>Change in Net Position</i>	(130,943)
<i>Net Position Beginning of Year</i>	1,395,070
<i>Net Position End of Year</i>	\$1,264,127

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2018

	Internal Service
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$219,510
Cash Payments for Claims	(219,510)
<i>Increase in Cash and Cash Equivalents</i>	0
<i>Cash and Cash Equivalents Beginning of Year</i>	1,500,000
<i>Cash and Cash Equivalents End of Year</i>	\$1,500,000
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	(\$130,943)
Adjustments:	
Increase in Claims Payable	130,943
<i>Net Cash Provided by Operating Activities</i>	\$0
See accompanying notes to the basic financial statements	

City of Beachwood, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,212	\$5,850,026
Liabilities		
Undistributed Monies	0	\$412
Deposits Held and Due to Others	0	5,849,614
<i>Total Liabilities</i>	0	\$5,850,026
Net Position		
Held in Trust for Recreation	\$1,212	

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Changes in Fund Net Position
Private Purpose Trust Fund
For the Year Ended December 31, 2018

	<u>Private Purpose Trust</u>
Additions	
Interest	\$19
Deductions	
	<u>0</u>
<i>Change in Net Position</i>	19
<i>Net Position Beginning of Year</i>	<u>1,193</u>
<i>Net Position End of Year</i>	<u><u>\$1,212</u></u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Description of the City and Reporting Entity

The City was incorporated as a village in 1915 and became a city in 1960. The City of Beachwood (“The City”) is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a “Mayor-Council” form of government. Elected officials include seven council members and a mayor. Council members are elected on an at-large basis at the regular municipal election in November of odd numbered years for a term of four years and serve staggered terms commencing on the first day of January after the election. The Mayor is elected every four years.

Reporting Entity

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.

The Mayor is an elected official who has a fiduciary responsibility for the collection and disbursement of Mayor’s Court fees and fines.

In addition to Mayor’s Court, the City of Beachwood provides the following services: police, fire, emergency medical and ambulance, rubbish collection and street construction, maintenance and repair.

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; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The City is associated with two jointly governed organizations and one shared risk pool. The Northeast Ohio Public Energy Council and the City of Beachwood, Ohio Energy Special Improvement District, Inc. are jointly governed organizations. The Northern Ohio Risk Management Association is a shared risk pool. These organizations are described in Note 7 and 15 of the Basic Financial Statements.

The City’s management believes these financial statements present all activities for which the City is financially accountable.

Note 2 - Summary of Significant Accounting Policies

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

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

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

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City’s funds are classified as either governmental, proprietary or 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 and reports all financial resources except those required to be accounted for and reported 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 Beachwood and/or the general laws of Ohio.

Bond Retirement Debt Service Fund The bond retirement debt service fund is used to account for and report transfers from the general fund and the collection of special assessments levied against benefited properties restricted for the payment of special assessment and general obligation bond principal, interest and related costs.

Capital Improvements Fund The capital improvements fund accounts for and reports transfers from the general fund and special assessments assigned for the acquisition, construction or improvement of major capital facilities.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The other governmental funds of the City account for grants and other resources whose use is restricted, committed or assigned 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 does not have any enterprise funds.

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for workers' compensation.

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's trust fund is a private purpose trust which accounts for donated monies to provide funds for the Beachwood Men's Softball League. The City's agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The agency funds account for construction deposits, commercial permit taxes paid to the State, payments in lieu of property taxes for the Eaton and OMNOVA TIF agreements, and withholdings tax collections that are due to the cities of Warrensville Heights and Cleveland.

C. Measurement Focus

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.

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. 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 fund 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.

The private purpose trust fund is reported using the economic resources measurement focus.

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 and the statements presented for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

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. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 3) 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: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines, licenses and permits, interest, grants and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 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, special assessments, municipal income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Government Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Note 12 and 13)

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.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

E. 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. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" and represent deposits.

During fiscal year 2018, investments were limited to U.S. treasury notes, negotiable certificate of deposits, municipal bonds, federal farm credit bonds, federal home loan bank bonds, federal home loan mortgage bonds, federal national mortgage association bonds, commercial paper and STAR Ohio.

Investments, except STAR Ohio, are reported at fair market value, which is based on quoted market prices. STAR Ohio is reported at net asset value per share.

During 2018, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures 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 an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2018 amounted to \$549,641, which includes \$189,255 assigned from other City funds.

Investments with an original maturity of three months or less and investments of the cash management pool are presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

G. Inventory

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

H. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

I. Bond Premium

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 bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

J. 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, as both are equally legally binding) 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 are 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. These amounts are assigned by City Council. 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 or by State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

The City 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.

K. Capital Assets

The City's only capital assets are general capital assets. They generally result from expenditures in the governmental funds. General capital 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. 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.

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	20 years
Buildings and Improvements	5 - 50 years
Furniture and Equipment	7 - 10 years
Vehicles	3 - 25 years
Infrastructure	8 - 50 years

The City's infrastructure consists of streets, water lines, sanitary sewers, storm sewers and I-Net Fiber and includes infrastructure acquired prior to December 31, 1980.

L. Compensated Absences

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

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 the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees with 10 or more years of service or for employees age 50 or over regardless of years of service.

City of Beachwood, Ohio
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The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements and vacation payouts. These amounts are recorded in the account “matured compensated absences payable” in the fund(s) from which the employees will be paid.

M. 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 that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits. Bonds are recognized as a liability on the fund financial statements when due.

N. Net Position

Net position represents the difference between all other elements in a statement of financial position. 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 there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for police, street lights and improvements to the Mayor’s court.

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

O. Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

P. 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.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Q. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the personal services and other object level within each fund. For the personal service object level the Finance Director has been authorized to allocate and maintain appropriations within each department. For the other object level, the Finance Director with the approval of the Mayor, has been authorized to allocate appropriations within each department and any object level other than personal services. Budgetary statements are presented beyond that legal level of control for information purposes only.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts in the budgetary statement reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

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

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/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 plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Note 3 - Receivables

Receivables at December 31, 2018, consisted primarily of municipal income taxes, property, admissions, lodging, and franchise taxes, accounts, special assessments, loans, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full. All receivables except property taxes, loans and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$6,085,377 in the Bond Retirement Fund and \$85,554 in the Capital Improvement Fund. At December 31, 2018 the amount of delinquent special assessments was \$775.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

2018 real property taxes are levied after October 1, 2018 on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and collected in 2019 real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was \$4.00 per 1,000 of assessed value. The assessed values of real and public utility property upon which 2019 property tax receipts were based are as follows:

Real Property	\$797,641,790
Public Utility Property	<u>11,851,720</u>
Total Valuation	<u><u>\$809,493,510</u></u>

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Beachwood. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2018 and for which there is an enforceable legal claim. In the general and police pension funds, the portion of the receivable not levied to finance 2018 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

B. Municipal Income Taxes

The City levies a municipal income tax of 2.0 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax on the income earned outside of the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. Income tax revenue is credited entirely to the general fund.

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Gasoline Tax	\$253,347
Homestead and Rollback	99,218
Other	<u>4,417</u>
Total	<u><u>\$356,982</u></u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 4 - Budgetary Basis of Accounting

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

The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Investments reported at cost (budget) rather than fair value (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$2,410,386
Net Adjustments for Revenue Accruals	(1,250,327)
Beginning Fair Value Adjustment for Investments	307,082
Ending Fair Value Adjustment for Investments	561,631
Net Adjustments for Expenditure Accruals	152,818
Encumbrances	<u>(1,742,654)</u>
Budget Basis	<u><u>\$438,936</u></u>

Note 5 – Interfund Transfers

Transfers of \$2,000,000 and \$2,000,000 were made during calendar year 2018 from the general fund to the bond retirement and capital improvements funds, respectively. The transfer to the bond retirement was to move money for the payment of bonds and notes and the transfer to the capital improvements fund was to move money for capital projects.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 6 - Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Vacation leave is earned at rates which vary depending upon length of service and standard work week. Vacation leave may be carried over from year to year in an amount up to 150 percent of the annual accrual. Employees are paid for earned, unused vacation leave at the time of termination.

City employees earn sick leave at the rate of 4.6 hours per pay period during which the employee is in active pay status, and do not accrue for additional overtime hours worked. Sick leave accrual is based on an 80 hour pay period; employees who do not record 80 hours of work, approved paid leave, or a combination thereof receive a sick leave accrual proportionate to the number of hours worked and approved paid leave hours recorded. Firefighters who are on a 100.8 hour pay period receive sick leave at a rate of 5.8 hours per pay period. Annually, any employee who has in excess of 1,500 sick leave hours will receive a lump sum cash payment of 33 1/3 percent of the hours in excess of 1,500 hours. Upon death or retirement, employees with accumulated service time of 20 years or more or who qualify for retirement, at date of termination, under the Public Employees Retirement System or the Ohio Police and Fire Pension Fund, are entitled to convert 50 percent and 55 percent of their unused sick leave balance respectively, into a lump sum cash payment to be included in the final payroll warrant issued to the employee.

Note 7 - Jointly Governed Organization

A. 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 194 communities 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 eight-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 Beachwood did not contribute to NOPEC during 2018. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

B. City of Beachwood, Ohio Energy Special Improvement District Inc.

The City of Beachwood, Ohio Energy Special Improvement District, Inc. (the "District") is a jointly governed organization that is to enhance the value of properties within the District and improve the environment by developing and assisting in developing the District special energy improvement projects. For 2018, the City did not contribute to the District. For more information contact Sandra H. Noll, President, at SJL Management Group, 723 South Muller Road, Fairlawn, Ohio, 44333.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 8 - Deposits and Investments

The City has chosen to follow State statutes and classify monies held by the City into three categories:

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

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

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

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAROhio);

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

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

At year end, the City had \$1,450 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Investments

Investments are reported at fair value. As of December 31, 2018, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Moody's	Percent of Total Investments
Net Asset Value (NAV) Per Share:				
STAR Ohio	\$1,178,449	Less than 6 months	AAAm*	2.50%
Fair Value - Level Two Inputs:				
U.S. Treasury Notes	1,974,570	Less than 1 year	Aaa	4.20%
Commercial Paper	3,283,071	Less than 1 year	P-1	6.96%
Municipal Bonds				
Canton Economic BANS	1,909,234	Less than 6 months	N/A	4.06%
Elyria	148,544	Less than 1 year	A2	0.32%
Brookville Ohio	565,202	Less than 5 years	AA2	1.20%
Ohio Capital Fund	692,818	Less than 5 years	AA-*	1.47%
Olentangy	301,257	Less than 1 year	Aa1	0.64%
Negotiable Certificate of Deposits	4,393,255	Less than five years	N/A	9.34%
Federal Farm Credit Bonds	4,984,057	Less than five years	Aaa	10.59%
Federal National Mortgage Association Bonds				
	4,943,750	Less than five years	Aaa	10.51%
Federal Home Loan Mortgage Bonds	11,824,190	Less than five years	Aaa	25.13%
Federal Home Loan Bank Bonds	10,860,500	Less than five years	Aaa	23.08%
Total Fair Value - Level Two Inputs	<u>45,880,448</u>			
Total Investments	<u>\$47,058,897</u>			

*Standard & Poor's rating

City of Beachwood, Ohio
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For the Year Ended December 31, 2018

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2018. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet anticipated cash flow requirements.

Credit Risk The Moody's ratings of the City's investments are listed in the table above. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy does not address credit risk.

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

Note 9 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2018.

