



THE CITY OF BEACHWOOD OHIO  
Comprehensive Annual Financial Report

CAFR

*for the year ended*  
DECEMBER 31, 2020

CITY OF  
*Beachwood*

**THE CITY OF BEACHWOOD OHIO**  
**Comprehensive Annual Financial Report**  
**for the year ended December 31,2020**

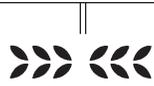
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**PREPARED BY:** *Office of the Finance Director*  
*Larry A. Heiser, CPA*  
*Finance Director*

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INTRODUCTORY SECTION



**City of Beachwood, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2020*  
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June 28, 2021

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. This report represents the official report of the City of Beachwood's operations and financial position for the year ended December 31, 2020, 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 2020. 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 custodial 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 a Aaa rating with Moody's Investor Service and a 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 \$80,468,000 over the past fifteen years on City streets, facilities and recreational areas. These improvements were financed with a combination of existing funds and debt. At year end, \$10,835,000 in general obligation bonds was outstanding.

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, a new Service Center Building and a new dog park.

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**

Expansion of University Hospitals Ahuja Medical Center broke ground during Spring 2020 with a service launch to occur in mid-2022. The \$236 million project will bring new healthcare services and approximately 1,000 new jobs to the community through the addition of a new 215,495 square foot, three-story hospital building and a two-story, 78,185 square-foot sports medicine complex.

Rose Senior Living Beachwood is a new, 174-unit community featuring upscale senior apartments for people seeking Independent Living, Assisted Living or Memory Care. The estimated project cost was \$18 million. The 205,659 square-foot, three-story building is located at 23611 Harvard Road. The grand-opening ceremony was held on September 23, 2020.

Green Road Synagogue built a new 38,500 square-foot, single-floor building at 2437 South Green Road with an estimated project cost of \$8.5 million and opened its doors to their congregation in December 2020.

The Goddard School for Early Childhood Development is a private school and educational daycare which opened a new building located in the Chagrin Highlands at 3875 South Green Road. The 10,711 square-foot building had an estimated project cost of \$2.3 million. The new school accommodates approximately 225 to 250 children and opened to the public in November 2020.

H&M Home Store, an expanded store of H&M, expanded into a 26,497 square-foot space with an estimated project cost of \$2.8 million at 26300 Cedar Road in Beachwood Place mall. The store offers sustainable modern designs and is the seventh in the country to feature the home-goods store. The new store opened to the public in Fall 2020.

InMotion is a nonprofit center located at 23905 Mercantile Road that offers people with Parkinson's disease and their care partners free, community-based exercise, healing arts, research, support and education programs. The interior renovation of the existing 20,000 square foot, one-story building had an estimated project cost of \$824,000. InMotion opened to the public in November 2020

## 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, 2019.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. 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.

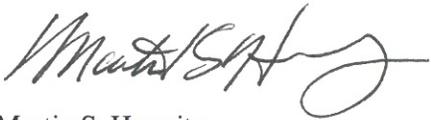
## ACKNOWLEDGMENTS

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, 2020*

ELECTED OFFICIALS

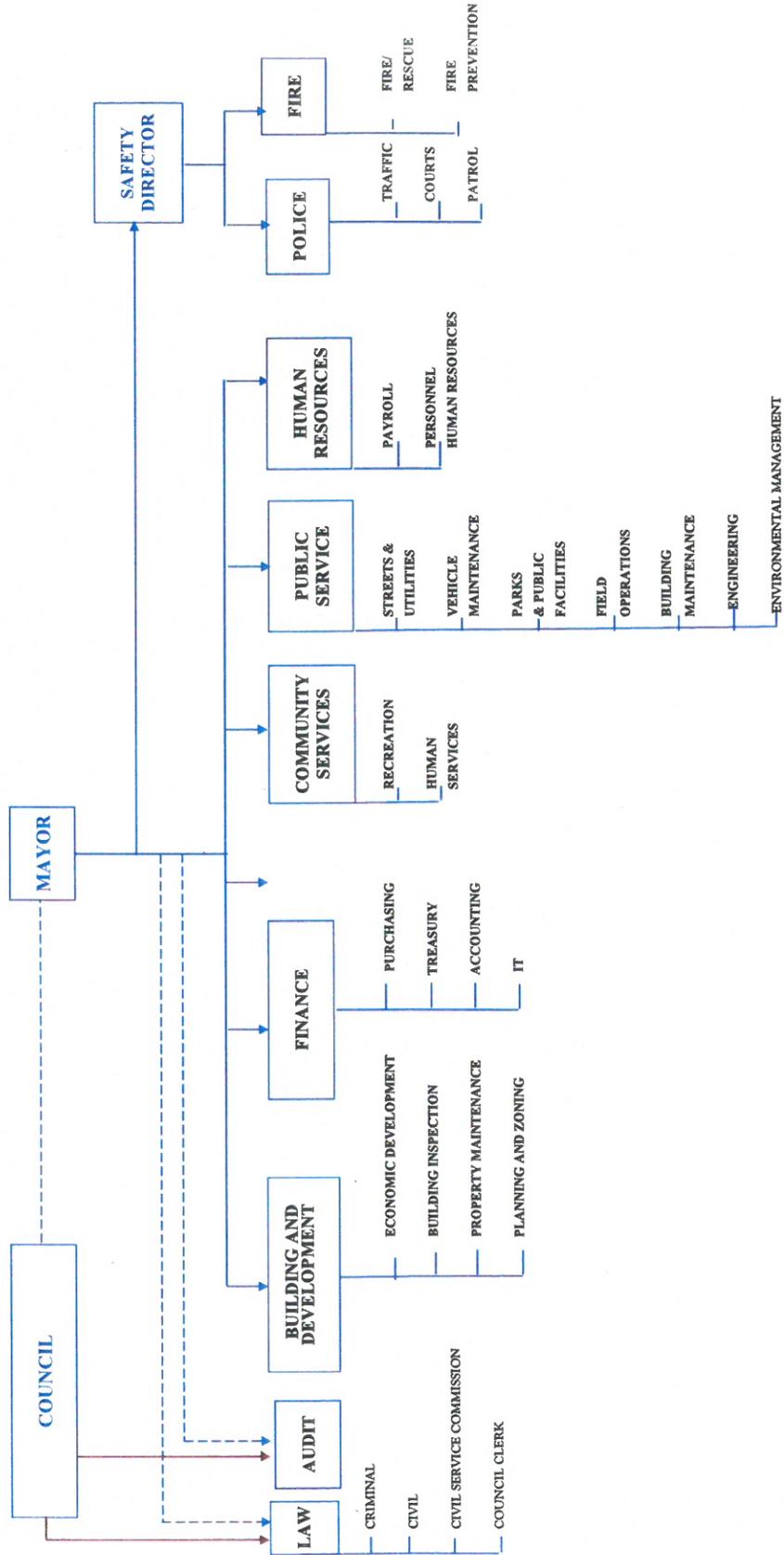
Mayor-Safety Director .....Martin S. Horwitz  
President of Council ..... James Pasch  
  
Council Member ..... Justin Berns  
Council Member ..... Mike Burkons  
Council Member ..... Alec Isaacson  
Council Member ..... Barbara Bellin Janovitz  
Council Member ..... Eric Synenberg  
Council Member ..... June Taylor

APPOINTED OFFICIALS

Finance Director .....Larry Heiser  
Police Chief .....Kelly Stillman  
Fire Chief ..... Steven Holtzman  
Service Director ..... Chris Arrietta  
Building Commissioner..... William B. Griswold  
Clerk of Courts ..... Kelly Resek  
Community Service Director .....Karen A. Carmen  
Law Director ..... Diane Calta  
City Auditor ..... Harvey 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, 2019

*Christopher P. Morill*

Executive Director/CEO

FINANCIAL SECTION



# OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12<sup>th</sup> 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, 2020, 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.

**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, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Eaton Tax Increment Financing 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 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. 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 will also issue our report dated June 28, 2021, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 28, 2021

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**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

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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, 2020. 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 2020 are as follows:

- The City's financial position decreased from 2019 to 2020 as indicated by the decrease in total net position for governmental activities of \$1,850,209. 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 2020 and 2019 respectively is \$135,866,847 and \$133,827,094. Under this scenario, the City's financial position increased by \$2,039,753.
- Long-term debt decreased in 2020 due to scheduled annual debt service payments and the early retirement of some debt.
- In 2020, the City invested approximately \$2.2 million on capital assets.

### **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, 2020*  
*Unaudited*

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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, Eaton TIF 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 2020 and 2019.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

	<b>Table 1</b>		
	<b>Net Position</b>		
	Governmental Activities		
	2020	2019	Change
<b>Assets</b>			
Total Current and Other Assets	\$77,541,429	\$76,384,093	\$1,157,336
Net Pension Asset	1,077	4,137	(3,060)
Nondepreciable Capital Assets	14,235,641	14,235,641	0
Depreciable Capital Assets, Net	73,947,509	77,649,897	(3,702,388)
<b>Total Assets</b>	<b>165,725,656</b>	<b>168,273,768</b>	<b>(2,548,112)</b>
<b>Deferred Outflows of Resources</b>			
Pension	6,200,513	14,721,723	(8,521,210)
OPEB	3,877,292	2,807,965	1,069,327
<b>Total Deferred Outflows of Resources</b>	<b>10,077,805</b>	<b>17,529,688</b>	<b>(7,451,883)</b>
<b>Liabilities</b>			
Total Current and Other Liabilities	2,753,946	2,678,170	(75,776)
Long-Term Liabilities:			
Due Within One Year	3,195,159	3,676,089	480,930
Due In More Than One Year			
Net Pension Liability	40,893,558	52,449,567	11,556,009
Net OPEB Liability	13,470,397	12,888,062	(582,335)
Other Amounts	16,229,230	20,526,809	4,297,579
<b>Total Liabilities</b>	<b>76,542,290</b>	<b>92,218,697</b>	<b>15,676,407</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes	3,104,804	3,090,943	(13,861)
Payments in Lieu of Taxes	4,573,516	4,470,526	(102,990)
Pension	6,309,334	671,769	(5,637,565)
OPEB	3,241,303	1,470,175	(1,771,128)
<b>Total Deferred Inflows of Resources</b>	<b>17,228,957</b>	<b>9,703,413</b>	<b>(7,525,544)</b>
<b>Net Position</b>			
Net Investment in Capital Assets	72,816,039	71,765,502	1,050,537
Restricted for:			
Debt Service	5,204,072	6,855,275	(1,651,203)
Unclaimed Monies	27,283	22,977	4,306
Streets	2,431,767	1,701,564	730,203
Eaton TIF	5,988,305	5,988,304	1
Other Purposes	445,173	643,813	(198,640)
Unrestricted (Deficit)	(4,881,502)	(3,096,089)	(1,785,413)
<b>Total Net Position</b>	<b>\$82,031,137</b>	<b>\$83,881,346</b>	<b>(\$1,850,209)</b>

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

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The net pension liability (NPL) is one of the largest single liabilities reported by the City at December 31, 2020. 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 pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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.