B. Litigation

The City is a party to various legal proceedings seeking damages. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 10 – Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$14,235,641	\$0	\$0	\$14,235,641
Construction in Progress	5,835,668	7,840,503	(13,676,171)	0
<i>Total Capital Assets, not being depreciated</i>	<u>20,071,309</u>	<u>7,840,503</u>	<u>(13,676,171)</u>	<u>14,235,641</u>
<i>Capital Assets, being depreciated</i>				
Land Improvements	7,830,943	0	0	7,830,943
Buildings and Improvements	45,981,265	11,649,556	(1,420,000)	56,210,821
Furniture and Equipment	6,660,624	80,222	(445,483)	6,295,363
Vehicles	10,351,843	503,789	(868,951)	9,986,681
Infrastructure				
Streets	67,925,339	3,228,806	(2,944,238)	68,209,907
Sanitary Sewers	2,519,136	0	0	2,519,136
Storm Sewers	2,392,601	0	0	2,392,601
I-Net Fiber	814,700	0	0	814,700
Traffic Signals	614,055	0	0	614,055
<i>Total Capital Assets, being depreciated</i>	<u>\$145,090,506</u>	<u>\$15,462,373</u>	<u>(\$5,678,672)</u>	<u>\$154,874,207</u>

City of Beachwood, Ohio
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For the Year Ended December 31, 2018

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Governmental Activities				
Less Accumulated Depreciation				
Land Improvements	(\$5,575,497)	(\$360,157)	\$0	(\$5,935,654)
Buildings and Improvements	(13,798,304)	(923,833)	331,333	(14,390,804)
Furniture and Equipment	(4,950,815)	(279,487)	444,842	(4,785,460)
Vehicles	(7,639,179)	(678,324)	817,851	(7,499,652)
Infrastructure				0
Streets	(40,925,125)	(2,474,147)	2,944,238	(40,455,034)
Sanitary Sewers	(793,916)	(50,383)	0	(844,299)
Storm Sewers	(692,512)	(47,852)	0	(740,364)
I-Net Fiber	(25,863)	(16,294)	0	(42,157)
Traffic Signals	(45,500)	(9,447)	0	(54,947)
Total Accumulated Depreciation	<u>(74,446,711)</u>	<u>(4,839,924) *</u>	<u>4,538,264</u>	<u>(74,748,371)</u>
Total Capital Assets being depreciated, Net	<u>70,643,795</u>	<u>10,622,449</u>	<u>(1,140,408)</u>	<u>80,125,836</u>
Governmental Activities Capital Assets, Net	<u><u>\$90,715,104</u></u>	<u><u>\$18,462,952</u></u>	<u><u>(\$14,816,579)</u></u>	<u><u>\$94,361,477</u></u>

*Depreciation expense was charged to governmental activities as follows:

General Government	\$552,857
Public Safety:	
Police	150,084
Fire	415,486
Public Services	3,291,055
Health and Welfare	19,536
Culture and Recreation	408,172
Building and Community Development	<u>2,734</u>
Total Depreciation Expense	<u><u>\$4,839,924</u></u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 11 – 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 balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Capital Improvements	Governmental Funds	Governmental Activities
Nonspendable:					
Prepays	\$186,009	\$0	\$0	\$0	\$186,009
Inventory	894,522	0	0	0	894,522
Unclaimed Funds	36,165	0	0	0	36,165
<i>Total Nonspendable</i>	<u>1,116,696</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,116,696</u>
Restricted for:					
Street Maintenance	0	0	0	1,737,748	1,737,748
Mayor's Court Computers	0	0	0	60,859	60,859
Drug and Alcohol Enforcement	0	0	0	390,025	390,025
Police Pension	0	0	0	41,985	41,985
Street Lighting	0	0	0	99,693	99,693
Bond Retirement	0	726,674	0	0	726,674
<i>Total Restricted</i>	<u>0</u>	<u>726,674</u>	<u>0</u>	<u>2,330,310</u>	<u>3,056,984</u>
Committed to:					
Capital Improvement	0	0	803,068	0	803,068
Purchases on Order for:					
General Government	72,231	0	0	0	72,231
Police	11,154	0	0	0	11,154
Service	137,893	0	0	0	137,893
Human Services	8,459	0	0	0	8,459
Recreation	4,146	0	0	0	4,146
<i>Total Committed</i>	<u>233,883</u>	<u>0</u>	<u>803,068</u>	<u>0</u>	<u>1,036,951</u>
Assigned to:					
Capital Improvement	0	0	10,030,600	0	10,030,600
Purchases on Order for:					
Legal Services	30,692	0	0	0	30,692
Computer Equipment	143,980	0	0	0	143,980
Utilities	176,560	0	0	0	176,560
Pension	274,771	0	0	0	274,771
Gasoline	28,239	0	0	0	28,239
Other	505,311	0	0	0	505,311
<i>Total Assigned</i>	<u>1,159,553</u>	<u>0</u>	<u>10,030,600</u>	<u>0</u>	<u>11,190,153</u>
Unassigned	<u>29,998,551</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>29,998,551</u>
Total Fund Balances	<u>\$32,508,683</u>	<u>\$726,674</u>	<u>\$10,833,668</u>	<u>\$2,330,310</u>	<u>\$46,399,335</u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 12 - Defined Benefit Pension Plans

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

Net Pension Liability (Asset) /Net OPEB Liability (Asset)

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

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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benefit/defined contribution pension plan.

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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 traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. 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.

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Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2018 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

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

For 2018, The City's contractually required contribution was \$1,453,878 for the traditional plan, \$2,215 for the combined plan and \$3,839 for the member-directed plan. Of these amounts, \$141,851 is reported as an intergovernmental payable for the traditional plan, \$214 for the combined plan, and \$151 for the member-directed plan.

City of Beachwood, Ohio
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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 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

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

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

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

City of Beachwood, Ohio
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	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,840,182 for 2018. Of this amount, \$186,631 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.0754730%	0.0043510%	0.3865530%	
Prior Measurement Date	<u>0.0751760%</u>	<u>0.0339080%</u>	<u>0.3933340%</u>	
Change in Proportionate Share	<u>0.0002970%</u>	<u>-0.0295570%</u>	<u>-0.0067810%</u>	
Proportionate Share of the:				
Net Pension Liability	\$11,840,252	\$0	\$23,724,502	\$35,564,754
Net Pension Asset	0	5,925	0	5,925
Pension Expense	2,629,744	(18,079)	2,950,110	5,561,775

2018 pension expense for the member-directed defined contribution plan was \$3,839.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$12,092	\$0	\$360,035	\$372,127
Changes of assumptions	1,414,989	517	1,033,802	2,449,308
Changes in proportion and differences between City contributions and proportionate share of contributions	44,818	14,337	611,842	670,997
City contributions subsequent to the measurement date	<u>1,453,878</u>	<u>2,215</u>	<u>1,840,182</u>	<u>3,296,275</u>
Total Deferred Outflows of Resources	<u>\$2,925,777</u>	<u>\$17,069</u>	<u>\$3,845,861</u>	<u>\$6,788,707</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$233,334	\$1,765	\$42,918	\$278,017
Net difference between projected and actual earnings on pension plan investments	2,541,946	935	820,686	3,363,567
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>7,648</u>	<u>0</u>	<u>326,328</u>	<u>333,976</u>
Total Deferred Inflows of Resources	<u>\$2,782,928</u>	<u>\$2,700</u>	<u>\$1,189,932</u>	<u>\$3,975,560</u>

\$3,296,275 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2019	\$1,083,148	\$1,426	\$722,826	\$1,807,400
2020	(230,316)	1,400	507,061	278,145
2021	(1,119,338)	1,191	(342,973)	(1,461,120)
2022	(1,044,523)	1,213	(323,883)	(1,367,193)
2023	0	1,542	204,080	205,622
Thereafter	<u>0</u>	<u>5,382</u>	<u>48,636</u>	<u>54,018</u>
Total	<u>(\$1,311,029)</u>	<u>\$12,154</u>	<u>\$815,747</u>	<u>(\$483,128)</u>

City of Beachwood, Ohio
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Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
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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 16.82 percent for 2017.

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 2017 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 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$21,025,268	\$11,840,252	\$4,182,714
OPERS Combined Plan	(3,220)	(5,925)	(7,788)

City of Beachwood, Ohio
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Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, 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

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

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

For the January 1, 2016 valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return 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, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
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.

City of Beachwood, Ohio
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Discount Rate For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$32,888,382	\$23,724,502	\$16,250,521

Note 13 – Defined Benefit OPEB Plans

See Note 12 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

City of Beachwood, Ohio
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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.

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 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 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 \$1,535 for 2018. Of this amount, \$151 is reported as an intergovernmental payable.

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 Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

City of Beachwood, Ohio
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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 2018, 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.

The City's contractually required contribution to OP&F was \$43,124 for 2018. Of this amount, \$4,382 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, 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, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. 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:

City of Beachwood, Ohio
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	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.0707400%	0.3865530%	
Prior Measurement Date	<u>0.0714800%</u>	<u>0.3933340%</u>	
Change in Proportionate Share	<u>-0.0007400%</u>	<u>-0.0067810%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,681,843	\$21,901,552	\$29,583,395
OPEB Expense	\$620,717	\$1,698,133	\$2,318,850

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$5,984	\$0	\$5,984
Changes of assumptions	559,320	2,137,126	2,696,446
City contributions subsequent to the measurement date	<u>1,535</u>	<u>43,124</u>	<u>44,659</u>
Total Deferred Outflows of Resources	<u>\$566,839</u>	<u>\$2,180,250</u>	<u>\$2,747,089</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$110,462	\$110,462
Net difference between projected and actual earnings on OPEB plan investments	572,246	144,166	716,412
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>50,567</u>	<u>308,006</u>	<u>358,573</u>
Total Deferred Inflows of Resources	<u>\$622,813</u>	<u>\$562,634</u>	<u>\$1,185,447</u>

\$44,659 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 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City of Beachwood, Ohio
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Year Ending December 31:	OPERS	OP&F	Total
2019	\$103,036	\$215,224	\$318,260
2020	103,036	215,224	318,260
2021	(120,518)	215,224	94,706
2022	(143,063)	215,224	72,161
2023	0	251,266	251,266
Thereafter	0	462,330	462,330
Total	<u>(\$57,509)</u>	<u>\$1,574,492</u>	<u>\$1,516,983</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. 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	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial
	3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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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 2017, 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 15.2 percent for 2017.

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 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	<u>100.00 %</u>	<u>4.98 %</u>

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. 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 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

City of Beachwood, Ohio
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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 3.85 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 (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net OPEB liability	\$10,205,660	\$7,681,843	\$5,640,100

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 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$7,349,886	\$7,681,843	\$8,024,746

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, 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.

City of Beachwood, Ohio
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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, 2017, with actuarial liabilities rolled forward to December 31, 2017
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:	
Current measurement date	3.24 percent
Prior measurement date	3.79 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.

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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 OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$27,377,203	\$21,901,552	\$17,688,239

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:

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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%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$17,013,519	\$21,901,552	\$28,488,965

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, 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 impact to the City's NOL is not known.

Note 14 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In October 2017, the City joined the Northern Ohio Risk Management Association (NORMA), a not-for-profit corporation, for the purpose of obtaining property, liability, and vehicle insurance and providing for a formalized, jointly administered self-insurance fund. The City pays an annual premium to NORMA for its insurance coverage. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement. This coverage is paid from the General Fund. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

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B. Workers' Compensation

The City is self-insured for worker's compensation coverage. The City is accounting for the worker's compensation self-insurance through the Self-Insurance Fund (an Internal Service Fund). For 2018, Sedgwick Claims Management Services was the City's third-party administrator. The retention point for excess insurance is \$450,000, which is through Midwest Employers. The insurance will cover the City for each incident that goes beyond \$450,000. The claims liability of \$235,873 reported in the fund as December 31, 2018, is based on an estimate provided by the third party administrator and the requirements of GASB Statement 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 claim adjustment expenses. Changes in the fund's claim liability amount for 2017 and 2018 were:

	Beginning of Year	Claims	Payments	End of Year
2017	\$125,303	\$159,102	\$179,475	\$104,930
2018	104,930	350,453	219,510	235,873

Note 15 – Shared Risk Pool

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Beachwood, Bedford Heights, Chagrin Falls, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon, South Euclid and University Heights. NORMA was formed to enable its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of one representative from each of the participating members.

Each entity must remain a member for at least three years from the date of joining. After the initial three years, each City may extend its term in three-year increments.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the stop-loss coverage carried by the pool. Any loss over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

City of Beachwood, Ohio
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Note 16 - Long-Term Obligations

The changes in long-term obligations during the year were as follows:

	Outstanding 12/31/2017	Additions	(Reductions)	Outstanding 12/31/2018	Amounts Due In One Year
Special Assessment Bonds with Governmental Commitment					
\$5,315,000 2015 3.000% - 4.000%					
Eaton Boulevard Improvements	\$4,960,000	\$0	(\$210,000)	\$4,750,000	\$220,000
Premium on Eaton Boulevard Bonds	285,351	0	(16,228)	269,123	0
Total Eaton Boulevard Bonds	5,245,351	0	(226,228)	5,019,123	220,000
\$555,000 2000 5.400%					
Street and Sewer Improvements	130,000	0	(40,000)	90,000	45,000
\$2,330,000 2010 1.500% - 3.750%					
Various Improvements Bond Refunding	675,000	0	(140,000)	535,000	140,000
<i>Total Special Assessments Bonds</i>	6,050,351	0	(406,228)	5,644,123	405,000
General Obligation Bonds					
\$9,000,000 2017 2.000% - 4.000%					
Fire Station #2 Bonds	9,000,000	0	(220,000)	8,780,000	260,000
Premium on Fire Station #2 Bonds	375,550	0	(15,123)	360,427	0
Total Fire Station #2 Bonds	9,375,550	0	(235,123)	9,140,427	260,000
\$6,250,000 2012 1.500% - 3.750%					
Refunding Bonds	4,340,000	0	(565,000)	3,775,000	580,000
Premium on Refunding Bonds	165,191	0	(24,174)	141,017	0
Total Refunding Bonds	4,505,191	0	(589,174)	3,916,017	580,000
\$4,840,000 2010 1.500% - 3.750%					
Refunding Bonds	1,245,000	0	(255,000)	990,000	265,000
Premium on Refunding Bonds	28,282	0	(5,752)	22,530	0
Total Refunding Bonds	1,273,282	0	(260,752)	1,012,530	265,000
\$7,970,000 2010 1.500% - 3.750%					
Service Center Serial Bonds	3,610,000	0	(680,000)	2,930,000	695,000
Premium on Service Center Bonds	58,099	0	(11,817)	46,282	0
Total Service Center Bonds	3,668,099	0	(691,817)	2,976,282	695,000
<i>Total General Obligation Bonds</i>	\$18,822,122	\$0	(\$1,776,866)	\$17,045,256	\$1,800,000

City of Beachwood, Ohio
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	Outstanding 12/31/2017	Additions	(Reductions)	Outstanding 12/31/2018	Amounts Due In One Year
Net Pension Liability					
OPERS	\$17,071,192	\$0	(\$5,230,940)	\$11,840,252	\$0
OP&F	24,913,382	0	(1,188,880)	23,724,502	0
<i>Total Net Pension Liability</i>	41,984,574	0	(6,419,820)	35,564,754	0
Net OPEB Liability					
OPERS	\$7,219,723	\$462,120	\$0	\$7,681,843	\$0
OP&F	18,670,680	3,230,872	0	21,901,552	0
<i>Total Net OPEB Liability</i>	25,890,403	3,692,992	0	29,583,395	0
Compensated Absences	3,189,032	543,565	(198,372)	3,534,225	1,135,636
<i>Total General Long-term Obligations</i>	\$95,936,482	\$4,236,557	(\$8,801,286)	\$91,371,753	\$3,340,636

General obligation bonds will be paid from the bond retirement fund from transfers from the general fund. The special assessment bonds are backed by the full faith and credit of the City and will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The compensated absences liability will be paid from the general fund. There is no repayment schedule for the net pension and net OPEB liabilities. However, employer pension contributions are made from the general fund. For additional information related to the net pension liability see Note 12 and related to the net OPEB liability see Note 13.

In 2010, the City issued \$12,810,000 in general obligation bonds for the purpose of purchasing and renovating the new Service Center and to refund a portion of various special assessment and general obligation issues in order to take advantage of lower interest rates. The bonds were sold at a premium of \$84,309. Proceeds of \$4,871,983 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 bonds. As a result, \$4,555,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

In 2012, the City issued \$6,250,000 in general obligation bonds for the purpose of refunding a portion of general obligation issues in order to take advantage of lower interest rates. The bonds were sold at a premium of \$290,092. Proceeds of \$6,427,284 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 bonds. As a result, \$5,770,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

In 2015, the City issued \$5,315,000 in special assessment bonds at interest rates varying from 3.00 percent to 4.00 percent. The bond issue included \$4,385,000 in serial bonds and \$930,000 in term bonds.

The term bonds maturing on December 1, 2033 are subject to mandatory sinking fund redemption prior to maturity at price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective amounts as follows:

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Year	Amount
2030	\$300,000
2031	310,000
2032	320,000

The term bonds maturing on or after December 1, 2026 are subject to prior redemption at the option of the City, either in whole or in part, on any date on or after December 1, 2025, at 100 percent of par plus interest accrued to the redemption date.

On October 12, 2017, the City issued \$9,000,000 in general obligation bonds for the purpose of building a new Fire Station #2. The bonds were sold at a premium of \$378,070 and have varying interest rates between 2.00 percent and 4.00 percent. The bonds were issued for a 25 year period with final maturity on December 1, 2042. The bond issue included \$6,575,000 in serial bonds and \$2,425,000 in term bonds.

The term bonds maturing on December 1, 2039 and December 1, 2042 are subject to mandatory sinking fund redemption prior to maturity at price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective amounts as follows:

Year	Amount
2038	\$450,000
2039	470,000
2040	485,000
2041	500,000
2042	520,000

The term bonds maturing on or after December 1, 2026 are subject to prior redemption at the option of the City, either in whole or in part, on any date on or after December 1, 2025, at 100 percent of par plus interest accrued to the redemption date.

The City's legal debt margin was \$69,248,493 at December 31, 2018. Principal and interest requirements to retire outstanding general obligation and special assessment bonds at December 31, 2018, are as follows:

Year	General Obligation Bonds			
	Current Serial Bonds		Current Term Bonds	
	Principal	Interest	Principal	Interest
2019	\$1,800,000	\$496,738	\$0	\$0
2020	1,870,000	448,738	0	0
2021	1,915,000	396,487	0	0
2022	1,870,000	340,050	0	0
2023	940,000	282,050	0	0
2024-2028	2,190,000	1,170,862	0	0
2029-2033	1,810,000	868,063	0	0
2034-2038	1,655,000	485,900	0	0
2039-2042	0	0	2,425,000	252,388
Total	\$14,050,000	\$4,488,888	\$2,425,000	\$252,388

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Year	Special Assessment Bonds			
	Current		Current	
	Serial Bonds		Term Bonds	
	Principal	Interest	Principal	Interest
2019	\$405,000	\$183,833	\$0	\$0
2020	415,000	170,252	0	0
2021	380,000	155,998	0	0
2022	340,000	143,660	0	0
2023	245,000	130,060	0	0
2024-2028	1,345,000	499,450	0	0
2029-2033	625,000	106,440	930,000	161,420
2034-2035	690,000	36,400	0	0
Total	<u>\$4,445,000</u>	<u>\$1,426,093</u>	<u>\$930,000</u>	<u>\$161,420</u>

Note 17 – Significant Commitments

Encumbrances

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:

Fund	Encumbrances at 12/31/2018
General	\$1,742,654
Capital Improvement	1,138,566
Other Governmental Funds	22,483
Total	<u>\$2,903,703</u>

Contractual Commitments

At December 31, 2018, the various projects within the City had contractual commitments consisting of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Richmond Rd Northbound	\$1,997,695	\$1,516,893	\$480,802
Fire Station #2 Construction	10,067,287	9,855,057	212,230
Halburton Road	1,044,690	880,859	163,831
Total	<u>\$13,109,672</u>	<u>\$12,252,809</u>	<u>\$856,863</u>

The amounts remaining on these contracts were encumbered at year end.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 18 – Change in Accounting Principle and Restatement of Net Position

For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For 2018, the City also implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City’s 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City’s 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental Activities
Net Position December 31, 2017	\$93,797,695
Adjustments:	
Net OPEB Liability	(25,890,403)
Deferred Outflow - Payments Subsequent to Measurement Date	142,841
Restated Net Position December 31, 2017	\$68,050,133

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Required Supplementary Information

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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0754730%	0.0751760%	0.0753490%	0.0731160%	0.0731160%
City's Proportionate Share of the Net Pension Liability	\$11,840,252	\$17,071,192	\$13,051,398	\$8,818,607	\$8,619,424
City's Covered Payroll	\$9,977,746	\$9,718,925	\$9,370,217	\$8,964,117	\$8,465,315
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.67%	175.65%	139.29%	98.38%	101.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information.

City of Beachwood, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
2018 (1)

	<u>2018</u>
City's Proportion of the Net Pension Asset	0.0043510%
City's Proportionate Share of the Net Pension Asset	\$5,925
City's Covered Payroll	\$17,823
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%

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

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

See accompanying notes to the required supplementary information.

City of Beachwood, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net OPEB Liability
Ohio Public Employees Retirement System - OPEB Plan
Last Two Years (1)

	2018	2017
City's Proportion of the Net OPEB Liability	0.0707400%	0.0714800%
City's Proportionate Share of the Net OPEB Liability	\$7,681,843	\$7,219,723
City's Covered Payroll	\$10,023,869	\$9,879,383
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.64%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	77.25%	81.08%

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

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

See accompanying notes to the required supplementary information.

City of Beachwood, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Police and Fire Pension Fund
Last Five Years (1)

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.3865530%	0.3933340%	0.3918830%	0.3699959%	0.3699959%
City's Proportionate Share of the Net Pension Liability	\$23,724,502	\$24,913,381	\$25,210,108	\$19,167,330	\$18,019,961
City's Covered Payroll	\$8,350,537	\$8,411,080	\$7,905,342	\$7,288,792	\$7,185,479
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	284.11%	296.20%	318.90%	262.97%	250.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%

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

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

See accompanying notes to the required supplementary information.

City of Beachwood, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net OPEB Liability
Ohio Police and Fire Pension Fund
Last Two Years (1)

	2018	2017
City's Proportion of the Net OPEB Liability	0.3865530%	0.3933340%
City's Proportionate Share of the Net OPEB Liability	\$21,901,552	\$18,670,680
City's Covered Payroll	\$8,350,537	\$8,411,080
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	262.28%	221.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

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

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

See accompanying notes to the required supplementary information.

City of Beachwood, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System
Last Six Years (1) (2)

	2018	2017	2016
Net Pension Liability - Traditional Plan			
Contractually Required Contribution	\$1,453,878	\$1,297,107	\$1,166,271
Contributions in Relation to the Contractually Required Contribution	(1,453,878)	(1,297,107)	(1,166,271)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$10,384,843	\$9,977,746	\$9,718,925
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
Net Pension Liability - Combined Plan			
Contractually Required Contribution	\$2,215	\$2,317	\$15,838
Contributions in Relation to the Contractually Required Contribution	(2,215)	(2,317)	(15,838)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$15,821	\$17,823	\$131,983
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
Net OPEB Liability - OPEB Plan (2)			
Contractually Required Contribution	\$1,535	\$101,088	\$198,157
Contributions in Relation to the Contractually Required Contribution	(1,535)	(101,088)	(198,157)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$10,439,039	\$10,023,869	\$9,879,383
Contributions as a Percentage of Covered Payroll	<u>0.01%</u>	<u>1.01%</u>	<u>2.01%</u>

(1) Information prior to 2013 is not available.