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 2019 to 2020 as indicated by the decrease in total net position for governmental activities of \$1,850,209. 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 2020 and 2019 respectively is \$135,866,847 and \$133,827,094. Under this scenario, the City’s financial position increased by \$2,039,753.

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 2020 and 2019.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

	Governmental Activities		
	2020	2019	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$3,260,441	\$4,475,490	(\$1,215,049)
Operating Grants, Contributions and Interest	1,579,124	763,100	816,024
General Revenues			
Property Taxes	3,095,004	3,022,840	72,164
Payments in Lieu of Taxes	4,470,526	4,467,725	2,801
Municipal Income Tax	37,676,377	38,158,389	(482,012)
Admission, Lodging and Franchise Taxes	793,102	1,503,167	(710,065)
Estate Taxes	0	4,253	(4,253)
Grants and Entitlements	657,586	418,287	239,299
Investment Earnings	980,316	1,696,330	(716,014)
Gain on Sale of Capital Assets	723,515	0	723,515
Health Care Reimbursements	620,707	608,325	12,382
Other	187,755	1,170,471	(982,716)
Total Revenues	<u>54,044,453</u>	<u>56,288,377</u>	<u>(2,243,924)</u>
<b>Program Expenses</b>			
General Government	13,874,662	14,226,642	351,980
Public Safety:			
Police	12,454,652	5,691,197	(6,763,455)
Fire	10,579,699	1,189,562	(9,390,137)
Public Services	14,686,417	14,503,424	(182,993)
Health and Welfare	445,799	755,917	310,118
Culture and Recreation	1,915,106	3,195,413	1,280,307
Building and Community Development	1,433,075	1,703,788	270,713
Interest and Fiscal Charges	505,252	607,961	102,709
Total Expenses	<u>55,894,662</u>	<u>41,873,904</u>	<u>(14,020,758)</u>
Change in Net Position	(1,850,209)	14,414,473	(16,264,682)
Net Position Beginning of Year	<u>83,881,346</u>	<u>69,466,873</u>	<u>14,414,473</u>
Net Position End of Year	<u><u>\$82,031,137</u></u>	<u><u>\$83,881,346</u></u>	<u><u>(\$1,850,209)</u></u>

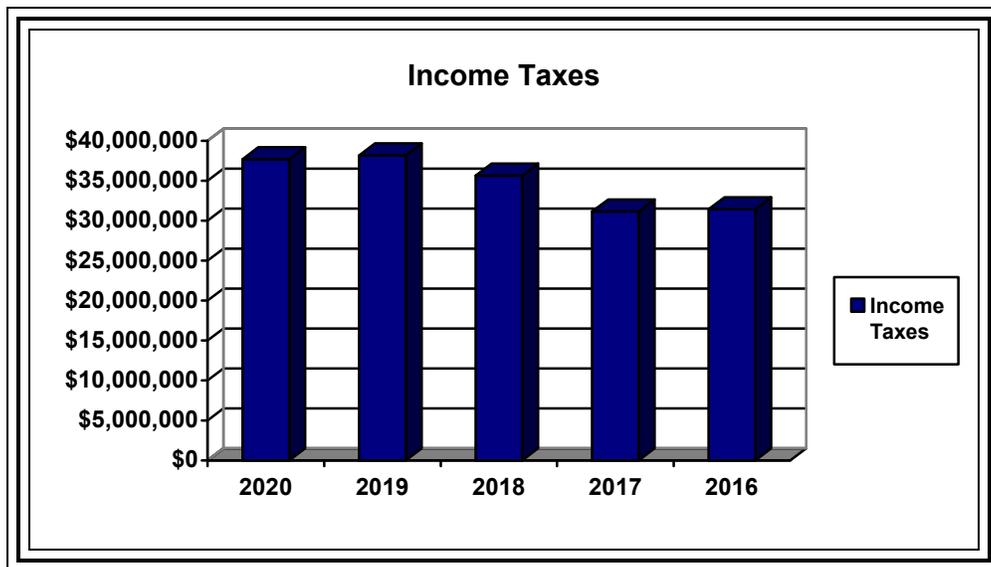
**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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***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 \$37,676,377 in income tax collections or 69.7 percent of total 2020 revenue. Other significant sources of revenue include property taxes and payments in lieu of property taxes of which the City received \$3,095,004 and \$4,470,526 respectively in 2020.

In 2020, the City experienced a decrease in income taxes (\$37,676,377 in 2020 compared to \$38,158,389 in 2019 – full accrual basis). The chart below identifies income tax receipts for the last five years.



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

**Table 3**  
**Governmental Activities**

	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
General Government	\$13,874,662	(\$13,681,045)	\$14,226,642	(\$14,044,657)
Public Safety				
Police	12,454,652	(11,802,284)	5,691,197	(3,955,155)
Fire	10,579,699	(8,945,468)	1,189,562	(23,690)
Public Services	14,686,417	(13,738,904)	14,503,424	(14,503,424)
Health and Welfare	445,799	(445,799)	755,917	(576,407)
Culture and Recreation	1,915,106	(1,879,643)	3,195,413	(2,228,142)
Building and Community Development	1,433,075	(56,702)	1,703,788	(695,878)
Interest and Fiscal Charges	505,252	(505,252)	607,961	(607,961)
<b>Total</b>	<b>\$55,894,662</b>	<b>(\$51,055,097)</b>	<b>\$41,873,904</b>	<b>(\$36,635,314)</b>

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 increased in 2020.

In 2019, the Ohio Police and Fire Pension Fund (OP&F) recognized a change in benefit terms for their OPEB plan. This resulted in a significant decrease in police and fire expense for 2019.

Police and Fire account for approximately 41.2 percent of total 2020 expenses. Public services expenses accounts for approximately 26.3 percent of total 2020 expenses. A significant portion of these expenses can be attributed to salaries, employee benefits and infrastructure depreciation. General government expenses account for approximately 24.8 percent of total 2020 expenses. A significant portion of these expenses can be attributed to salaries, wages, employee benefits and payments related to tax increment financing agreements.

**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.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
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The general fund is the chief operating fund of the City. The total fund balances at December 31, 2020 and 2019 were \$37,535,649 and \$34,850,897 (restated) respectively. The increase is largely due to a decrease in transfers out.

The Eaton TIF fund is used to account for and report all revenue and expenses related to the Eaton TIF agreement. The fund balance at December 31, 2020 was \$5,988,305 which is an increase of \$1 from the prior year.

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, 2020 and 2019 were \$239,683 and \$1,402,877 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. The decrease in fund balance is due to paying off some debt early in 2020.

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, 2020 and 2019 were \$11,988,789 and \$12,723,580 (restated) respectively.

### ***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 \$45,372,540; and actual revenue collections were \$45,582,537. Final budgeted appropriations (excluding transfers and advances) were \$49,037,493 and actual expenditures (excluding transfers) were \$42,227,757. Part of the difference between budgeted appropriations and actual expenditures is due to reduced programing due to the pandemic. Additionally, 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, 2020 compared to December 31, 2019.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

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 17 to the basic financial statements for more information regarding the City's outstanding debt.

**Table 4**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2020	2019
General Obligation Bonds	\$11,257,850	\$15,188,389
Special Assessment Bonds	4,541,665	5,222,894
<i>Totals</i>	\$15,799,515	\$20,411,283

***Capital Assets***

Table 5 compares capital assets as of December 31, 2020 to balances at December 31, 2019.

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

	Governmental Activities	
	2020	2019
Land	\$14,235,641	\$14,235,641
Land Improvements	1,291,436	1,667,621
Buildings and Improvements	39,425,086	40,690,565
Furniture and Equipment	1,556,550	1,508,900
Vehicles	2,640,931	2,100,549
Infrastructure		
Streets	24,613,936	27,138,536
Sanitary Sewers	1,574,072	1,624,454
Storm Sewers	1,556,532	1,604,385
I-Net Fiber	748,752	765,226
Traffic Signals	540,214	549,661
<i>Totals</i>	\$88,183,150	\$91,885,538

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

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Significant capital asset additions mainly include road improvements. In 2020, work was done on the following roads: Annesley Road, Brentwood Road and Edgewood Road.

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 \$3.2 million a year for the road maintenance program.

See Note 11 to the basic financial statements for additional information on the City's capital assets.

### **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](mailto:larry.heiser@beachwoodohio.com).

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**City of Beachwood, Ohio**  
*Statement of Net Position*  
*December 31, 2020*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$53,291,770
Accounts Receivable	110,689
Loans Receivable	670,526
Admission Taxes Receivable	35,354
Lodging Taxes Receivable	31,478
Franchise Taxes Receivable	32,520
Intergovernmental Receivable	432,109
Materials and Supplies Inventory	1,105,207
Prepaid Items	385,366
Property Taxes Receivable	3,223,035
Income Taxes Receivable	8,009,637
Payments in Lieu of Property Taxes Receivable	4,573,516
Special Assessments Receivable	5,639,145
Net Pension Asset	1,077
Nondepreciable Capital Assets	14,235,641
Depreciable Capital Assets, Net	73,947,509
<i>Total Assets</i>	<i>165,724,579</i>
<b>Deferred Outflows of Resources</b>	
Pension	6,200,513
OPEB	3,877,292
<i>Total Deferred Outflows of Resources</i>	<i>10,077,805</i>
<b>Liabilities</b>	
Accounts Payable	476,704
Accrued Wages	620,508
Matured Compensated Absences	494,632
Intergovernmental Payable	389,209
Accrued Interest Payable	39,006
Deposits Held and Due to Others	92,030
Contracts Payable	134,443
Claims Payable	495,820
Unearned Revenue	11,594
Long-Term Liabilities:	
Due Within One Year	3,195,159
Due In More Than One Year	
Net Pension Liability (See Note 13)	40,893,558
Net OPEB Liability (See Note 14)	13,470,397
Other Amounts	16,229,230
<i>Total Liabilities</i>	<i>76,542,290</i>
<b>Deferred Inflows of Resources</b>	
Property Taxes	3,104,804
Payments in Lieu of Taxes	4,573,516
Pension	6,309,334
OPEB	3,241,303
<i>Total Deferred Inflows of Resources</i>	<i>17,228,957</i>
<b>Net Position</b>	
Net Investment in Capital Assets	72,816,039
Restricted for:	
Debt Service	5,204,072
Unclaimed Monies	27,283
Streets	2,431,767
Eaton TIF	5,988,305
Other Purposes	445,173
Unrestricted (Deficit)	(4,881,502)
<i>Total Net Position</i>	<i>\$82,031,137</i>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants Contributions and Interest</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
General Government	\$13,874,662	\$193,617	\$0	(\$13,681,045)
Public Safety:				
Police	12,454,652	636,208	16,160	(11,802,284)
Fire	10,579,699	1,018,780	615,451	(8,945,468)
Public Services	14,686,417	0	947,513	(13,738,904)
Health and Welfare	445,799	0	0	(445,799)
Culture and Recreation	1,915,106	35,463	0	(1,879,643)
Building and Community Development	1,433,075	1,376,373	0	(56,702)
Interest and Fiscal Charges	505,252	0	0	(505,252)
<i>Total Governmental Activities</i>	<u>\$55,894,662</u>	<u>\$3,260,441</u>	<u>\$1,579,124</u>	<u>(51,055,097)</u>
<b>General Revenues</b>				
Property Taxes Levied for				
General Purposes				2,862,897
Police Pension				232,107
Payments in Lieu of Taxes				4,470,526
Municipal Income Taxes Levied for				
General Purposes				37,676,377
Admission, Lodging and Franchise Taxes				793,102
Grants and Entitlements not Restricted to Specific Programs				657,586
Investment Earnings				980,316
Health Care Reimbursements				620,707
Gain on Sale of Capital Assets				723,515
Other				187,755
<i>Total General Revenues</i>				<u>49,204,888</u>
Change in Net Position				(1,850,209)
<i>Net Position Beginning of Year</i>				<u>83,881,346</u>
<i>Net Position End of Year</i>				<u>\$82,031,137</u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2020*

	General	Eaton TIF	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$31,113,454	\$5,988,305	\$239,683	\$11,442,485	\$2,877,664	\$51,661,591
Property Taxes Receivable	2,981,309	0	0	0	241,726	3,223,035
Payments in Lieu of Taxes Receivable	0	4,300,568	0	0	272,948	4,573,516
Income Taxes Receivable	8,009,637	0	0	0	0	8,009,637
Loans Receivable	0	0	0	670,526	0	670,526
Admission Taxes Receivable	35,354	0	0	0	0	35,354
Lodging Taxes Receivable	31,478	0	0	0	0	31,478
Franchise Taxes Receivable	32,520	0	0	0	0	32,520
Accounts Receivable	110,689	0	0	0	0	110,689
Interfund Receivable	93,500	0	0	0	0	93,500
Intergovernmental Receivable	170,129	0	0	0	261,980	432,109
Materials and Supplies Inventory	1,105,207	0	0	0	0	1,105,207
Prepaid Items	385,366	0	0	0	0	385,366
Special Assessments Receivable	0	0	5,570,241	68,904	0	5,639,145
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	130,179	0	0	0	0	130,179
<b>Total Assets</b>	<b>\$44,198,822</b>	<b>\$10,288,873</b>	<b>\$5,809,924</b>	<b>\$12,181,915</b>	<b>\$3,654,318</b>	<b>\$76,133,852</b>
<b>Liabilities</b>						
Accounts Payable	\$277,172	\$0	\$0	\$33,056	\$166,476	\$476,704
Interfund Payable	0	0	0	0	93,500	93,500
Accrued Wages	620,508	0	0	0	0	620,508
Matured Compensated Absences	494,632	0	0	0	0	494,632
Intergovernmental Payable	376,174	0	0	0	0	376,174
Contracts Payable	0	0	0	91,166	43,277	134,443
Unearned Revenue	0	0	0	0	11,594	11,594
Payable from Restricted Assets:						
Intergovernmental Payable	13,035	0	0	0	0	13,035
Deposits Held and Due to Others	92,030	0	0	0	0	92,030
<b>Total Liabilities</b>	<b>1,873,551</b>	<b>0</b>	<b>0</b>	<b>124,222</b>	<b>314,847</b>	<b>2,312,620</b>
<b>Deferred Inflows of Resources</b>						
Property Taxes	2,871,945	0	0	0	232,859	3,104,804
Payments in Lieu of Taxes	0	4,300,568	0	0	272,948	4,573,516
Unavailable Revenue	1,917,677	0	5,570,241	68,904	164,395	7,721,217
<b>Total Deferred Inflows of Resources</b>	<b>4,789,622</b>	<b>4,300,568</b>	<b>5,570,241</b>	<b>68,904</b>	<b>670,202</b>	<b>15,399,537</b>
<b>Fund Balances</b>						
Nonspendable	1,515,687	0	0	0	0	1,515,687
Restricted	0	5,988,305	239,683	0	2,668,969	8,896,957
Committed	855,562	0	0	948,795	300	1,804,657
Assigned	7,577,785	0	0	11,039,994	0	18,617,779
Unassigned	27,586,615	0	0	0	0	27,586,615
<b>Total Fund Balances</b>	<b>37,535,649</b>	<b>5,988,305</b>	<b>239,683</b>	<b>11,988,789</b>	<b>2,669,269</b>	<b>58,421,695</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$44,198,822</b>	<b>\$10,288,873</b>	<b>\$5,809,924</b>	<b>\$12,181,915</b>	<b>\$3,654,318</b>	<b>\$76,133,852</b>

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, 2020*

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**Total Governmental Fund Balances** \$58,421,695

*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. 88,183,150

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	118,231
Intergovernmental	295,293
Special Assessments	5,639,145
Municipal Income Taxes	<u>1,668,548</u>

Total 7,721,217

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. 1,004,180

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due. (39,006)

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	1,077
Deferred Outflows - Pension	6,200,513
Deferred Inflows - Pension	(6,309,334)
Net Pension Liability	(40,893,558)
Deferred Outflows - OPEB	3,877,292
Deferred Inflows - OPEB	(3,241,303)
Net OPEB Liability	<u>(13,470,397)</u>

Total (53,835,710)

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

Special Assessment Bonds	(4,541,665)
General Obligation Bonds	(11,257,850)
Compensated Absences	<u>(3,624,874)</u>

Total (19,424,389)

*Net Position of Governmental Activities* \$82,031,137

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, 2020*

	General	Eaton TIF	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$2,801,820	\$0	\$0	\$0	\$227,155	\$3,028,975
Municipal Income Taxes	37,554,566	0	0	0	0	37,554,566
Charges for Services	1,718,829	0	0	0	0	1,718,829
Fines, Licenses and Permits	1,523,217	0	0	0	6,928	1,530,145
Intergovernmental	383,259	0	0	265,369	1,560,741	2,209,369
Admission Taxes	256,109	0	0	0	0	256,109
Lodging Taxes	405,194	0	0	0	0	405,194
Franchise Taxes	131,799	0	0	0	0	131,799
Health Care Reimbursements	620,707	0	0	0	0	620,707
Payments in Lieu of Taxes	0	4,203,724	0	0	266,802	4,470,526
Special Assessments	0	0	566,403	20,868	11,467	598,738
Interest	971,018	0	0	0	28,914	999,932
Other	187,455	0	0	0	300	187,755
<i>Total Revenues</i>	<u>46,553,973</u>	<u>4,203,724</u>	<u>566,403</u>	<u>286,237</u>	<u>2,102,307</u>	<u>53,712,644</u>
<b>Expenditures</b>						
Current:						
General Government	8,584,860	4,203,723	0	0	278,164	13,066,747
Public Safety:						
Police	10,612,859	0	0	0	608,866	11,221,725
Fire	8,793,428	0	0	0	493,692	9,287,120
Public Services	9,391,027	0	0	0	153,706	9,544,733
Health and Welfare	382,826	0	0	0	0	382,826
Culture and Recreation	1,419,476	0	0	0	0	1,419,476
Building and Community Development	1,311,800	0	0	0	0	1,311,800
Capital Outlay	0	0	0	1,896,027	81,812	1,977,839
Debt Service:						
Principal Retirement	0	0	4,505,000	0	0	4,505,000
Interest and Fiscal Charges	0	0	624,597	0	0	624,597
<i>Total Expenditures</i>	<u>40,496,276</u>	<u>4,203,723</u>	<u>5,129,597</u>	<u>1,896,027</u>	<u>1,616,240</u>	<u>53,341,863</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,057,697</u>	<u>1</u>	<u>(4,563,194)</u>	<u>(1,609,790)</u>	<u>486,067</u>	<u>370,781</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	27,055	0	0	874,999	0	902,054
Transfers In	0	0	3,400,000	0	0	3,400,000
Transfers Out	(3,400,000)	0	0	0	0	(3,400,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,372,945)</u>	<u>0</u>	<u>3,400,000</u>	<u>874,999</u>	<u>0</u>	<u>902,054</u>
<i>Net Change in Fund Balances</i>	<u>2,684,752</u>	<u>1</u>	<u>(1,163,194)</u>	<u>(734,791)</u>	<u>486,067</u>	<u>1,272,835</u>
<i>Fund Balances Beginning of Year- Restated (See Note 19)</i>	<u>34,850,897</u>	<u>5,988,304</u>	<u>1,402,877</u>	<u>12,723,580</u>	<u>2,183,202</u>	<u>57,148,860</u>
<i>Fund Balances End of Year</i>	<u>\$37,535,649</u>	<u>\$5,988,305</u>	<u>\$239,683</u>	<u>\$11,988,789</u>	<u>\$2,669,269</u>	<u>\$58,421,695</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, 2020*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$1,272,835</b>
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital Asset Additions	
Capital Outlays	2,247,006
Current Year Depreciation	(5,192,476)
Total	(2,945,470)
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.	(756,918)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Delinquent Property Taxes	66,029
Intergovernmental	7,725
Special Assessments	(587,271)
Municipal Income Taxes	121,811
Total	(391,706)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	4,505,000
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	12,577
Amortization of Premium	106,768
Total	119,345
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.	
	166,741
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	3,273,701
OPEB	46,074
Total	3,319,775
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	(5,879,527)
OPEB	(1,330,210)
Total	(7,209,737)
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.	
	69,926
<i>Change in Net Position of Governmental Activities</i>	<b>(\$1,850,209)</b>