(2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(3) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

2015	2014	2013
\$1,124,426	\$1,075,694	\$1,100,491
(1,124,426)	(1,075,694)	(1,100,491)
\$0	\$0	\$0
\$9,370,214	\$8,964,117	\$8,465,315
12.00%	12.00%	13.00%
\$15,572	\$9,745	\$516
(15,572)	(9,745)	(516)
\$0	\$0	\$0
\$129,767	\$81,208	\$3,969
12.00%	12.00%	13.00%

City of Beachwood, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	\$1,840,182	\$1,782,357	\$1,788,221	\$1,680,214
Contributions in Relation to the Contractually Required Contribution	<u>(1,840,182)</u>	<u>(1,782,357)</u>	<u>(1,788,221)</u>	<u>(1,680,214)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$8,624,751	\$8,350,537	\$8,411,080	\$7,905,343
Pension Contributions as a Percentage of Covered Payroll:	<u>21.34%</u>	<u>21.34%</u>	<u>21.26%</u>	<u>21.25%</u>
Net OPEB Liability				
Contractually Required Contribution	\$43,124	\$41,753	\$42,055	\$39,527
Contributions in Relation to the Contractually Required Contribution	<u>(43,124)</u>	<u>(41,753)</u>	<u>(42,055)</u>	<u>(39,527)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll:	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll:	<u>21.84%</u>	<u>21.84%</u>	<u>21.76%</u>	<u>21.75%</u>

(1) The City's Covered Payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
\$1,548,409	\$1,299,075	\$1,083,438	\$1,070,060	\$1,062,866	\$1,042,087
<u>(1,548,409)</u>	<u>(1,299,075)</u>	<u>(1,083,438)</u>	<u>(1,070,060)</u>	<u>(1,062,866)</u>	<u>(1,042,087)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,288,792	\$7,185,479	\$7,242,762	\$7,140,421	\$7,119,171	\$6,990,295
<u>21.24%</u>	<u>18.08%</u>	<u>14.96%</u>	<u>14.99%</u>	<u>14.93%</u>	<u>14.91%</u>
\$36,444	\$259,875	\$488,887	\$481,979	\$480,544	\$471,845
<u>(36,444)</u>	<u>(259,875)</u>	<u>(488,887)</u>	<u>(481,979)</u>	<u>(480,544)</u>	<u>(471,845)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>21.74%</u>	<u>21.70%</u>	<u>21.71%</u>	<u>21.74%</u>	<u>21.68%</u>	<u>21.66%</u>

City of Beachwood, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2018

Changes in Assumptions – OPERS Pension

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

	2017	2016 and prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

City of Beachwood, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2018

Changes in Assumptions – OP&F Pension

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

	2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus	Inflation rate of 3.25 percent plus
Cost of Living Adjustments	productivity increase rate of 0.5 percent 3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	productivity increase rate of 0.5 percent 3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

Amounts reported for 2018 use valuation, mortality for disabled 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

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

City of Beachwood, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2018

Changes in Assumptions – OPERS OPEB

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

Changes in Assumptions – OP&F OPEB

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

Combining Statements – Nonmajor Governmental Funds

All nonmajor governmental funds are special revenue funds

Nonmajor Special Revenue Funds

To account for and report the proceeds of specific revenue sources that are restricted or committed expenditures for specified purposes other than debt service or capital projects.

Street Construction, Maintenance and Repair Fund – This fund accounts for and reports 92.5 percent of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

State Highway Fund - This fund accounts for and reports 7.5 percent of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of State highways within the City.

Mayor’s Court Improvement Fund – This fund accounts for and reports court fees and fines restricted for the purchase and maintenance of computers for the Mayor’s court.

Law Enforcement Trust Fund - This fund accounts for and reports monies received from the sale or disposition of seized contraband restricted for drug and alcohol enforcement.

Police Pension Fund - This fund accounts for and reports property taxes restricted to pay for a portion of the employer’s share of police pension benefits.

Street Lights Fund - This fund accounts for and reports the collection of special assessments restricted for street lighting on Blossom Drive and George Zeigler Drive.

City of Beachwood, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement	Law Enforcement Trust
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,361,762	\$307,621	\$60,859	\$390,025
Property Taxes Receivable	0	0	0	0
Intergovernmental Receivable	192,136	15,554	0	0
<i>Total Assets</i>	<u>\$1,553,898</u>	<u>\$323,175</u>	<u>\$60,859</u>	<u>\$390,025</u>
Liabilities				
Accounts Payable	\$4,759	\$0	\$0	\$0
Deferred Inflows of Resources				
Property Taxes	0	0	0	0
Unavailable Revenue	124,496	10,070	0	0
<i>Total Deferred Inflows of Resources</i>	<u>124,496</u>	<u>10,070</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted	1,424,643	313,105	60,859	390,025
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,553,898</u>	<u>\$323,175</u>	<u>\$60,859</u>	<u>\$390,025</u>

<u>Police Pension</u>	<u>Street Lights</u>	<u>Total Nonmajor Governmental Funds</u>
\$41,985	\$101,375	\$2,263,627
225,544	0	225,544
7,441	0	215,131
<u>\$274,970</u>	<u>\$101,375</u>	<u>\$2,704,302</u>
<u>\$0</u>	<u>\$1,682</u>	<u>\$6,441</u>
222,042	0	222,042
10,943	0	145,509
<u>232,985</u>	<u>0</u>	<u>367,551</u>
<u>41,985</u>	<u>99,693</u>	<u>2,330,310</u>
<u>\$274,970</u>	<u>\$101,375</u>	<u>\$2,704,302</u>

City of Beachwood, Ohio
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement	Law Enforcement Trust
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	6,620	3,140
Intergovernmental	524,512	42,527	0	0
Special Assessments	0	0	0	0
Interest	20,690	4,394	0	3,751
Other	0	0	0	19,993
<i>Total Revenues</i>	<u>545,202</u>	<u>46,921</u>	<u>6,620</u>	<u>26,884</u>
Expenditures				
Current:				
General Government	0	0	3,529	0
Public Safety:				
Police	0	0	0	16,750
Public Services	109,052	0	0	0
Capital Outlay	209,988	0	0	0
<i>Total Expenditures</i>	<u>319,040</u>	<u>0</u>	<u>3,529</u>	<u>16,750</u>
<i>Net Change in Fund Balances</i>	226,162	46,921	3,091	10,134
<i>Fund Balances Beginning of Year</i>	<u>1,198,481</u>	<u>266,184</u>	<u>57,768</u>	<u>379,891</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,424,643</u></u>	<u><u>\$313,105</u></u>	<u><u>\$60,859</u></u>	<u><u>\$390,025</u></u>

Police Pension	Street Lights	Total Nonmajor Governmental Funds
\$206,774	\$0	\$206,774
0	0	9,760
14,918	0	581,957
0	20,280	20,280
0	0	28,835
0	0	19,993
<u>221,692</u>	<u>20,280</u>	<u>867,599</u>
0	0	3,529
209,247	20,390	246,387
0	0	109,052
0	0	209,988
<u>209,247</u>	<u>20,390</u>	<u>568,956</u>
12,445	(110)	298,643
<u>29,540</u>	<u>99,803</u>	<u>2,031,667</u>
<u>\$41,985</u>	<u>\$99,693</u>	<u>\$2,330,310</u>

Combining Statement - Fiduciary Funds

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's only trust fund is the Leo Weiss Private Purpose Trust fund. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Private Purpose Trust Fund

Leo Weiss Trust Fund – This fund accounts for monies given to the City by the family of former City Councilman Leo Weiss. The interest earned on the donated monies is to provide funds for the annual Leo Weiss Good Sportsmanship award for the Beachwood Men's Softball League.

Agency Funds

Commercial Permits Tax Fund – This fund accounts for monies collected by the City in accordance with State Law and is remitted back to the State of Ohio.

Special Trust and Agency Fund – This fund is used to account for the receipt and disbursement of withholdings tax collections of businesses in the Chagrin Highlands development area. These taxes are distributed to the cities of Warrensville Heights and Cleveland.

Deposits Fund – This fund accounts for monies from planning, zoning, and street repairs put on deposit with the City in accordance with various City ordinances.

Eaton Tax Increment Financing Fund – This fund accounts for the receipt and disbursement of monies related to the Eaton tax increment financing agreement.

OMNOVA Tax Increment Financing Fund – This fund accounts for the receipt and disbursement of monies related to the OMNOVA tax increment financing agreement.

City of Beachwood, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018

	Beginning Balance 12/31/17	Additions	Deductions	Ending Balance 12/31/18
Commercial Permits Tax				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$5,933	\$19,501	\$25,022	\$412
Liabilities				
Undistributed Monies	\$5,933	\$19,501	\$25,022	\$412
Special Trust and Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$6,616,298	\$6,616,298	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$6,616,298	\$6,616,298	\$0
Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$225,056	\$364,682	\$341,562	\$248,176
Liabilities				
Deposits Held and Due to Others	\$225,056	\$364,682	\$341,562	\$248,176
Eaton Tax Increment Financing				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,589,515	\$4,783,569	\$3,771,646	\$5,601,438
Liabilities				
Deposits Held and Due to Others	\$4,589,515	\$4,783,569	\$3,771,646	\$5,601,438
Omnova Tax Increment Financing				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$360,501	\$360,501	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$360,501	\$360,501	\$0
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,820,504	\$12,144,551	\$11,115,029	\$5,850,026
Liabilities				
Undistributed Monies	\$5,933	\$19,501	\$25,022	\$412
Deposits Held and Due to Others	4,814,571	12,125,050	11,090,007	5,849,614
<i>Total Liabilities</i>	\$4,820,504	\$12,144,551	\$11,115,029	\$5,850,026

**Individual Fund Schedules of Revenues, Expenditures/Expenses
and Changes in Fund Balance/Equity – Budget (Non-GAAP Basis) and Actual**

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,700,000	\$2,560,000	\$2,550,043	(\$9,957)
Municipal Income Taxes	35,063,009	32,160,000	32,093,800	(66,200)
Charges for Services	3,000,000	2,812,000	2,962,497	150,497
Fines, Licenses and Permits	1,300,000	1,130,000	1,086,591	(43,409)
Intergovernmental	500,000	327,400	333,424	6,024
Rentals	0	0	174,851	174,851
Estate Taxes	0	0	1,325	1,325
Admission Taxes	400,000	390,000	340,693	(49,307)
Lodging Taxes	1,200,000	1,000,000	1,060,903	60,903
Franchise Taxes	150,000	140,000	138,386	(1,614)
Health Care Reimbursements	550,000	533,000	595,177	62,177
Interest	500,000	400,400	804,190	403,790
Other	300,000	242,600	383,418	140,818
<i>Total Revenues</i>	45,663,009	41,695,400	42,525,298	829,898
Expenditures				
Current:				
General Government:				
Council:				
Personal Services	128,030	128,030	124,634	3,396
Contractual Services	21,475	31,475	31,471	4
Materials and Supplies	9,416	10,416	8,795	1,621
Capital Outlay	1,000	6,000	5,425	575
Other	70,339	64,339	58,456	5,883
Total Council	230,260	240,260	228,781	11,479
Mayor:				
Personal Services	616,962	616,962	516,932	100,030
Contractual Services	43,205	43,205	29,830	13,375
Materials and Supplies	11,354	13,354	11,114	2,240
Capital Outlay	2,363	4,863	3,536	1,327
Other	20,012	15,512	11,925	3,587
Total Mayor	693,896	693,896	573,337	120,559
Economic Development:				
Personal Services	120,971	136,971	126,512	10,459
Contractual Services	40,000	52,000	48,821	3,179
Materials and Supplies	5,055	14,055	2,816	11,239
Capital Outlay	5,000	5,000	1,301	3,699
Other	445,875	424,875	295,641	129,234
Total Economic Development	\$616,901	\$632,901	\$475,091	\$157,810

(continued)

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance Director:				
Personal Services	\$1,596,978	\$1,596,978	\$1,495,962	\$101,016
Contractual Services	1,008,960	1,008,960	938,249	70,711
Materials and Supplies	31,510	31,510	30,549	961
Capital Outlay	258,871	258,871	238,303	20,568
Other	558,526	658,526	642,045	16,481
Total Finance Director	3,454,845	3,554,845	3,345,108	209,737
Law Department:				
Personal Services	427,750	427,750	402,367	25,383
Contractual Services	172,258	224,258	177,551	46,707
Materials and Supplies	16,473	14,473	12,960	1,513
Capital Outlay	4,000	3,500	2,181	1,319
Other	51,795	37,295	29,233	8,062
Total Law Department	672,276	707,276	624,292	82,984
Total General Government	5,668,178	5,829,178	5,246,609	582,569
Public Safety:				
Police Department:				
Personal Services	9,752,006	9,752,006	9,326,766	425,240
Contractual Services	599,470	599,470	496,296	103,174
Materials and Supplies	162,721	152,721	123,616	29,105
Capital Outlay	552,304	647,504	632,419	15,085
Other	123,133	123,133	77,518	45,615
Total Police Department	11,189,634	11,274,834	10,656,615	618,219
Fire Department:				
Personal Services	7,699,069	7,699,069	7,544,973	154,096
Contractual Services	226,864	226,864	179,661	47,203
Materials and Supplies	127,108	147,108	134,970	12,138
Capital Outlay	158,649	138,649	61,764	76,885
Other	118,078	118,078	45,627	72,451
Total Fire Department	8,329,768	8,329,768	7,966,995	362,773
Total Public Safety	19,519,402	19,604,602	18,623,610	980,992
Public Services:				
Service Department:				
Personal Services	6,782,429	6,782,429	6,505,600	276,829
Contractual Services	1,582,819	1,572,819	1,409,574	163,245
Materials and Supplies	2,162,358	2,150,358	1,956,738	193,620
Capital Outlay	533,951	555,951	552,004	3,947
Other	33,853	33,853	18,198	15,655
Total Public Services	\$11,095,410	\$11,095,410	\$10,442,114	\$653,296

(continued)

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Human Services Department:				
Personal Services	\$407,391	\$407,391	\$388,733	\$18,658
Contractual Services	224,062	264,062	179,007	85,055
Materials and Supplies	50,345	50,345	39,809	10,536
Capital Outlay	7,500	7,500	7,500	0
Other	33,245	33,245	22,774	10,471
Total Health and Welfare	722,543	762,543	637,823	124,720
Culture and Recreation				
Recreation Administration:				
Personal Services	883,262	883,262	812,004	71,258
Contractual Services	462,879	462,879	444,382	18,497
Materials and Supplies	62,509	62,509	56,844	5,665
Capital Outlay	10,000	10,000	2,312	7,688
Other	27,210	27,210	21,503	5,707
Total Recreation Administration	1,445,860	1,445,860	1,337,045	108,815
Recreation Camps:				
Personal Services	347,400	347,400	309,603	37,797
Contractual Services	151,944	151,944	115,797	36,147
Materials and Supplies	35,019	35,019	24,900	10,119
Other	4,000	4,000	3,980	20
Total Recreation Camps	538,363	538,363	454,280	84,083
Recreation Sports Programs:				
Personal Services	17,400	17,400	10,782	6,618
Contractual Services	41,404	41,404	40,972	432
Materials and Supplies	20,984	20,984	12,797	8,187
Other	7,100	7,100	5,256	1,844
Total Recreation Sports Programs	86,888	86,888	69,807	17,081
Recreation Other Programs:				
Personal Services	89,780	89,780	65,711	24,069
Contractual Services	103,475	103,475	88,817	14,658
Materials and Supplies	5,952	5,952	2,751	3,201
Other	6,579	6,579	4,149	2,430
Total Recreation Other Programs	\$205,786	\$205,786	\$161,428	\$44,358

(continued)

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation Parks/Swimming Pools:				
Personal Services	\$280,900	\$280,900	\$247,495	\$33,405
Contractual Services	252,431	252,431	182,214	70,217
Materials and Supplies	87,800	87,800	73,457	14,343
Capital Outlay	8,000	8,000	0	8,000
Other	3,724	3,724	2,605	1,119
Total Recreation Parks/Swimming Pools	632,855	632,855	505,771	127,084
Total Culture and Recreation	2,909,752	2,909,752	2,528,331	381,421
Building and Community Development:				
Building Development:				
Personal Services	1,195,994	1,195,994	1,136,912	59,082
Contractual Services	58,969	58,969	43,922	15,047
Materials and Supplies	19,643	19,643	8,652	10,991
Capital Outlay	37,000	37,000	5,916	31,084
Other	20,834	20,834	12,473	8,361
Total Building and Community Development	1,332,440	1,332,440	1,207,875	124,565
<i>Total Expenditures</i>	41,247,725	41,533,925	38,686,362	2,847,563
<i>Excess of Revenues Over Expenditures</i>	4,415,284	161,475	3,838,936	3,677,461
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	600,000	600,000
Transfers Out	(4,000,000)	(4,000,000)	(4,000,000)	0
<i>Total Other Financing Sources (Uses)</i>	(4,000,000)	(4,000,000)	(3,400,000)	600,000
<i>Net Change in Fund Balance</i>	415,284	(3,838,525)	438,936	4,277,461
<i>Fund Balance Beginning of Year</i>	22,931,988	22,931,988	22,931,988	0
Prior Year Encumbrances Appropriated	1,672,025	1,672,025	1,672,025	0
<i>Fund Balance End of Year</i>	\$25,019,297	\$20,765,488	\$25,042,949	\$4,277,461

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$560,000	\$568,761	\$8,761
Expenditures			
Debt Service:			
Principal Retirement	2,110,000	2,110,000	0
Interest and Fiscal Charges	780,000	777,813	2,187
<i>Total Expenditures</i>	2,890,000	2,887,813	2,187
<i>Excess of Revenues Under Expenditures</i>	(2,330,000)	(2,319,052)	10,948
Other Financing Sources			
Transfers In	2,000,000	2,000,000	0
<i>Net Change in Fund Balance</i>	(330,000)	(319,052)	10,948
<i>Fund Balance Beginning of Year</i>	1,045,726	1,045,726	0
<i>Fund Balance End of Year</i>	\$715,726	\$726,674	\$10,948

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$0	\$19,855	\$19,855
Other	0	450,662	450,662
<i>Total Revenues</i>	<u>0</u>	<u>470,517</u>	<u>470,517</u>
Expenditures			
Capital Outlay:			
Contractual Services	929,947	820,477	109,470
Materials & Supplies	8,000	5,000	3,000
Capital Outlay	11,878,177	10,460,101	1,418,076
Other	3,200	1,808	1,392
<i>Total Expenditures</i>	<u>12,819,324</u>	<u>11,287,386</u>	<u>1,531,938</u>
<i>Excess of Revenues Under Expenditures</i>	(12,819,324)	(10,816,869)	2,002,455
Other Financing Sources			
Transfers In	2,000,000	2,000,000	0
<i>Net Change in Fund Balance</i>	(10,819,324)	(8,816,869)	2,002,455
<i>Fund Balance Beginning of Year</i>	12,112,069	12,112,069	0
Prior Year Encumbrances Appropriated	6,944,324	6,944,324	0
<i>Fund Balance End of Year</i>	<u><u>\$8,237,069</u></u>	<u><u>\$10,239,524</u></u>	<u><u>\$2,002,455</u></u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$497,000	\$525,302	\$28,302
Interest	7,000	20,690	13,690
<i>Total Revenues</i>	<u>504,000</u>	<u>545,992</u>	<u>41,992</u>
Expenditures			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	166,846	146,628	20,218
Capital Outlay	1,160,067	209,988	950,079
<i>Total Expenditures</i>	<u>1,326,913</u>	<u>356,616</u>	<u>970,297</u>
<i>Net Change in Fund Balance</i>	(822,913)	189,376	1,012,289
<i>Fund Balance Beginning of Year</i>	1,124,690	1,124,690	0
Prior Year Encumbrances Appropriated	<u>26,913</u>	<u>26,913</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$328,690</u></u>	<u><u>\$1,340,979</u></u>	<u><u>\$1,012,289</u></u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$40,000	\$42,592	\$2,592
Interest	1,000	4,394	3,394
<i>Total Revenues</i>	<u>41,000</u>	<u>46,986</u>	<u>5,986</u>
Expenditures			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	10,000	0	10,000
Capital Outlay	190,000	0	190,000
<i>Total Expenditures</i>	<u>200,000</u>	<u>0</u>	<u>200,000</u>
<i>Net Change in Fund Balance</i>	(159,000)	46,986	205,986
<i>Fund Balance Beginning of Year</i>	<u>260,635</u>	<u>260,635</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$101,635</u></u>	<u><u>\$307,621</u></u>	<u><u>\$205,986</u></u>

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Improvement Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Fines, Licenses and Permits	\$10,000	\$6,620	(\$3,380)
Expenditures			
Current:			
General Government:			
Mayor:			
Contractual Services	1,000	0	1,000
Materials and Supplies	4,000	0	4,000
Capital Outlay	45,000	3,529	41,471
<i>Total Expenditures</i>	50,000	3,529	46,471
<i>Net Change in Fund Balance</i>	(40,000)	3,091	43,091
<i>Fund Balance Beginning of Year</i>	57,768	57,768	0
<i>Fund Balance End of Year</i>	\$17,768	\$60,859	\$43,091

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Fines, Licenses and Permits	\$6,000	\$3,140	(\$2,860)
Interest	2,000	3,751	1,751
Intergovernmental	22,000	19,993	(2,007)
<i>Total Revenues</i>	<u>30,000</u>	<u>26,884</u>	<u>(3,116)</u>
Expenditures			
Current:			
Public Safety:			
Police Department:			
Materials and Supplies	2,000	0	2,000
Capital Outlay	186,538	84,338	102,200
Other	5,000	0	5,000
<i>Total Expenditures</i>	<u>193,538</u>	<u>84,338</u>	<u>109,200</u>
<i>Net Change in Fund Balance</i>	(163,538)	(57,454)	106,084
<i>Fund Balance Beginning of Year</i>	368,941	368,941	0
Prior Year Encumbrances Appropriated	<u>78,538</u>	<u>78,538</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$283,941</u></u>	<u><u>\$390,025</u></u>	<u><u>\$106,084</u></u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Property Taxes	\$208,620	\$206,774	(\$1,846)
Intergovernmental	15,000	14,918	(82)
<i>Total Revenues</i>	223,620	221,692	(1,928)
Expenditures			
Current:			
Public Safety:			
Police Department:			
Personal Services	248,000	209,247	38,753
<i>Net Changes in Fund Balance</i>	(24,380)	12,445	36,825
<i>Fund Balance Beginning of Year</i>	29,540	29,540	0
<i>Fund Balance End of Year</i>	\$5,160	\$41,985	\$36,825

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lights Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$20,100	\$20,280	\$180
Expenditures			
Current:			
Public Safety:			
Police:			
Contractual Services	25,897	25,876	21
Other	220	207	13
<i>Total Expenditures</i>	26,117	26,083	34
<i>Net Change in Fund Balance</i>	(6,017)	(5,803)	214
<i>Fund Balance Beginning of Year</i>	99,801	99,801	0
Prior Year Encumbrances Appropriated	5,677	5,677	0
<i>Fund Balance End of Year</i>	\$99,461	\$99,675	\$214

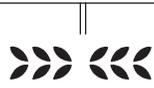
City of Beachwood, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Charges for Services	\$250,000	\$219,510	(\$30,490)
Expenses			
Claims	250,000	219,510	30,490
<i>Net Change in Fund Equity</i>	0	0	0
<i>Fund Equity Beginning of Year</i>	1,500,000	1,500,000	0
<i>Fund Equity End of Year</i>	<u>\$1,500,000</u>	<u>\$1,500,000</u>	<u>\$0</u>

City of Beachwood, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Leo Weiss Trust Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Interest	\$0	\$19	\$19
Expenses	0	0	0
<i>Net Change in Fund Equity</i>	0	19	19
<i>Fund Equity Beginning of Year</i>	1,193	1,193	0
<i>Fund Equity End of Year</i>	\$1,193	\$1,212	\$19

STATISTICAL SECTION



Statistical Section

This part of the City of Beachwood, Ohio’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City’s overall financial health.

Contents	Page(s)
Financial Trends	S2-S9
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	S10-S13
These schedules contain information to help the reader assess the City’s most significant local revenue, the municipal income tax.	
Debt Capacity	S14-S19
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt in the future.	
Economic and Demographic Information	S20-S22
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	S24-S29
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Beachwood, Ohio
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

	<u>2018</u>	<u>2017 (3)</u>	<u>2016</u>	<u>2015 (1)</u>
Governmental Activities				
Net Investment in Capital Assets	\$71,879,216	\$70,352,464	\$72,371,648	\$68,776,471
Restricted	9,210,147	9,738,490	10,024,640	10,417,622
Unrestricted (Deficit)	<u>(17,222,766)</u>	<u>(12,040,821)</u>	<u>18,052,420</u>	<u>23,490,781</u>
<i>Total Governmental Activities</i> <i>Net Position</i>	<u>\$63,866,597</u>	<u>\$68,050,133</u>	<u>\$100,448,708</u>	<u>\$102,684,874</u>

(1) Reflects restated amount due to property taxes receivable overstatement.

(2) Reflects restated amount due to implementation of GASB 68.