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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$2,800,000	\$3,065,200	\$2,801,820	(\$263,380)
Municipal Income Taxes	38,859,721	35,905,000	36,748,965	843,965
Charges for Services	3,218,400	2,116,700	1,726,217	(390,483)
Fines, Licenses and Permits	1,194,300	1,353,170	1,523,217	170,047
Intergovernmental	384,300	330,400	381,886	51,486
Admission Taxes	400,000	400,000	250,741	(149,259)
Lodging Taxes	1,000,000	180,000	441,126	261,126
Franchise Taxes	120,000	120,000	133,948	13,948
Health Care Reimbursements	650,000	797,000	620,707	(176,293)
Interest	755,000	848,020	765,767	(82,253)
Other	178,000	257,050	188,143	(68,907)
<i>Total Revenues</i>	49,559,721	45,372,540	45,582,537	209,997
<b>Expenditures</b>				
Current:				
General Government	9,973,138	9,992,938	9,177,260	815,678
Public Safety:				
Police	12,647,041	12,647,041	10,991,222	1,655,819
Fire	8,978,942	9,111,942	8,416,932	695,010
Public Services	11,560,223	11,560,223	10,336,813	1,223,410
Health and Welfare	796,311	796,311	399,255	397,056
Culture and Recreation	3,122,486	3,122,486	1,413,567	1,708,919
Building and Community Development	1,792,582	1,806,552	1,492,708	313,844
<i>Total Expenditures</i>	48,870,723	49,037,493	42,227,757	6,809,736
<i>Excess of Revenues Over (Under) Expenditures</i>	688,998	(3,664,953)	3,354,780	7,019,733
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	23,000	23,000
Advances Out	0	(93,500)	(93,500)	0
Transfers Out	(6,300,000)	(6,400,000)	(3,400,000)	3,000,000
<i>Total Other Financing Sources (Uses)</i>	(6,300,000)	(6,493,500)	(3,470,500)	3,023,000
<i>Net Change in Fund Balance</i>	(5,611,002)	(10,158,453)	(115,720)	10,042,733
<i>Fund Balance Beginning of Year</i>	26,773,526	26,773,526	26,773,526	0
Prior Year Encumbrances Appropriated	2,160,423	2,160,423	2,160,423	0
<i>Fund Balance End of Year</i>	\$23,322,947	\$18,775,496	\$28,818,229	\$10,042,733

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  
Eaton Tax Increment Financing Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Payments in Lieu of Taxes	\$4,400,000	\$4,400,000	\$4,203,724	(\$196,276)
<b>Expenditures</b>				
Current:				
General Government	4,000,000	4,250,000	4,203,723	46,277
<i>Net Change in Fund Balance</i>	400,000	150,000	1	(149,999)
<i>Fund Balance Beginning of Year</i>	5,988,304	5,988,304	5,988,304	0
<i>Fund Balance End of Year</i>	<u>\$6,388,304</u>	<u>\$6,138,304</u>	<u>\$5,988,305</u>	<u>(\$149,999)</u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*December 31, 2020*

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	<u>Internal Service</u>
<b>Assets</b>	
<i>Current Assets</i>	
Equity in Pooled Cash and Cash Equivalents	\$1,500,000
<b>Liabilities</b>	
<i>Current Liabilities</i>	
Claims Payable	<u>495,820</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$1,004,180</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, 2020*

	<u>Internal Service</u>
<b>Operating Revenues</b>	
Charges for Services	\$78,244
<b>Operating Expenses</b>	
Claims	8,318
<i>Change in Net Position</i>	69,926
<i>Net Position Beginning of Year</i>	934,254
<i>Net Position End of Year</i>	\$1,004,180

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
*For the Year Ended December 31, 2020*

	Internal Service
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$78,244
Cash Payments for Claims	(78,244)
	0
<i>Increase in Cash and Cash Equivalents</i>	0
<i>Cash and Cash Equivalents Beginning of Year</i>	1,500,000
	1,500,000
<i>Cash and Cash Equivalents End of Year</i>	\$1,500,000
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$69,926
Adjustments:	
Decrease in Claims Payable	(69,926)
	\$0
<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*  
*Custodial Funds*  
*December 31, 2020*

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<b>Assets</b>	
Cash and Cash Equivalents in Segregated Accounts	\$2,375
Special Assessments Receivable	1,612,429
	<hr/>
<i>Total Assets</i>	1,614,804
 <b>Liabilities</b>	
Intergovernmental Payable	1,614,804
	<hr/>
<i>Total Net Position</i>	<hr/> <u>\$0</u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Custodial Funds*  
*For the Year Ended December 31, 2020*

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<b>Additions</b>	
Fines and Forfeitures for Other Governments	\$216,782
Special Assessment Collections for Distribution	<u>7,334</u>
<i>Total Additions</i>	224,116
 <b>Deductions</b>	
Distributions to Other Governments	<u>224,116</u>
<i>Change in Fiduciary Net Position</i>	0
<i>Net Position Beginning of Year</i>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$0</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, 2020*

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**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 three jointly governed organizations and one shared risk pool. The Northeast Ohio Public Energy Council, the City of Beachwood, Ohio Energy Special Improvement District, Inc. and the Regional Income Tax Agency (RITA) are jointly governed organizations. The Northern Ohio Risk Management Association is a shared risk pool. These organizations are described in Note 7 and 16 of the Basic Financial Statements.

During 2020 the City formed the Beachwood Community Improvement Corporation (Corporation). The Corporation was formed to advance, encourage, and promote the industrial, economic, commercial, and civic development of the City of Beachwood, Ohio, by acting as a designated agency of the City, for the industrial, commercial, distribution and research development in such political subdivision in accordance with Section 1724.10 of the Ohio Revised Code. As of December 31, 2020, the Corporation has not developed and adopted bylaws. Once the bylaws of the Corporation have been adopted, the City will complete the analysis in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39 and 61.

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**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.

**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:

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**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.

**Eaton Tax Increment Financing (TIF) Special Revenue Fund** The Eaton TIF special revenue fund is used to account for and report payments in lieu of taxes restricted for expenses related to the Eaton TIF agreement.

**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.

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 custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's fiduciary funds are custodial funds. The City's custodial funds account for special assessments collected on behalf of the Energy Special Improvement District fund and the Village of Orange special assessment.

### **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.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. For proprietary funds, the statement of revenues, expenses and 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.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds and custodial funds.

***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 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 13 and 14.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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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, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 Balances 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 13 and 14)

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

***E. 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 2020, investments were limited to U.S. treasury notes, commercial paper, 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, and STAR Ohio.

Investments are reported at fair value, which is based on quoted market price or current price, except for STAR Ohio.

During 2020, 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 2020, 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 \$100 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.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2020 amounted to \$971,018, which includes \$367,759 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, 2020, 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.

***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 receipted 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. 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.

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.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**K. 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 Council assigned fund balances to cover a gap between estimated revenue and appropriations in 2021’s budget.

***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.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

***L. 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, sanitary sewers, storm sewers and I-Net Fiber and includes infrastructure acquired prior to December 31, 1980.

***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.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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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.

***Q. Budgetary Process***

All funds, except custodial funds, are legally required to be budgeted and appropriated. For reporting purposes, various custodial funds, utilized for internal control purposes, have been combined with the general fund. 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 statements 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.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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***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.

***S. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net position.

***T. Unearned Revenue***

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The City recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

**Note 3 - Receivables**

Receivables at December 31, 2020, 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 \$4,960,341 in the Bond Retirement Fund and \$42,777 in the Capital Improvement Fund. At December 31, 2020 the amount of delinquent special assessments was \$69,308.

***A. Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020 on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and collected in 2021 real property taxes.

The full tax rate for all City operations for the year ended December 31, 2020, was \$4.00 per 1,000 of assessed value. The assessed values of real and public utility property upon which 2020 property tax receipts were based are as follows:

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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Real Property	\$833,128,380
Public Utility Property	14,312,920
Total Valuation	\$847,441,300

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, 2020 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 2020 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. The Regional Income Tax Agency (RITA) administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 2.0 percent. Employers within the City are required to withhold income tax on employee earnings and remit the tax to 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. Income tax revenue is credited entirely to the general fund.

Pursuant to section 715.84 of the Ohio Revised Code, the City has created a Municipal Utility District (MUD) and has entered into a related cost sharing agreement with the City of Cleveland. The contract provides for the participants to distribute municipal income tax generated in the MUD among the contracting parties. According to the contract, after administrative fees, 50 percent will be allocated to the City of Cleveland. During 2020, the City collected \$4,695,934 in income tax revenue from the MUD and distributed \$2,347,967 to the City of Cleveland.

Pursuant to section 715.84 of the Ohio Revised Code, the City has created a Municipal Utility District (MUD) and has entered into a related cost sharing agreement with the City of Cleveland and the City of Warrensville Heights. The contract provides for the participants to distribute municipal income tax generated in the MUD among the contracting parties. According to the contract, after administrative fees, 25 percent will be allocated to the City of Cleveland and 25 percent will be allocated to the City of Warrensville Heights. During 2020, the City collected \$3,118,876 in income tax revenue from the MUD and distributed \$779,719 to the City of Cleveland and \$779,719 to the City of Warrensville Heights.

***C. Intergovernmental Receivable***

A summary of intergovernmental receivables follows:

Gasoline Tax	\$322,443
Homestead and Rollback	103,595
Other	6,071
Total	\$432,109

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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**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 and the Eaton TIF fund.

Net Change in Fund Balance

	General	Eaton TIF
GAAP Basis	\$2,684,752	\$1
Net Adjustments for Revenue Accruals	(770,240)	0
Beginning Fair Value Adjustment for Investments	21,019	0
Ending Fair Value Adjustment for Investments	(226,270)	0
Net Adjustments for Expenditure Accruals	374,153	0
Encumbrances	(2,199,134)	0
Budget Basis	(\$115,720)	\$1

**Note 5 – Interfund Transfers and Balances**

Transfers of \$3,400,000 were made during calendar year 2020 from the general fund to the bond retirement. The transfer was to move money for the payment of bonds and notes.

During 2020, the general fund made an advance in the amount of \$93,500 to the Local Coronavirus Relief Fund for COVID-09 related expenses. The advance is expected to be repaid within one year.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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**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 99.4 hour pay period receive sick leave at a rate of 5.7 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 235 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 2020. 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 2019, 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.

***C. Regional Income Tax Agency***

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collection income taxes on behalf of each member. RITA currently has approximately 350 members in the

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. Since 2020 information is not yet available, 2019 information is provided. For 2019, the City paid RITA approximately \$363,266 for income tax collection services.