(3) Reflects restated amount due to implementation of GASB 75.

2014 (2)	2013	2012	2011	2010	2009
\$68,483,072	\$69,178,482	\$69,977,360	\$67,950,971	\$63,035,089	\$71,402,619
4,005,903	9,570,500	4,405,108	4,752,490	4,887,268	6,235,047
23,492,977	40,034,861	37,588,939	35,358,483	33,534,624	30,286,504
<u>\$95,981,952</u>	<u>\$118,783,843</u>	<u>\$111,971,407</u>	<u>\$108,061,944</u>	<u>\$101,456,981</u>	<u>\$107,924,170</u>

City of Beachwood, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

	2018	2017	2016	2015 (1)	2014
Program Revenues					
Governmental Activities:					
Charges for Services and Operating Assessments:					
General Government (3)	\$283,511	\$62,204	\$123,970	\$50,062	\$47,133
Public Safety					
Police	837,690	920,482	944,331	738,114	881,280
Fire	1,121,174	1,067,227	1,118,208	1,040,227	972,782
Health and Welfare	159,768	151,837	175,440	183,947	148,586
Culture and Recreation	942,686	911,305	886,806	877,917	877,132
Building and Community Development	891,666	1,009,279	1,113,899	836,062	864,594
Operating Grants and Contributions	604,299	577,788	580,804	561,164	567,487
Capital Grants and Assessments	0	0	0	7,040,066	0
<i>Total Governmental Activities</i>					
<i>Program Revenues</i>	<u>4,840,794</u>	<u>4,700,122</u>	<u>4,943,458</u>	<u>11,327,559</u>	<u>4,358,994</u>
Expenses					
Governmental Activities:					
General Government	5,744,348	6,006,746	5,259,319	5,473,129	6,123,993
Public Safety					
Police	12,384,365	10,912,329	11,441,604	8,822,787	8,845,911
Fire	10,124,266	8,834,478	8,427,825	7,586,492	7,332,233
Public Services	14,004,105	17,334,140	13,799,108	12,630,671	13,373,133
Health and Welfare	680,821	653,796	624,340	582,497	576,967
Culture and Recreation	2,977,189	3,068,098	2,919,961	2,807,443	2,726,458
Building and Community Development	1,371,313	1,315,950	1,238,072	1,126,129	1,123,734
Interest and Fiscal Charges	661,617	510,788	546,941	458,314	785,182
<i>Total Governmental Activities Expenses</i>	<u>47,948,024</u>	<u>48,636,325</u>	<u>44,257,170</u>	<u>39,487,462</u>	<u>40,887,611</u>
<i>Total Primary Government Net Expense</i>	<u>(43,107,230)</u>	<u>(43,936,203)</u>	<u>(39,313,712)</u>	<u>(28,159,903)</u>	<u>(36,528,617)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied For:					
General Purposes	2,321,760	2,391,231	2,200,373	427,661	3,081,419
Police Pension	188,264	193,890	178,401	36,662	253,704
Municipal Income Taxes Levied					
For General Purposes	32,309,577	31,142,611	31,406,702	31,413,201	29,394,461
Admission, Lodging, and Franchise Taxes	1,532,086	1,530,036	1,588,838	1,535,722	1,433,399
Estate Taxes (4)	1,325	16,795	12,140	34,935	1,762,024
Grants and Entitlements not Restricted to					
Specific Programs	334,032	873,277	399,031	407,038	436,170
Investment Earnings	557,786	282,320	279,519	148,034	169,279
Health Care Reimbursements (2)	595,177	539,444	486,753	455,050	573,207
Gain on Sale of Capital Assets	211,333	0	0	0	0
Other	872,354	315,586	525,789	404,522	638,345
<i>Total Governmental Activities</i>	<u>38,923,694</u>	<u>37,285,190</u>	<u>37,077,546</u>	<u>34,862,825</u>	<u>37,742,008</u>
<i>Total Primary Government</i>					
<i>Change in Net Position</i>	<u>(\$4,183,536)</u>	<u>(\$6,651,013)</u>	<u>(\$2,236,166)</u>	<u>\$6,702,922</u>	<u>\$1,213,391</u>

(1) Reflects restated amount due to overstatement of property taxes receivable. Due to a Ohio Board of Tax Appeals ruling, the Cleveland Clinic received property tax exemption status. The Cleveland Clinic and University Hospitals were both included in 2015 delinquent property taxes and should not have been. The significantly lower property tax amount in 2015 reflects the removal of these entities from delinquent property taxes.

(2) Starting in 2012, the City required employees to contribute towards health care premiums.

(3) The increase in general government charges for services is due to rental income the City started receiving in 2009.

In December, 2008, the City purchased a building that had tenants in it. During the course of 2009, several tenants

left the building. As of December 31, 2012, all the tenants were out of the building. In 2018, the City leased a building to another company.

(4) The Ohio Estate Tax law was repealed effective January 1, 2013.

2013	2012	2011	2010	2009
\$63,237	\$339,527	\$380,073	\$602,562	\$658,618
533,700	412,230	335,925	399,182	314,298
907,496	916,111	890,715	837,207	777,082
119,648	157,381	151,147	132,167	131,533
876,424	864,037	888,741	862,658	836,987
2,095,827	877,811	1,755,022	653,884	732,246
648,516	695,557	807,577	610,933	597,827
719,852	0	1,250,000	0	0
5,964,700	4,262,654	6,459,200	4,098,593	4,048,591
4,950,386	5,383,560	4,533,871	4,987,961	4,875,105
8,602,587	8,513,081	8,038,163	7,756,727	7,920,359
6,862,847	6,609,326	5,955,042	6,155,855	5,982,995
12,271,829	11,927,501	10,348,729	11,749,819	10,531,157
513,481	583,900	549,513	587,883	539,326
2,801,539	2,828,722	2,608,014	2,663,673	2,813,885
1,067,749	959,081	968,373	919,717	979,295
823,376	746,738	925,241	758,681	785,037
37,893,794	37,551,909	33,926,946	35,580,316	34,427,159
(31,929,094)	(33,289,255)	(27,467,746)	(31,481,723)	(30,378,568)
2,936,550	2,674,494	2,563,866	2,677,944	2,829,210
241,277	216,427	209,099	198,870	257,116
29,892,959	28,447,634	25,680,596	17,577,324	18,401,803
1,323,455	1,336,222	1,264,247	1,132,370	843,488
2,580,934	3,115,899	3,107,091	2,008,052	2,643,793
385,209	496,054	670,301	672,345	112,837
174,277	145,983	235,120	518,573	486,690
530,652	479,070	0	0	0
0	0	0	0	0
676,217	286,935	342,389	229,056	213,456
38,741,530	37,198,718	34,072,709	25,014,534	25,788,393
\$6,812,436	\$3,909,463	\$6,604,963	(\$6,467,189)	(\$4,590,175)

City of Beachwood, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2018	2017	2016	2015
General Fund				
Nondisposable	\$1,116,696	\$1,031,801	\$1,256,882	\$1,257,388
Restricted	0	0	0	0
Committed	233,883	330,578	209,021	348,655
Assigned	1,159,553	924,832	983,890	948,993
Unassigned	29,998,551	27,811,086	26,750,185	23,731,765
<i>Total General Fund</i>	<u>32,508,683</u>	<u>30,098,297</u>	<u>29,199,978</u>	<u>26,286,801</u>
All Other Governmental Funds				
Restricted	3,056,984	8,225,090	2,371,476	2,136,854
Committed	803,068	886,010	691,523	2,612,281
Assigned	10,030,600	11,669,582	14,010,045	16,159,439
Unassigned (Deficit)	0	0	0	0
Total All Other Governmental Funds	<u>13,890,652</u>	<u>20,780,682</u>	<u>17,073,044</u>	<u>20,908,574</u>
<i>Total Governmental Funds</i>	<u><u>\$46,399,335</u></u>	<u><u>\$50,878,979</u></u>	<u><u>\$46,273,022</u></u>	<u><u>\$47,195,375</u></u>

2014	2013	2012	2011	2010	2009
\$1,197,983	\$1,081,452	\$1,057,697	\$991,572	\$806,724	\$886,564
0	0	0	0	4,493	13,504
390,694	261,150	233,569	1,045,377	985,486	18,286
1,266,580	1,572,707	1,195,872	1,302,093	936,551	1,432,489
22,513,741	28,648,180	26,374,028	20,560,840	15,477,145	19,147,388
25,368,998	31,563,489	28,861,166	23,899,882	18,210,399	21,498,231
1,847,522	1,776,045	1,438,347	1,602,649	1,471,463	4,561,898
194,360	25,657	385,869	1,278,616	2,821,695	142,401
13,142,368	5,596,712	507,438	2,481,856	5,131,599	5,771,923
0	0	0	(133,555)	0	0
15,184,250	7,398,414	2,331,654	5,229,566	9,424,757	10,476,222
\$40,553,248	\$38,961,903	\$31,192,820	\$29,129,448	\$27,635,156	\$31,974,453

City of Beachwood, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2018	2017	2016	2015	2014
Revenues					
Property Taxes	\$2,756,817	\$2,772,437	\$2,663,259	\$2,527,134	\$2,738,844
Municipal Income Taxes	32,037,195	30,875,367	33,039,556	30,538,900	29,169,007
Charges for Services	2,945,138	2,811,098	2,941,291	2,599,402	2,344,939
Fines, Licenses, and Permits	1,096,226	1,290,776	1,410,447	1,117,554	1,436,960
Intergovernmental	915,248	1,456,226	973,729	966,119	1,004,968
Estate Taxes	1,325	16,795	12,140	34,935	1,812,554
Admission Taxes	338,557	340,084	326,335	331,403	337,476
Lodging Taxes	1,053,716	1,056,185	1,121,150	1,059,815	977,506
Franchise Taxes	139,813	133,767	141,353	144,504	118,417
Rentals (1)	174,851	0	0	0	0
Health Care Reimbursements (2)	595,177	539,444	486,753	455,050	573,207
Special Assessments	608,896	609,309	701,663	466,165	531,205
Interest	578,476	290,336	283,735	150,277	172,286
Other	872,354	315,586	525,789	404,522	638,345
Total Revenues	44,113,789	42,507,410	44,627,200	40,795,780	41,855,714
Expenditures					
Current:					
General Government	4,842,470	5,201,196	4,766,021	4,983,494	5,008,868
Public Safety					
Police	10,526,238	9,770,097	10,455,847	8,765,233	8,740,855
Fire	7,957,349	7,565,990	7,488,100	7,093,500	6,994,656
Public Services	9,873,149	9,874,685	9,935,088	9,717,072	10,844,374
Health and Welfare	615,967	674,271	596,923	578,049	624,272
Culture and Recreation	2,452,692	2,509,420	2,464,090	2,464,934	2,319,497
Building and Community Development	1,187,629	1,140,131	1,200,045	1,110,528	1,108,407
Capital Outlay	9,550,126	8,018,740	6,187,647	2,807,187	2,305,856
Debt Service:					
Principal Retirement	2,110,000	1,840,000	1,835,000	1,785,000	1,800,000
Interest and Fiscal Charges	777,813	513,813	620,792	488,226	517,584
Bond Issuance Costs	0	171,180	0	0	0
Total Expenditures	49,893,433	47,279,523	45,549,553	39,793,223	40,264,369
Excess of Revenues Over (Under) Expenditures	(5,779,644)	(4,772,113)	(922,353)	1,002,557	1,591,345
Other Financing Sources (Uses)					
Sale of Capital Assets	1,300,000	0	0	0	0
Payment to Refunded Bond Escrow Account	0	0	0	0	0
Premium on Bonds	0	378,070	0	324,570	0
General Obligation Bonds Issued	0	9,000,000	0	0	0
Special Assessment Bonds Issued	0	0	0	5,315,000	0
Transfers In	4,000,000	12,761,000	3,766,400	4,766,400	11,810,604
Transfers Out	(4,000,000)	(12,761,000)	(3,766,400)	(4,766,400)	(11,810,604)
Total Other Financing Sources (Uses)	1,300,000	9,378,070	0	5,639,570	0
Net Change in Fund Balances	(\$4,479,644)	\$4,605,957	(\$922,353)	\$6,642,127	\$1,591,345
Debt Service as a Percentage of					
Noncapital Expenditures	7.17%	6.12%	6.49%	6.28%	6.37%

(1) Starting in 2009, the City collected rental income from two tenants at the Commerce Park building. In 2010, the City also received rental income from the Beachwood Business Development Center. All renters were out of the building by the end of 2012. In 2018, the City leased a building to another company.

(2) Starting in 2012, the City required employees to contribute towards health care premiums.

2013	2012	2011	2010	2009
\$2,569,556	\$2,569,986	\$2,471,516	\$2,763,319	\$2,895,836
29,578,663	28,162,508	25,227,131	17,821,568	18,325,854
2,218,880	2,109,663	1,994,018	2,051,510	1,856,303
2,367,813	1,145,214	2,018,317	1,027,705	995,331
1,057,115	1,210,255	2,709,877	1,269,519	1,240,557
2,757,334	3,045,450	3,201,902	1,969,753	2,430,800
352,854	399,449	414,334	342,934	130,552
843,102	805,323	729,988	677,536	607,839
127,499	131,450	119,925	111,900	105,097
0	302,336	358,037	395,509	585,813
530,652	479,070	n/a	n/a	n/a
467,562	456,852	463,637	814,873	887,830
177,324	149,040	238,581	527,591	506,963
676,217	286,935	342,389	229,056	213,456
43,724,571	41,253,531	40,289,652	30,002,773	30,782,231
4,494,993	4,711,020	3,989,615	4,398,424	4,257,790
8,556,641	8,247,989	7,774,404	7,726,739	7,820,112
6,620,419	7,164,341	6,671,619	6,244,404	5,879,094
8,700,525	9,033,212	8,598,504	8,067,990	7,776,652
507,654	578,073	560,421	583,933	535,376
2,414,088	2,428,076	2,203,271	2,254,874	2,401,030
1,063,829	946,654	965,898	907,177	964,252
1,291,946	3,769,159	5,678,719	8,630,423	1,261,144
1,750,000	1,710,000	1,565,000	1,290,000	1,255,000
555,393	601,636	787,909	729,137	799,683
0	112,808	0	173,098	0
35,955,488	39,302,968	38,795,360	41,006,199	32,950,133
7,769,083	1,950,563	1,494,292	(11,003,426)	(2,167,902)
0	0	0	0	0
0	(6,427,283)	0	(4,871,983)	0
0	290,092	0	226,112	0
0	6,250,000	0	12,810,000	0
0	0	0	0	0
7,805,204	2,650,000	1,841,363	1,037,923	5,107,562
(7,805,204)	(2,650,000)	(1,841,363)	(2,537,923)	(5,107,562)
0	112,809	0	6,664,129	0
\$7,769,083	\$2,063,372	\$1,494,292	(\$4,339,297)	(\$2,167,902)
6.74%	6.83%	7.79%	6.28%	8.52%

City of Beachwood, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year	Tax Rate (1)	Total Tax Collected (2)	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits
2018	2.00%	\$32,309,577	\$25,621,495	79.30%	\$4,038,697
2017	2.00	31,142,611	24,602,663	79.00	3,955,112
2016	2.00	31,406,702	25,439,429	81.00	3,580,364
2015	2.00	31,413,201	25,036,321	79.70	4,177,956
2014	2.00	29,394,461	24,221,036	82.40	3,027,629
2013	2.00	29,892,959	23,884,474	79.90	4,065,442
2012	2.00	28,447,634	22,729,660	79.90	3,698,192
2011	2.00	25,680,596	21,494,659	83.70	2,619,421
2010	1.50	17,577,324	14,940,725	85.00	1,581,959
2009	1.50	18,401,803	14,905,460	81.00	2,208,216

(1) The City's basic income tax rate may only be increased by a majority vote of the City's residents. In November 2010, the voters approved an increase to 2.0%, effective January 1, 2011.

(2) Total tax collected is on a full accrual basis.

Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
12.50%	\$2,649,385	8.20%
12.70	2,584,837	8.30
11.40	2,386,909	7.60
13.30	2,198,924	7.00
10.30	2,145,796	7.30
13.60	1,943,042	6.50
13.00	2,019,782	7.10
10.20	1,566,516	6.10
9.00	1,054,639	6.00
12.00	1,288,126	7.00

City of Beachwood, Ohio
Income Tax Statistics
 2017 (1) and Nine Years Ago

2017				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,058	25.19%	\$9,729,862	1.83%
\$25,000-\$49,999	579	13.79	21,635,189	4.07
\$50,000-\$74,999	502	11.95	30,767,590	5.78
\$75,000-\$99,999	375	8.93	32,578,223	6.12
Over \$100,000	1,686	40.14	437,458,599	82.20
Total	<u>4,200</u>		<u>\$532,169,463</u>	

2009				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,308	34.76%	\$354,686	0.10%
\$25,000-\$49,999	558	14.83	20,729,855	5.74
\$50,000-\$74,999	435	11.56	26,937,421	7.46
\$75,000-\$99,999	322	8.56	27,747,099	7.69
Over \$100,000	1,140	30.29	285,251,837	79.01
Total	<u>3,763</u>		<u>\$361,020,898</u>	

(1) 2017 is the latest information available.

City of Beachwood, Ohio
Principal Income Taxpayers
Current Year and Nine Years Ago (Cash Basis)

The following are the principal income taxpayers in the City, ranked in order of payroll withholding.

2018	
Taxpayer	Ranking
Cleveland Clinic Foundation	1
* Eaton Corporation	2
* University Hospitals	3
Menorah Park Center	4
BASF, Corporation	5
Site Centers	6
Tremco Incorporated	7
Beachwood City School District	8
City of Beachwood	9
Aleris Ohio Management	10

2009	
Taxpayer	Ranking
Bank of America	1
Cleveland Clinic Foundation	2
Menorah Park Center	3
Beachwood City School District	4
Developers Diversified	5
Montefiore Home	6
City of Beachwood	7
Rosetta Marketing Group	8
Tremco Incorporated	9
Aleris Ohio Management	10

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

* These companies are located in our JEDD area. For purposes of this table, we based their ranking on 50% of their total withholding as the City maintains 50% of all income taxes received from companies in the JEDD.

Source: Regional Income Tax Agency

City of Beachwood, Ohio

Legal Debt Margin

Last Ten Years

	2018	2017	2016	2015
Total Assessed Property Value	<u>\$809,493,510</u>	<u>\$759,604,780</u>	<u>\$756,858,970</u>	<u>\$813,853,540</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$16,475,000	\$18,195,000	\$10,655,000	\$12,085,000
Bond Anticipation Notes	0	0	0	0
Special Assessment Bonds	<u>5,375,000</u>	<u>5,765,000</u>	<u>6,145,000</u>	<u>6,550,000</u>
Total Gross Indebtedness	21,850,000	23,960,000	16,800,000	18,635,000
Less:				
Special Assessment Bonds	(5,375,000)	(5,765,000)	(6,145,000)	(6,550,000)
Debt Service Fund Balance	<u>(726,674)</u>	<u>(1,045,726)</u>	<u>(862,918)</u>	<u>(785,931)</u>
Total Net Debt Applicable to Debt Limit	<u>15,748,326</u>	<u>17,149,274</u>	<u>9,792,082</u>	<u>11,299,069</u>
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	<u>84,996,819</u>	<u>79,758,502</u>	<u>79,470,192</u>	<u>85,454,622</u>
Legal Debt Margin within 10 1/2% Limitation	<u>\$69,248,493</u>	<u>\$62,609,228</u>	<u>\$69,678,110</u>	<u>\$74,155,553</u>
Legal Debt Margin as a Percentage of the Debt Limit	81.47%	78.50%	87.68%	86.78%
Unvoted Debt Limitation 5 1/2% of Assessed Valuation	<u>\$44,522,143</u>	<u>\$41,778,263</u>	<u>\$41,627,243</u>	<u>\$44,761,945</u>
Total Gross Indebtedness	21,850,000	23,960,000	16,800,000	18,635,000
Less:				
Special Assessment Bonds	(5,375,000)	(5,765,000)	(6,145,000)	(6,550,000)
Debt Service Fund Balance	<u>(726,674)</u>	<u>(1,045,726)</u>	<u>(862,918)</u>	<u>(785,931)</u>
Net Debt within 5 1/2% Limitation	<u>15,748,326</u>	<u>17,149,274</u>	<u>9,792,082</u>	<u>11,299,069</u>
Unvoted Legal Debt Margin within 5 1/2% Limitation	<u>\$28,773,817</u>	<u>\$24,628,989</u>	<u>\$31,835,161</u>	<u>\$33,462,876</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	64.63%	58.95%	76.48%	74.76%

Source: City Financial Records

2014	2013	2012	2011	2010	2009
<u>\$806,226,910</u>	<u>\$797,823,180</u>	<u>\$796,838,720</u>	<u>\$789,545,600</u>	<u>\$764,670,350</u>	<u>\$746,489,090</u>
\$13,470,000	\$14,885,000	\$16,265,000	\$17,130,000	\$18,350,000	\$10,750,000
5,200,000	5,200,000	5,200,000	6,000,000	6,000,000	3,000,000
<u>1,635,000</u>	<u>2,020,000</u>	<u>2,390,000</u>	<u>2,755,000</u>	<u>3,100,000</u>	<u>3,735,000</u>
20,305,000	22,105,000	23,855,000	25,885,000	27,450,000	17,485,000
(1,635,000)	(2,020,000)	(2,390,000)	(2,755,000)	(3,100,000)	(3,735,000)
<u>(438,574)</u>	<u>(397,600)</u>	<u>(423,590)</u>	<u>(583,425)</u>	<u>(619,113)</u>	<u>(521,467)</u>
<u>18,231,426</u>	<u>19,687,400</u>	<u>21,041,410</u>	<u>22,546,575</u>	<u>23,730,887</u>	<u>13,228,533</u>
<u>84,653,826</u>	<u>83,771,434</u>	<u>83,668,066</u>	<u>82,902,288</u>	<u>80,290,387</u>	<u>78,381,354</u>
<u>\$66,422,400</u>	<u>\$64,084,034</u>	<u>\$62,626,656</u>	<u>\$60,355,713</u>	<u>\$56,559,500</u>	<u>\$65,152,821</u>
78.46%	76.50%	74.85%	72.80%	70.44%	83.12%
<u>\$44,342,480</u>	<u>\$43,880,275</u>	<u>\$43,826,130</u>	<u>\$43,425,008</u>	<u>\$42,056,869</u>	<u>\$41,056,900</u>
20,305,000	22,105,000	23,855,000	25,885,000	27,450,000	17,485,000
(1,635,000)	(2,020,000)	(2,390,000)	(2,755,000)	(3,100,000)	(3,735,000)
<u>(438,574)</u>	<u>(397,600)</u>	<u>(423,590)</u>	<u>(583,425)</u>	<u>(619,113)</u>	<u>(521,467)</u>
<u>18,231,426</u>	<u>19,687,400</u>	<u>21,041,410</u>	<u>22,546,575</u>	<u>23,730,887</u>	<u>13,228,533</u>
<u>\$26,111,054</u>	<u>\$24,192,875</u>	<u>\$22,784,720</u>	<u>\$20,878,433</u>	<u>\$18,325,982</u>	<u>\$27,828,367</u>
58.88%	55.13%	51.99%	48.08%	43.57%	67.78%

City of Beachwood, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2018

	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Beachwood
Direct - City of Beachwood, Ohio			
General Obligation Bonds	\$17,045,256	100.00%	\$17,045,256
Special Assessment Bonds	5,644,123	100.00%	5,644,123
<i>Total Direct</i>	<u>22,689,379</u>		<u>22,689,379</u>
Overlapping			
Beachwood City Schools			
General Obligation Bonds	26,994,966	100.00%	26,994,966
Notes Payable	5,586,973	100.00%	5,586,973
Cuyahoga County			
General Obligation Bonds	200,766,146	2.93%	5,882,448
Revenue Bonds	681,206,878	2.93%	19,959,362
Certificates of Participation	235,169,929	2.93%	6,890,479
Loans Payable	1,416,331	2.93%	41,498
Capital Leases	335,053,352	2.93%	9,817,063
Regional Transit Authority	<u>114,931,963</u>	2.93%	<u>3,367,507</u>
<i>Total Overlapping</i>	<u>1,601,126,538</u>		<u>78,540,296</u>
<i>Totals</i>	<u><u>\$1,623,815,917</u></u>		<u><u>\$101,229,675</u></u>

Source: Cuyahoga County, Ohio; Fiscal Officer

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the assessed valuation of the political subdivision.