**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;

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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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);
  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, 2020, the City had the following investments:

**City of Beachwood, Ohio**  
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Measurement/Investment	Measurement Amount	Maturity	Moody's	Percent of Total Investments
Net Asset Value (NAV) Per Share:				
STAR Ohio	\$423,599	Less than 6 months	AAAm*	0.91%
Fair Value - Level Two Inputs:				
U.S. Treasury Notes	1,023,320	Less than five years	Aaa	2.20%
Commercial Paper	999,970	Less than 1 year	P-1	2.13%
Municipal Bonds				
Canton Economic BANS	1,904,432	Less than 6 months	N/A	4.09%
North Royalton BANS	907,245	Less than 1 year	AA2	1.95%
Brookville Ohio	580,043	Less than 5 years	AA2	1.25%
Bedford Heights BANS	1,005,300	Less than 5 years	AA2	2.16%
Ohio Capital Fund	717,325	Less than 5 years	AA-*	1.54%
Montgomery Ohio	563,052	Less than 5 years	AA**	1.21%
Akron Ohio CTFS	1,020,715	Less than 5 years	A1	2.19%
Berea Ohio BANS	602,862	Less than 1 year	Aa1	1.30%
Bratenahl BANS	1,706,052	Less than 1 year	NR	3.67%
Butler Hospital	175,410	Less than 5 years	A3	0.38%
Cloverleaf Ohio	200,903	Less than 5 years	A1	0.43%
Cuyahoga County Ohio BANS	311,236	Less than 5 years	AA2	0.67%
Hamilton Ohio	101,157	Less than 5 years	AA*	0.22%
John Carroll University	258,469	Less than 5 years	Aa3	0.56%
Kent State University	533,540	Less than 5 years	Aa3	1.15%
Lyndhurst Ohio	1,204,668	Less than 5 years	NR	2.59%
Marion Ohio	687,164	Less than 5 years	AA*	1.48%
Mayfield Heights Ohio	2,888,906	Less than 5 years	NR	6.21%

**City of Beachwood, Ohio**  
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Measurement/Investment	Measurement Amount	Maturity	Moody's	Percent of Total Investments
Milford Ohio	551,631	Less than 5 years	AA*	1.19%
New Albany Community Authority	415,303	Less than 5 years	AA3	0.89%
North East Ohio Regional Sewer District	512,345	Less than 5 years	AA1	1.10%
Oakwood Village BANS	533,540	Less than 5 years	NR	1.15%
Ohio State BANS	2,068,160	Less than 5 years	AA1	4.44%
Orange Village Ohio	1,004,700	Less than 5 years	NR	2.16%
Preble County Ohio BANS	401,904	Less than 5 years	AA*	0.86%
Toledo Ohio	1,020,938	Less than 5 years	A2	2.19%
Toledo Ohio City School	290,632	Less than 5 years	Aa2	0.62%
Trumbull County Ohio	1,504,436	Less than 5 years	NR	3.23%
Vandaila Ohio BANS	906,687	Less than 5 years	AA2	1.95%
Woodmere BANS	372,213	Less than 5 years	A1*	0.80%
Negotiable Certificate of Deposits	4,910,128	Less than five years	N/A	10.55%
Federal Farm Credit Bonds	5,025,030	Less than five years	Aaa	10.80%
Federal National Mortgage Association Bonds	1,951,209	Less than five years	Aaa	4.19%
Federal Home Loan Mortgage Bonds	5,250,558	Less than five years	Aaa	11.28%
Federal Home Loan Bank Bonds	2,002,400	Less than five years	Aaa	4.30%
Total Fair Value - Level Two Inputs	<u>46,113,583</u>			
Total Investments	<u><u>\$46,537,182</u></u>			

\*Standard & Poor's rating

\*\*Fitch rating

NR = Not Rated

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, 2020.

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.

**City of Beachwood, Ohio**  
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*For the Year Ended December 31, 2020*

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**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, 2020.

**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.

**Note 10 – Tax Abatements**

**Community Reinvestment Area (CRA)**

Pursuant to Ohio Revised Code sections 3735.65 through 3735.70, the City established a Community Reinvestment Area to provide property tax abatements to encourage revitalization of existing buildings and the construction of new structures. Abatements are obtained through application by the property owner, including proof that the improvements have been made, and equal 50 percent of the additional property tax resulting from the increase in assessed value as a result of the improvement. The amount of the abatement is deducted from the recipient's tax bill. For 2020, the value of the taxes being abated was \$16,091.

**City of Beachwood, Ohio**  
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**Note 11 – Capital Assets**

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

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated</i>				
Land	\$14,235,641	\$0	\$0	\$14,235,641
<i>Capital Assets, being depreciated</i>				
Land Improvements	7,968,645	0	0	7,968,645
Buildings and Improvements	56,219,271	43,249	(524,726)	55,737,794
Furniture and Equipment	6,403,169	360,337	(90,629)	6,672,877
Vehicles	9,763,756	1,145,451	(632,039)	10,277,168
Infrastructure				
Streets	69,666,756	697,969	(1,456,710)	68,908,015
Sanitary Sewers	2,519,136	0	0	2,519,136
Storm Sewers	2,392,601	0	0	2,392,601
I-Net Fiber	823,677	0	0	823,677
Traffic Signals	614,055	0	0	614,055
<i>Total Capital Assets, being depreciated</i>	<u>\$156,371,066</u>	<u>\$2,247,006</u>	<u>(\$2,704,104)</u>	<u>\$155,913,968</u>

**City of Beachwood, Ohio**  
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	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<b>Governmental Activities</b>				
Less Accumulated Depreciation				
Land Improvements	(\$6,301,024)	(\$376,185)	\$0	(\$6,677,209)
Buildings and Improvements	(15,528,706)	(1,138,584)	354,582	(16,312,708)
Furniture and Equipment	(4,894,269)	(312,687)	90,629	(5,116,327)
Vehicles	(7,663,207)	(596,674)	623,644	(7,636,237)
Infrastructure				0
Streets	(42,528,220)	(2,644,190)	878,331	(44,294,079)
Sanitary Sewers	(894,682)	(50,382)	0	(945,064)
Storm Sewers	(788,216)	(47,853)	0	(836,069)
I-Net Fiber	(58,451)	(16,474)	0	(74,925)
Traffic Signals	(64,394)	(9,447)	0	(73,841)
Total Accumulated Depreciation	<u>(78,721,169)</u>	<u>(5,192,476) *</u>	<u>1,947,186</u>	<u>(81,966,459)</u>
Total Capital Assets being depreciated, Net	<u>77,649,897</u>	<u>(2,945,470)</u>	<u>(756,918)</u>	<u>73,947,509</u>
Governmental Activities Capital Assets, Net	<u>\$91,885,538</u>	<u>(\$2,945,470)</u>	<u>(\$756,918)</u>	<u>\$88,183,150</u>

\*Depreciation expense was charged to governmental activities as follows:

General Government	\$555,642
Public Safety:	
Police	167,290
Fire	595,585
Public Services	3,426,285
Health and Welfare	17,659
Culture and Recreation	426,535
Building and Community Development	3,480
Total Depreciation Expense	<u>\$5,192,476</u>

**Note 12 – 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:

**City of Beachwood, Ohio**  
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Fund Balances	General	Eaton TIF	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Activities
<b>Nonspendable:</b>						
Prepays	\$385,366	\$0	\$0	\$0	\$0	\$385,366
Inventory	1,105,207	0	0	0	0	1,105,207
Unclaimed Funds	25,114	0	0	0	0	25,114
<i>Total Nonspendable</i>	<u>1,515,687</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,515,687</u>
<b>Restricted for:</b>						
Street Maintenance	0	0	0	0	2,284,009	2,284,009
Mayor's Court Computers	0	0	0	0	62,993	62,993
Drug and Alcohol Enforcement	0	0	0	0	209,730	209,730
TIF Agreements	0	5,988,305	0	0	0	5,988,305
Police Pension	0	0	0	0	19,785	19,785
Street Lighting	0	0	0	0	92,452	92,452
Bond Retirement	0	0	239,683	0	0	239,683
<i>Total Restricted</i>	<u>0</u>	<u>5,988,305</u>	<u>239,683</u>	<u>0</u>	<u>2,668,969</u>	<u>8,896,957</u>
<b>Committed to:</b>						
Capital Improvement	0	0	0	948,795	0	948,795
Dog Park	0	0	0	0	300	300
Purchases on Order for:						
General Government	46,446	0	0	0	0	46,446
Police	70,368	0	0	0	0	70,368
Fire	128,778	0	0	0	0	128,778
Service	534,782	0	0	0	0	534,782
Building	75,188	0	0	0	0	75,188
<i>Total Committed</i>	<u>855,562</u>	<u>0</u>	<u>0</u>	<u>948,795</u>	<u>300</u>	<u>1,804,657</u>
<b>Assigned to:</b>						
Capital Improvement	0	0	0	11,039,994	0	11,039,994
Purchases on Order for:						
Legal Services	51,219	0	0	0	0	51,219
Computer Equipment	32,550	0	0	0	0	32,550
Utilities	250,494	0	0	0	0	250,494
Pension	259,966	0	0	0	0	259,966
Gasoline	16,311	0	0	0	0	16,311
Vehicle Maintenance	60,170	0	0	0	0	60,170
Other	394,933	0	0	0	0	394,933
2021 Appropriations Exceed						
Estimated Revenue	6,512,142	0	0	0	0	6,512,142
<i>Total Assigned</i>	<u>7,577,785</u>	<u>0</u>	<u>0</u>	<u>11,039,994</u>	<u>0</u>	<u>18,617,779</u>
<b>Unassigned</b>	<u>27,586,615</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,586,615</u>
<b>Total Fund Balances</b>	<u>\$37,535,649</u>	<u>\$5,988,305</u>	<u>\$239,683</u>	<u>\$11,988,789</u>	<u>\$2,669,269</u>	<u>\$58,421,695</u>

**City of Beachwood, Ohio**  
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**Note 13 - 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 14 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 benefit/defined contribution pension plan. Participating employers are divided into state, local, law

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enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <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 traditional 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 Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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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 annuitization of the benefit (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.

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

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

	State and Local
<b>2020 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2020 Actual Contribution Rates</b>	
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.

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For 2020, The City's contractually required contribution was \$1,335,954 for the traditional plan, \$0 for the combined plan and \$2,112 for the member-directed plan. Of these amounts, \$147,924 is reported as an intergovernmental payable for the traditional plan, \$0 for the combined plan, and \$237 for the member-directed plan.

***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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

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

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

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

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

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	<u>Police</u>	<u>Firefighters</u>
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2020 Actual Contribution Rates</b>		
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 \$1,937,747 for 2020. Of this amount, \$158,707 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, 2019, 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, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability (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&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.07471700%	0.00051600%	0.38781420%	
Prior Measurement Date	<u>0.07691400%</u>	<u>0.00369900%</u>	<u>0.38448800%</u>	
Change in Proportionate Share	<u>-0.00219700%</u>	<u>-0.00318300%</u>	<u>0.00332620%</u>	
Proportionate Share of the:				
Net Pension Liability	\$14,768,322	\$0	\$26,125,236	\$40,893,558
Net Pension Asset	0	1,077	0	1,077
Pension Expense	2,327,399	2,320	3,549,808	5,879,527

2020 pension expense for the member-directed defined contribution plan was \$1,508. The aggregate pension expense for all pension plans was \$5,881,035 for 2020.

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

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$0	\$0	\$988,924	\$988,924
Changes of assumptions	788,801	111	641,307	1,430,219
Changes in proportion and differences between City contributions and proportionate share of contributions	77,798	14,582	415,289	507,669
City contributions subsequent to the measurement date	1,335,954	0	1,937,747	3,273,701
<b>Total Deferred Outflows of Resources</b>	<b>\$2,202,553</b>	<b>\$14,693</b>	<b>\$3,983,267</b>	<b>\$6,200,513</b>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$186,724	\$253	\$1,347,384	\$1,534,361
Net difference between projected and actual earnings on pension plan investments	2,945,948	140	1,262,059	4,208,147
Changes in proportion and differences between City contributions and proportionate share of contributions	289,453	0	277,373	566,826
<b>Total Deferred Inflows of Resources</b>	<b>\$3,422,125</b>	<b>\$393</b>	<b>\$2,886,816</b>	<b>\$6,309,334</b>

\$3,273,701 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 in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2021	(\$452,988)	\$2,132	(\$63,269)	(\$514,125)
2022	(1,054,794)	2,135	(43,652)	(1,096,311)
2023	121,992	2,174	486,178	610,344
2024	(1,169,736)	2,123	(1,120,641)	(2,288,254)
2025	0	2,186	(99,912)	(97,726)
Thereafter	0	3,550	0	3,550
<b>Total</b>	<b>(\$2,555,526)</b>	<b>\$14,300</b>	<b>(\$841,296)</b>	<b>(\$3,382,522)</b>

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***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following 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, 2019, 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	1.4 percent, simple through 2020, then 2.15 percent, simple	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 percent simple to 1.4 percent simple through 2020 then 2.15 percent simple.

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

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

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.2 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 for the traditional pension plan, combined plan and member-directed plan 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 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

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	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
<b>City's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$24,357,742	\$14,768,322	\$6,147,715
OPERS Combined Plan	(650)	(1,077)	(1,383)

**Actuarial Assumptions – OP&F**

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

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

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
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	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases 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 Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

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

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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 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, 2019, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
<b>Total</b>	<b>120.00 %</b>	

Note: Assumptions are geometric.

\* levered 2x

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

**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 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.

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***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	\$36,208,669	\$26,125,236	\$17,691,444

**Note 14 – Defined Benefit OPEB Plans**

See Note 13 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 postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

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

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

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

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

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

The City's contractually required contribution was \$603 for 2020. Of this amount, \$68 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 health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

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

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

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

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

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

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 \$45,471 for 2020. Of this amount, \$5,059 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, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.069789%	0.3878142%	
Prior Measurement Date	<u>0.071997%</u>	<u>0.3844880%</u>	
Change in Proportionate Share	<u>-0.0022080%</u>	<u>0.0033262%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$9,639,673	\$3,830,724	\$13,470,397
OPEB Expense	\$999,159	\$331,051	\$1,330,210

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

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	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$258	\$0	\$258
Changes of assumptions	1,525,857	2,239,590	3,765,447
Changes in proportion and differences between City contributions and proportionate share of contributions	46,459	19,054	65,513
City contributions subsequent to the measurement date	<u>603</u>	<u>45,471</u>	<u>46,074</u>
Total Deferred Outflows of Resources	<u><u>\$1,573,177</u></u>	<u><u>\$2,304,115</u></u>	<u><u>\$3,877,292</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$881,593	\$411,957	\$1,293,550
Changes of assumptions	0	816,385	816,385
Net difference between projected and actual earnings on OPEB plan investments	490,850	176,276	667,126
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>169,319</u>	<u>294,923</u>	<u>464,242</u>
Total Deferred Inflows of Resources	<u><u>\$1,541,762</u></u>	<u><u>\$1,699,541</u></u>	<u><u>\$3,241,303</u></u>

\$46,074 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2021	\$191,137	\$90,158	\$281,295
2022	49,033	90,158	139,191
2023	389	126,317	126,706
2024	(209,747)	69,311	(140,436)
2025	0	97,696	97,696
Thereafter	<u>0</u>	<u>85,463</u>	<u>85,463</u>
Total	<u><u>\$30,812</u></u>	<u><u>\$559,103</u></u>	<u><u>\$589,915</u></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.

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior Measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.50 percent, ultimate in 2030
Prior Measurement date	7.25 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

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

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Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

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

**Discount Rate** A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

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

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the net OPEB liability	\$12,615,060	\$9,639,673	\$7,257,358

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$9,355,215	\$9,639,673	\$9,920,506

***Changes between Measurement Date and Reporting Date***

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

***Actuarial Assumptions – OP&F***

OP&F’s total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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.

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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, 2019, with actuarial liabilities rolled forward to December 31, 2019
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	3.25 percent
Single discount rate:	
Current measurement date	3.56 percent
Prior measurement date	4.66 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 Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

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

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

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

The 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 13.

**Discount Rate** For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City's proportionate share of the net OPEB liability	\$4,749,851	\$3,830,724	\$3,066,994

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

**Note 15 - 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.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

**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 2019, 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 \$495,820 reported in the fund as December 31, 2020, 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 2019 and 2020 were:

	Beginning of Year	Claims	Payments	End of Year
2019	\$235,873	\$1,197,467	\$867,594	\$565,746
2020	565,746	8,318	78,244	495,820

**Note 16 – 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**  
*Notes to the Basic Financial Statements*  
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**Note 17 - Long-Term Obligations**

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

	Outstanding 12/31/2019	Additions	(Reductions)	Outstanding 12/31/2020	Amounts Due In One Year
<b>Special Assessment Bonds with Governmental Commitment</b>					
\$5,315,000 2015 3.000% - 4.000%					
Eaton Boulevard Improvements	\$4,530,000	\$0	(\$225,000)	\$4,305,000	\$230,000
Premium on Eaton Boulevard Bonds	252,894	0	(16,229)	236,665	0
Total Eaton Boulevard Bonds	4,782,894	0	(241,229)	4,541,665	230,000
\$555,000 2000 5.400%					
Street and Sewer Improvements	45,000	0	(45,000)	0	0
\$2,330,000 2010 1.500% - 3.750%					
Various Improvements Bond Refunding	395,000	0	(395,000)	0	0
<i>Total Special Assessments Bonds</i>	5,222,894	0	(681,229)	4,541,665	230,000
<b>General Obligation Bonds</b>					
\$9,000,000 2017 2.000% - 4.000%					
Fire Station #2 Bonds	8,520,000	0	(265,000)	8,255,000	270,000
Premium on Fire Station #2 Bonds	345,304	0	(15,123)	330,181	0
Total Fire Station #2 Bonds	8,865,304	0	(280,123)	8,585,181	270,000
\$6,250,000 2012 1.500% - 3.750%					
Refunding Bonds	3,195,000	0	(615,000)	2,580,000	625,000
Premium on Refunding Bonds	116,843	0	(24,174)	92,669	0
Total Refunding Bonds	3,311,843	0	(639,174)	2,672,669	625,000
\$4,840,000 2010 1.500% - 3.750%					
Refunding Bonds	725,000	0	(725,000)	0	0
Premium on Refunding Bonds	16,777	0	(16,777)	0	0
Total Refunding Bonds	741,777	0	(741,777)	0	0
\$7,970,000 2010 1.500% - 3.750%					
Service Center Serial Bonds	2,235,000	0	(2,235,000)	0	0
Premium on Service Center Bonds	34,465	0	(34,465)	0	0
Total Service Center Bonds	2,269,465	0	(2,269,465)	0	0
<i>Total General Obligation Bonds</i>	\$15,188,389	\$0	(\$3,930,539)	\$11,257,850	\$895,000

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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	Outstanding 12/31/2019	Additions	(Reductions)	Outstanding 12/31/2020	Amounts Due In One Year
Net Pension Liability					
OPERS	\$21,065,185	\$0	(\$6,296,863)	\$14,768,322	\$0
OP&F	31,384,382	0	(5,259,146)	26,125,236	0
<i>Total Net Pension Liability</i>	<u>52,449,567</u>	<u>0</u>	<u>(11,556,009)</u>	<u>40,893,558</u>	<u>0</u>
Net OPEB Liability					
OPERS	\$9,386,708	\$252,965	\$0	\$9,639,673	\$0
OP&F	3,501,354	329,370		3,830,724	0
<i>Total Net OPEB Liability</i>	<u>12,888,062</u>	<u>582,335</u>	<u>0</u>	<u>13,470,397</u>	<u>0</u>
Compensated Absences	<u>3,791,615</u>	<u>2,361,604</u>	<u>(2,528,345)</u>	<u>3,624,874</u>	<u>2,070,159</u>
<i>Total General Long-term Obligations</i>	<u>\$89,540,527</u>	<u>\$2,943,939</u>	<u>(\$18,696,122)</u>	<u>\$73,788,344</u>	<u>\$3,195,159</u>

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 13 and related to the net OPEB liability see Note 14.

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, 2020*

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 \$78,386,020 at December 31, 2020. Principal and interest requirements to retire outstanding general obligation and special assessment bonds at December 31, 2020, are as follows:

Year	General Obligation Bonds			
	Current Serial Bonds		Current Term Bonds	
	Principal	Interest	Principal	Interest
2021	\$895,000	\$321,512	\$0	\$0
2022	920,000	302,050	0	0
2023	940,000	282,050	0	0
2024	950,000	261,612	0	0
2025	300,000	240,963	0	0
2026-2030	1,630,000	1,049,412	0	0
2031-2035	1,925,000	754,413	0	0
2036-2040	850,000	218,425	1,405,000	202,337
2040-2042	0	0	1,020,000	50,050
Total	\$8,410,000	\$3,430,437	\$2,425,000	\$252,387

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2020

Year	Special Assessment Bonds			
	Current		Current	
	Serial Bonds		Term Bonds	
	Principal	Interest	Principal	Interest
2021	\$230,000	\$146,560	\$0	\$0
2022	240,000	139,660	0	0
2023	245,000	130,060	0	0
2024	255,000	120,260	0	0
2025	260,000	110,060	0	0
2026-2030	1,125,000	341,190	300,000	63,210
2031-2035	1,020,000	70,780	630,000	98,210
Total	<u>\$3,375,000</u>	<u>\$1,058,570</u>	<u>\$930,000</u>	<u>\$161,420</u>

**Note 18 – 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 12/31/2020
General	\$2,199,134
Capital Improvement	1,270,443
Other Governmental Funds	353,458
Total	<u>\$3,823,035</u>

***Contractual Commitments***

At December 31, 2020, the various projects within the City had contractual commitments consisting of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Backflow Preventer Program	\$528,165	\$0	\$528,165
Retrofit LED Lights	271,577	228,300	43,277
Total	<u>\$799,742</u>	<u>\$228,300</u>	<u>\$571,442</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, 2020*

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**Note 19 – Change in Accounting Principle and Restatement of Fund Balances**

***Changes in Accounting Principles***

For 2020, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. GASB Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The implementation of GASB Statement No. 83 had no effect on net position as previously reported.

***Restatement of Fund Balances***

A loan receivable was incorrectly shown in the General Fund in 2019. It should have been shown in the Capital Improvements Fund. The restatement had the following effect on fund balance as of December 31, 2019:

	General Fund	Eaton TIF	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Fund Balances at December 31, 2019	\$35,550,897	\$5,988,304	\$1,402,877	\$12,023,580	\$2,183,202	\$57,148,860
Adjustment for Loan Receivable	(700,000)	0	0	700,000	0	0
Restated Fund Balances at December 31, 2019	<u>\$34,850,897</u>	<u>\$5,988,304</u>	<u>\$1,402,877</u>	<u>\$12,723,580</u>	<u>\$2,183,202</u>	<u>\$57,148,860</u>

**Note 20 – COVID-19**

The United States, the State of Ohio and the City of Beachwood declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City’s investments portfolio investments fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City’s future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

In March of 2020, Ohio’s General Assembly passed House Bill 197 which addressed various topics, including income tax collection. This legislation indicated that for the period of the state of emergency related to COVID-19 declared on March 9, 2020, and for thirty days after the conclusion of that period, any day on which an employee performs personal services at a location, including the employee’s home, to which the employee is required to report for employment duties because of the declaration shall be deemed to be a day performing personal services at the employee’s principal place of work. The provisions of this legislation are being challenged in court, and the ultimate disposition is not known. The City’s income tax receivable/revenue has been calculated consistent with the provisions of House Bill 197.