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City of Beachwood, Ohio
*Ratio of General Bonded Debt to Assessed
Property Values and Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	General Bonded Debt	Total Assessed Property Value	Percentage of Assessed Property Value	Per Capita (2)
2018	\$17,045,256	\$809,493,510	2.11%	\$1,426
2017	18,822,122	759,604,780	2.48	1,575
2016	10,948,316	756,858,970	1.45	916
2015	12,422,396	813,853,540	1.53	1,039
2014	13,851,686	806,226,910	1.72	1,159
2013	15,310,976	797,823,180	1.92	1,281
2012	16,735,266	796,838,720	2.10	1,400
2011	17,459,539	789,545,600	2.21	1,461
2010	18,427,896	764,670,350	2.41	1,542
2009	10,894,484	746,489,090	1.46	894

(1) Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

(2) See Schedule on S20 for personal income and population data.

Other Governmental
Activities Debt

Special Assessment Bonds	Total Debt	Percentage of Personal Income (2)	Per Capita (2)
\$5,644,123	\$22,689,379	3.95%	\$1,898
6,050,351	24,872,473	4.33	2,081
6,446,580	17,394,896	3.03	1,455
6,867,808	19,290,204	3.36	1,614
1,635,000	15,486,686	2.70	1,296
2,020,000	17,330,976	3.02	1,450
2,390,000	19,125,266	3.33	1,600
2,755,000	20,214,539	3.52	1,691
3,100,000	21,527,896	3.75	1,801
3,735,000	14,629,484	2.96	1,201

City of Beachwood, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2018	11,953	\$573,863,530	\$48,010	\$71,932	52.5
2017	11,953	573,863,530	48,010	71,932	52.5
2016	11,953	573,863,530	48,010	71,932	52.5
2015	11,953	573,863,530	48,010	71,932	52.5
2014	11,953	573,863,530	48,010	71,932	52.5
2013	11,953	573,863,530	48,010	71,932	52.5
2012	11,953	573,863,530	48,010	71,932	52.5
2011	11,953	573,863,530	48,010	71,932	52.5
2010	11,953	573,863,530	48,010	65,406	51.6
2009	12,186	493,642,674	40,509	65,406	51.6

- (1) Source: 2010 and 2000 U.S. Census.
(2) Source: Beachwood City Schools
(3) Computation of per capita personal income multiplied by population.
(4) Ohio Labor Market Website: www.lmi.state.oh.us
(5) Source: Cuyahoga County Fiscal Officer

School Enrollment (2)	Educational Attainment: Bachelor's Degree or Higher (1)	Cuyahoga County Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value
1,520	55.6%	5.2%	\$295,500	\$809,493,510
1,510	55.6	5.9	301,775	759,604,780
1,498	55.6	5.4	282,364	756,858,970
1,435	55.6	5.0	277,514	813,853,540
1,414	55.6	6.4	269,365	806,226,910
1,497	55.6	7.2	274,896	797,823,180
1,536	55.6	7.1	252,595	796,838,720
1,552	55.6	8.0	231,819	789,545,600
1,524	50.9	8.6	281,328	764,670,350
1,598	50.9	9.2	276,796	746,489,090

City of Beachwood, Ohio
Principal Employers
Current Year and Nine Years Ago

2018		
Employer	Employees	Percentage of Total
Cleveland Clinic Foundation	2,894	11.06%
University Hospitals	2,284	8.73
Menorah Park Center	1,736	6.64
Eaton Corporation	855	3.27
Montefiore Home	765	2.92
Beachwood City School District	540	2.06
City of Beachwood	471	1.80
Site Centers	416	1.59
Lifetime Fitness Club	414	1.58
Penske Logistics	380	1.45
Tremco Incorporated	309	1.19
Total	<u>11,064</u>	<u>42.29%</u>
Total Employment within the City	<u>26,161</u>	

2009		
Employer	Employees	Percentage of Total
Bank of America	1,964	12.42%
Cleveland Clinic Foundation	1,182	7.48
Menorah Park Center	972	6.15
Beachwood City School District	599	3.79
Developers Diversified	533	3.37
Montefiore Home	489	3.09
City of Beachwood	488	3.09
Rosetta Marketing Group	365	2.31
Tremco Incorporated	284	1.80
Aleris Ohio Management	184	1.16
Total	<u>7,060</u>	<u>44.66%</u>
Total Employment within the City	<u>15,808</u>	

Source: Estimates from the Regional Income Tax Agency based on the number of W-2's filed for the year.

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City of Beachwood, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2018	2017	2016	2015
General Government				
Square Footage Occupied	70,786	70,786	70,786	70,786
Vehicles	2	2	2	2
Police				
Stations	1	1	1	1
Square Footage of Building	72,254	72,254	72,254	72,254
Vehicles	32	31	33	33
Fire Station				
Stations	2	2	2	2
Square Footage of Fire Station #1	21,970	21,970	21,970	21,970
Square Footage of Fire Station #2 (2)	25,615	5,472	5,472	5,472
Vehicles	16	16	16	15
Public Service				
Streets (miles)	46	46	46	46
Vehicles	67	66	68	63
Square Footage of Building (1)	198,000	198,000	198,000	198,000
Health and Welfare				
Vehicles	6	6	5	4
Culture and Recreation				
Number of Parks	2	2	2	2
Number of Pools	1	1	1	1
Vehicles	1	1	1	1
Square Footage of Community Center	14,000	14,000	14,000	14,000
Building and Community Development				
Vehicles	6	6	6	6

(1) In 2011, the Service department moved into the building at 23350 Commerce Park.

(2) In 2018, the City completed construction of a new Fire Station #2 building.

Source: City Hall records

2014	2013	2012	2011	2010	2009
70,786 2	70,786 2	70,786 2	70,786 2	70,786 2	70,786 2
1 72,254 34	1 72,254 35	1 72,254 35	1 72,254 35	1 72,254 35	1 72,254 35
2 21,970 5,472 15	2 21,970 5,472 14	2 21,970 5,472 14	2 21,970 5,472 13	2 21,970 5,472 13	2 21,970 5,472 12
46 60 198,000	46 56 198,000	46 56 198,000	46 54 198,000	46 54 41,285	46 54 41,285
4	3	3	3	2	2
2 1 1 14,000	2 1 2 14,000	2 1 2 14,000	2 1 2 14,000	2 1 2 14,000	2 1 2 14,000
6	6	6	6	6	6

City of Beachwood, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2018	2017	2016	2015
General Government				
Number of Ordinances and Resolutions	200	171	168	187
Number of non-payroll checks processed	4,046	4,286	4,326	4,234
Number of purchase orders issued	3,515	3,839	4,233	4,363
Public Safety				
Police				
Total arrests	1,167	955	745	733
Drug arrests	290	157	34	7
OVI arrests (formally DUI)	147	87	107	102
Warrants served	324	398	301	248
Fire				
Total EMS and Fire responses	5,501	5,178	5,262	4,980
Total Fire responses	1,321	979	985	957
Total EMS responses	4,180	4,199	4,277	4,023
Routine fire safety inspections	1,326	666	657	1,385
Re-inspections	1,193	373	306	611
New construction inspections	84	104	150	151
Public Services				
Tons of rubbish picked up	3,410	3,380	3,297	3,416
Tons of leaves collected for recycling	487	409	409	405
Number of trees planted	222	255	428	469
Number of catch basins cleaned and repaired	131	205	439	495
Tons of cold patch used	31	10	199	20
Yards of concrete poured and finished	821	662	1,275	530
Tons of salt purchased	12,973	8,414	7,345	10,532
Health and Welfare				
Number of senior trips planned	66	77	74	75
Culture and Recreation				
Total attendance at Aquatic Center	49,755	46,179	48,482	49,401
Building and Community Development				
Number of permits issued	355	365	419	454

N/A - Data not available

Source: City records

2014	2013	2012	2011	2010	2009
152	167	202	180	176	160
4,280	4,137	4,417	4,299	4,269	4,693
4,445	4,143	4,290	4,060	4,077	4,496
N/A	1,037	723	496	729	650
N/A	34	18	20	20	25
97	61	42	65	55	67
322	116	147	138	119	140
4,609	4,593	4,514	4,589	4,209	4,087
907	1,351	1,365	1,445	1,189	1,138
3,702	3,242	3,149	3,144	3,020	2,949
1,525	1,137	1,248	1,582	1,031	1,105
830	930	1,045	1,232	707	860
151	359	310	220	232	145
3,310	3,296	3,189	3,488	3,714	3,933
2,835	2,640	2,600	2,670	2,670	3,195
145	204	236	146	327	270
545	527	461	431	324	443
20	19	23	52	17	37
1,152	514	1,381	678	740	450
16,457	8,262	3,908	13,659	10,363	7,178
71	69	71	51	57	66
44,031	45,049	49,504	48,000	55,757	53,262
375	329	334	309	189	167

City of Beachwood, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

	2018	2017	2016 (2)	2015
General Government				
Council	7.0	7.0	7.0	7.0
Mayor's Office	3.0	3.0	3.0	3.0
Economic Development (1)	1.0	1.0	2.0	2.0
Finance	13.0	12.0	9.0	11.0
Law	3.0	3.5	2.5	4.5
Public Safety				
Police Administration	6.0	6.0	3.0	3.0
Police Officers	43.0	44.0	40.0	43.0
Dispatchers	14.0	15.0	14.0	15.0
Police - Correction Officers	8.5	9.0	9.0	10.0
Police - Crossing Guards	6.5	6.0	6.5	6.5
Fire Administration	5.0	5.0	6.0	6.0
Fire Fighters	42.0	42.0	40.0	42.0
Public Service	61.0	60.0	59.5	57.5
Culture and Recreation				
Human Services	5.5	5.5	5.5	5.0
Recreation Administration	8.0	8.0	8.0	8.0
Recreation Camps	51.5	51.5	47.0	48.5
Recreation Sports	6.5	6.0	7.0	6.5
Recreation Other	7.0	6.5	10.0	10.5
Pool and Parks	33.5	30.0	30.5	31.5
Building and Community Development				
Building Department	10.5	10.5	9.5	10.5
Total	335.5	331.5	319.0	331.0

Source: City of Beachwood records

Method: Using 1.0 for each full-time employee and 0.50 for each part time and seasonal employee.

Counts are as of December 31 of each year.

(1) The Economic Development Department was created in 2010. In 2011, there were no employees as the City was restructuring the department. By the end of 2012, there was one full-time position and one part-time position. In 2013, there were two full-time positions.

(2) The decrease in total employees is mostly due to nine full-time vacancies as of December 31, 2016.

2014	2013	2012	2011	2010	2009
7.0	7.0	7.0	7.0	7.0	7.0
3.0	3.0	3.0	3.0	3.0	3.0
2.0	2.0	1.5	0.0	2.0	0.0
11.0	11.0	11.5	12.5	12.5	15.0
4.5	2.5	2.5	2.5	2.5	3.0
3.0	3.0	3.0	3.0	3.0	3.0
40.0	43.0	39.0	42.0	41.0	43.0
13.0	15.0	15.0	12.0	11.0	12.0
9.0	9.5	9.0	9.0	9.0	9.0
6.5	6.5	6.5	6.5	7.0	7.0
6.5	6.5	6.5	5.5	5.0	5.0
42.0	39.0	38.0	36.0	38.0	42.0
55.0	55.0	59.5	56.5	53.5	56.5
5.5	5.5	5.5	5.0	6.0	6.0
8.0	8.0	8.0	6.5	7.5	7.0
50.5	50.0	45.0	46.0	44.5	37.0
8.5	8.5	10.0	10.5	14.0	14.0
9.5	9.5	9.5	10.5	8.5	15.0
32.5	36.5	37.0	38.0	39.0	41.0
10.5	10.5	9.5	9.0	11.0	11.0
327.5	331.5	326.5	321.0	325.0	336.5

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