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## Required Supplementary Information

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**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 Seven Years (1)*

	2020	2019	2018	2017
City's Proportion of the Net Pension Liability	0.0747170%	0.0769140%	0.0754730%	0.0751760%
City's Proportionate Share of the Net Pension Liability	\$14,768,322	\$21,065,185	\$11,840,252	\$17,071,192
City's Covered Payroll	\$10,514,743	\$10,384,843	\$9,977,746	\$9,718,925
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.45%	202.85%	118.67%	175.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.10%	74.70%	84.66%	77.25%

(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.

2016	2015	2014
0.0753490%	0.0731160%	0.0731160%
\$13,051,398	\$8,818,607	\$8,619,424
\$9,370,217	\$8,964,117	\$8,465,315
139.29%	98.38%	101.82%
81.08%	86.45%	86.36%

**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*  
*Last Three Years (1)*

	2020	2019	2018
City's Proportion of the Net Pension Asset	0.0005160%	0.0036990%	0.0043510%
City's Proportionate Share of the Net Pension Asset	\$1,077	\$4,137	\$5,925
City's Covered Payroll	\$2,293	\$15,821	\$17,823
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-46.97%	-26.15%	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	145.28%	126.64%	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 Four Years (1)*

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.0697890%	0.0719970%	0.0707400%	0.0714800%
City's Proportionate Share of the Net OPEB Liability	\$9,639,673	\$9,386,708	\$7,681,843	\$7,219,723
City's Covered Payroll	\$10,546,611	\$10,439,039	\$10,023,869	\$9,879,383
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.40%	89.92%	76.64%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	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 Seven Years (1)*

	2020	2019	2018	2017
City's Proportion of the Net Pension Liability	0.3878142%	0.3844880%	0.3865530%	0.3933340%
City's Proportionate Share of the Net Pension Liability	\$26,125,236	\$31,384,382	\$23,724,502	\$24,913,381
City's Covered Payroll	\$9,128,284	\$8,624,751	\$8,350,537	\$8,411,080
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	286.20%	363.89%	284.11%	296.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%

(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.

2016	2015	2014
0.3918830%	0.3699959%	0.3699959%
\$25,210,108	\$19,167,330	\$18,019,961
\$7,905,342	\$7,288,792	\$7,185,479
318.90%	262.97%	250.78%
66.77%	71.71%	73.00%

**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 Four Years (1)*

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.3878142%	0.3844880%	0.3865530%	0.3933340%
City's Proportionate Share of the Net OPEB Liability	\$3,830,724	\$3,501,354	\$21,901,552	\$18,670,680
City's Covered Payroll	\$9,128,284	\$8,624,751	\$8,350,537	\$8,411,080
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.97%	40.60%	262.28%	221.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.08%	46.57%	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.

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

	2020	2019	2018	2017
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$1,335,954	\$1,472,064	\$1,453,878	\$1,297,107
Contributions in Relation to the Contractually Required Contribution	(1,335,954)	(1,472,064)	(1,453,878)	(1,297,107)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
City Covered Payroll	\$9,542,529	\$10,514,743	\$10,384,843	\$9,977,746
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%
<b>Net Pension Liability - Combined Plan</b>				
Contractually Required Contribution	\$0	\$321	\$2,215	\$2,317
Contributions in Relation to the Contractually Required Contribution	0	(321)	(2,215)	(2,317)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
City Covered Payroll	\$0	\$2,293	\$15,821	\$17,823
Contributions as a Percentage of Covered Payroll	N/A	14.00%	14.00%	13.00%
<b>Net OPEB Liability - OPEB Plan (2)</b>				
Contractually Required Contribution	\$603	\$1,183	\$1,535	\$101,088
Contributions in Relation to the Contractually Required Contribution	(603)	(1,183)	(1,535)	(101,088)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
City Covered Payroll (3)	\$9,557,604	\$10,546,611	\$10,439,039	\$10,023,869
Contributions as a Percentage of Covered Payroll	0.01%	0.01%	0.01%	1.01%

(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.

2016	2015	2014	2013
\$1,166,271	\$1,124,426	\$1,075,694	\$1,100,491
<u>(1,166,271)</u>	<u>(1,124,426)</u>	<u>(1,075,694)</u>	<u>(1,100,491)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,718,925	\$9,370,214	\$8,964,117	\$8,465,315
<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$15,838	\$15,572	\$9,745	\$516
<u>(15,838)</u>	<u>(15,572)</u>	<u>(9,745)</u>	<u>(516)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$131,983	\$129,767	\$81,208	\$3,969
<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$198,157			
<u>(198,157)</u>			
<u>\$0</u>			
\$9,879,383			
<u>2.01%</u>			

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

	2020	2019	2018	2017
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,937,747	\$1,948,798	\$1,840,182	\$1,782,357
Contributions in Relation to the Contractually Required Contribution	<u>(1,937,747)</u>	<u>(1,948,798)</u>	<u>(1,840,182)</u>	<u>(1,782,357)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$9,094,166	\$9,128,284	\$8,624,751	\$8,350,537
Pension Contributions as a Percentage of Covered Payroll:	<u>21.31%</u>	<u>21.35%</u>	<u>21.34%</u>	<u>21.34%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$45,471	\$45,642	\$43,124	\$41,753
Contributions in Relation to the Contractually Required Contribution	<u>(45,471)</u>	<u>(45,642)</u>	<u>(43,124)</u>	<u>(41,753)</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>21.81%</u>	<u>21.85%</u>	<u>21.84%</u>	<u>21.84%</u>

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

See accompanying notes to the required supplementary information.

2016	2015	2014	2013	2012	2011
\$1,788,221	\$1,680,214	\$1,548,409	\$1,299,075	\$1,083,438	\$1,070,060
<u>(1,788,221)</u>	<u>(1,680,214)</u>	<u>(1,548,409)</u>	<u>(1,299,075)</u>	<u>(1,083,438)</u>	<u>(1,070,060)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,411,080	\$7,905,343	\$7,288,792	\$7,185,479	\$7,242,762	\$7,140,421
<u>21.26%</u>	<u>21.25%</u>	<u>21.24%</u>	<u>18.08%</u>	<u>14.96%</u>	<u>14.99%</u>
\$42,055	\$39,527	\$36,444	\$259,875	\$488,887	\$481,979
<u>(42,055)</u>	<u>(39,527)</u>	<u>(36,444)</u>	<u>(259,875)</u>	<u>(488,887)</u>	<u>(481,979)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>21.76%</u>	<u>21.75%</u>	<u>21.74%</u>	<u>21.70%</u>	<u>21.71%</u>	<u>21.74%</u>

**City of Beachwood, Ohio**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2020**

**Changes in Assumptions – OPERS Pension– Traditional Plan**

Amounts reported beginning in 2019 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 prior years are presented below:

	2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage 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	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related COLA or Ad Hoc COLA for Post-January 7, 2013 Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

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, 2020**

**Changes in Assumptions – OPERS Pension – Combined Plan**

For 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

**Changes in Assumptions – OP&F Pension**

Amounts reported beginning in 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:

	Beginning in 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 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

Amounts reported beginning in 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 Buck/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 beginning in 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 Buck/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

**City of Beachwood, Ohio**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2020**

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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.

**Changes in Assumptions – OPERS OPEB**

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2020	10.0 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

**Changes in Assumptions – OP&F OPEB**

Single Discount Rate:	
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

**Changes in Benefit Terms – OP&F OPEB**

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

## 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.

***Omnova Tax Increment Financing (TIF) Fund*** – This fund accounts for and reports payments in lieu of taxes restricted for expenses related to the Omnova TIF agreement.

***Barkwood Donations Fund*** – This fund accounts for and reports all donations for Barkwood and the use of those funds is committed for Barkwood related expenses.

***Local Coronavirus Relief Fund*** – This fund accounts for and reports restricted monies received for Coronavirus relief and expenses incurred due to the public health emergency with respect to the Coronavirus Disease of 2020.

***NOPEC Grant Fund*** – This fund accounts for and reports all monies received from NOPEC related to their NOPEC Energized Community Grant Program. These funds are restricted for energy related projects.

**City of Beachwood, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2020*

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement	Law Enforcement Trust
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,747,844	\$429,713	\$62,993	\$346,025
Property Taxes Receivable	0	0	0	0
Payments in Lieu of Taxes Receivable	0	0	0	0
Intergovernmental Receivable	235,145	19,065	0	0
<i>Total Assets</i>	<u>\$1,982,989</u>	<u>\$448,778</u>	<u>\$62,993</u>	<u>\$346,025</u>
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$136,295
Interfund Payable	0	0	0	0
Contracts Payable	0	0	0	0
Unearned Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>136,295</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Unavailable Revenue	136,676	11,082	0	0
<i>Total Deferred Inflows of Resources</i>	<u>136,676</u>	<u>11,082</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>				
Restricted	1,846,313	437,696	62,993	209,730
Committed	0	0	0	0
<i>Total Fund Balances</i>	<u>1,846,313</u>	<u>437,696</u>	<u>62,993</u>	<u>209,730</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,982,989</u>	<u>\$448,778</u>	<u>\$62,993</u>	<u>\$346,025</u>

Police Pension	Street Lights	Omnova TIF	Barkwood Donations	Local Coronavirus Relief	NOPEC Grant	Total Nonmajor Governmental Funds
\$19,785	\$94,134	\$0	\$300	\$133,593	\$43,277	\$2,877,664
241,726	0	0	0	0	0	241,726
0	0	272,948	0	0	0	272,948
7,770	0	0	0	0	0	261,980
<u>\$269,281</u>	<u>\$94,134</u>	<u>\$272,948</u>	<u>\$300</u>	<u>\$133,593</u>	<u>\$43,277</u>	<u>\$3,654,318</u>
\$0	\$1,682	\$0	\$0	\$28,499	\$0	\$166,476
0	0	0	0	93,500	0	93,500
0	0	0	0	0	43,277	43,277
0	0	0	0	11,594	0	11,594
<u>0</u>	<u>1,682</u>	<u>0</u>	<u>0</u>	<u>133,593</u>	<u>43,277</u>	<u>314,847</u>
232,859	0	0	0	0	0	232,859
0	0	272,948	0	0	0	272,948
16,637	0	0	0	0	0	164,395
<u>249,496</u>	<u>0</u>	<u>272,948</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>670,202</u>
19,785	92,452	0	0	0	0	2,668,969
0	0	0	300	0	0	300
<u>19,785</u>	<u>92,452</u>	<u>0</u>	<u>300</u>	<u>0</u>	<u>0</u>	<u>2,669,269</u>
<u>\$269,281</u>	<u>\$94,134</u>	<u>\$272,948</u>	<u>\$300</u>	<u>\$133,593</u>	<u>\$43,277</u>	<u>\$3,654,318</u>

**City of Beachwood, Ohio**  
*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2020*

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement	Law Enforcement Trust
<b>Revenues</b>				
Property Taxes	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	3,965	2,963
Intergovernmental	716,996	58,133	0	12,880
Payments in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Interest	19,616	5,746	0	3,552
Other	0	0	0	0
<i>Total Revenues</i>	<u>736,612</u>	<u>63,879</u>	<u>3,965</u>	<u>19,395</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Public Safety:				
Police	0	0	8,836	220,745
Fire	0	0	0	0
Public Services	0	0	0	0
Capital Outlay	81,812	0	0	0
<i>Total Expenditures</i>	<u>81,812</u>	<u>0</u>	<u>8,836</u>	<u>220,745</u>
<i>Net Change in Fund Balances</i>	654,800	63,879	(4,871)	(201,350)
<i>Fund Balances Beginning of Year</i>	<u>1,191,513</u>	<u>373,817</u>	<u>67,864</u>	<u>411,080</u>
<i>Fund Balances End of Year</i>	<u>\$1,846,313</u>	<u>\$437,696</u>	<u>\$62,993</u>	<u>\$209,730</u>

Police Pension	Street Lights	Omnova TIF	Barkwood Donations	Local Coronavirus Relief	NOPEC Grant	Total Nonmajor Governmental Funds
\$227,155	\$0	\$0	\$0	\$0	\$0	\$227,155
0	0	0	0	0	0	6,928
16,037	0	0	0	615,451	141,244	1,560,741
0	0	266,802	0	0	0	266,802
0	11,467	0	0	0	0	11,467
0	0	0	0	0	0	28,914
0	0	0	300	0	0	300
243,192	11,467	266,802	300	615,451	141,244	2,102,307
0	0	266,802	0	11,362	0	278,164
261,054	20,296	0	0	97,935	0	608,866
0	0	0	0	493,692	0	493,692
0	0	0	0	12,462	141,244	153,706
0	0	0	0	0	0	81,812
261,054	20,296	266,802	0	615,451	141,244	1,616,240
(17,862)	(8,829)	0	300	0	0	486,067
37,647	101,281	0	0	0	0	2,183,202
\$19,785	\$92,452	\$0	\$300	\$0	\$0	\$2,669,269

## 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 custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

### *Custodial Funds*

***Energy Special Improvement District Fund*** – To account for the receipt and disbursement of special assessment tax collections of businesses in the Energy Special Improvement District area for the benefit of another government.

***Orange Village Special Assessment*** – To account for the receipt and disbursement of special assessment tax collections for the benefit of another government.

***Mayor's Court*** – To account for various fines collected and distributed through the Mayor's Court for the benefit of others.

**City of Beachwood, Ohio**  
*Combining Statement of Fiduciary Net Position*  
*Custodial Funds*  
*December 31, 2020*

	Energy Special Improvement District	Orange Village Special Assessment	Mayor's Court	Total Custodial Funds
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$0	\$2,375	\$2,375
Special Assessments Receivable	1,596,469	15,960	0	1,612,429
<i>Total Assets</i>	1,596,469	15,960	2,375	1,614,804
<b>Liabilities</b>				
Intergovernmental Payable	1,596,469	15,960	2,375	1,614,804
<b>Net Position</b>				
Restricted for Individuals, Organizations and Other Governments	\$0	\$0	\$0	\$0

**City of Beachwood, Ohio**  
*Combining Statement of Changes in Fiduciary Net Position*  
*Custodial Funds*  
*For the Year Ended December 31, 2020*

	Energy Special Improvement District	Orange Village Special Assessment	Mayor's Court	Total Custodial Funds
<b>Additions</b>				
Fines and Forfeitures for Other Governments	\$0	\$0	\$216,782	\$216,782
Special Assessment Collections for Distribution	7,294	40	0	7,334
<i>Total Additions</i>	7,294	40	216,782	224,116
<b>Deductions</b>				
Distributions to Other Governments	7,294	40	216,782	224,116
<i>Change in Net Position</i>	0	0	0	0
<i>Net Position Beginning of Year</i>	0	0	0	0
<i>Net Position End of Year</i>	\$0	\$0	\$0	\$0

**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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$2,800,000	\$3,065,200	\$2,801,820	(\$263,380)
Municipal Income Taxes	38,859,721	35,905,000	36,748,965	843,965
Charges for Services	3,218,400	2,116,700	1,726,217	(390,483)
Fines, Licenses and Permits	1,194,300	1,353,170	1,523,217	170,047
Intergovernmental	384,300	330,400	381,886	51,486
Admission Taxes	400,000	400,000	250,741	(149,259)
Lodging Taxes	1,000,000	180,000	441,126	261,126
Franchise Taxes	120,000	120,000	133,948	13,948
Health Care Reimbursements	650,000	797,000	620,707	(176,293)
Interest	755,000	848,020	765,767	(82,253)
Other	178,000	257,050	188,143	(68,907)
<i>Total Revenues</i>	49,559,721	45,372,540	45,582,537	209,997
<b>Expenditures</b>				
Current:				
General Government:				
Council:				
Personal Services	126,160	127,660	127,447	213
Contractual Services	24,525	24,525	21,975	2,550
Materials and Supplies	5,572	5,572	401	5,171
Capital Outlay	5,800	5,800	3,780	2,020
Other	24,935	24,935	17,242	7,693
Total Council	186,992	188,492	170,845	17,647
Mayor:				
Personal Services	540,494	540,494	502,889	37,605
Contractual Services	71,925	71,925	32,111	39,814
Materials and Supplies	15,318	15,318	12,950	2,368
Capital Outlay	1,000	3,100	2,918	182
Other	126,701	124,601	100,111	24,490
Total Mayor	755,438	755,438	650,979	104,459
Economic Development:				
Personal Services	147,516	147,516	55,834	91,682
Contractual Services	25,000	35,000	28,480	6,520
Materials and Supplies	9,383	9,383	2,557	6,826
Capital Outlay	2,000	47,200	45,188	2,012
Other	422,377	367,177	209,339	157,838
Total Economic Development	\$606,276	\$606,276	\$341,398	\$264,878

(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, 2020*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Human Resources:				
Personal Services	\$215,294	\$218,594	\$213,715	\$4,879
Contractual Services	27,500	27,500	22,747	4,753
Materials and Supplies	1,400	1,400	1,390	10
Other	8,500	8,500	4,807	3,693
Total Human Resources	252,694	255,994	242,659	13,335
Finance Director:				
Personal Services	1,496,526	1,496,526	1,461,454	35,072
Contractual Services	4,953,391	4,968,391	4,817,391	151,000
Materials and Supplies	29,488	29,488	23,758	5,730
Capital Outlay	333,582	333,582	271,367	62,215
Other	611,798	611,798	486,615	125,183
Total Finance Director	7,424,785	7,439,785	7,060,585	379,200
Law Department:				
Personal Services	494,409	494,409	477,373	17,036
Contractual Services	192,555	188,555	181,091	7,464
Materials and Supplies	15,170	15,170	9,095	6,075
Capital Outlay	4,000	10,000	8,710	1,290
Other	40,819	38,819	34,525	4,294
Total Law Department	746,953	746,953	710,794	36,159
Total General Government	9,973,138	9,992,938	9,177,260	815,678
Public Safety:				
Police Department:				
Personal Services	11,063,879	11,063,879	9,959,440	1,104,439
Contractual Services	699,589	699,589	549,612	149,977
Materials and Supplies	164,483	164,483	128,376	36,107
Capital Outlay	619,447	619,447	283,457	335,990
Other	99,643	99,643	70,337	29,306
Total Police Department	12,647,041	12,647,041	10,991,222	1,655,819
Fire Department:				
Personal Services	7,895,207	8,028,207	7,602,842	425,365
Contractual Services	317,847	317,847	224,138	93,709
Materials and Supplies	155,491	155,491	124,848	30,643
Capital Outlay	497,306	497,306	412,057	85,249
Other	113,091	113,091	53,047	60,044
Total Fire Department	8,978,942	9,111,942	8,416,932	695,010
Total Public Safety	\$21,625,983	\$21,758,983	\$19,408,154	\$2,350,829

(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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Services:				
Service Department:				
Personal Services	\$7,067,544	\$7,067,544	\$6,470,022	\$597,522
Contractual Services	1,713,543	1,713,543	1,444,687	268,856
Materials and Supplies	1,931,354	1,931,354	1,636,317	295,037
Capital Outlay	815,248	815,248	758,754	56,494
Other	32,534	32,534	27,033	5,501
Total Public Services	11,560,223	11,560,223	10,336,813	1,223,410
Health and Welfare:				
Human Services Department:				
Personal Services	467,913	467,913	356,575	111,338
Contractual Services	240,091	240,091	24,952	215,139
Materials and Supplies	50,077	50,077	6,683	43,394
Capital Outlay	3,000	3,000	1,000	2,000
Other	35,230	35,230	10,045	25,185
Total Health and Welfare	796,311	796,311	399,255	397,056
Culture and Recreation				
Recreation Administration:				
Personal Services	972,683	972,683	887,100	85,583
Contractual Services	507,212	507,212	165,371	341,841
Materials and Supplies	60,924	60,924	43,399	17,525
Capital Outlay	6,000	6,000	4,878	1,122
Other	29,822	29,822	12,895	16,927
Total Recreation Administration	1,576,641	1,576,641	1,113,643	462,998
Recreation Camps:				
Personal Services	357,000	357,000	25,754	331,246
Contractual Services	147,500	147,500	1,588	145,912
Materials and Supplies	33,700	33,700	7,419	26,281
Other	4,500	4,500	3,768	732
Total Recreation Camps	542,700	542,700	38,529	504,171
Recreation Other Programs:				
Personal Services	99,623	99,623	20,417	79,206
Contractual Services	148,400	148,400	42,991	105,409
Materials and Supplies	21,856	21,856	4,746	17,110
Other	10,000	10,000	1,011	8,989
Total Recreation Other Programs	\$279,879	\$279,879	\$69,165	\$210,714

(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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation Parks/Swimming Pools:				
Personal Services	\$289,839	\$289,839	\$6,067	\$283,772
Contractual Services	290,721	280,721	108,932	171,789
Materials and Supplies	84,678	84,678	16,617	68,061
Capital Outlay	53,964	63,964	57,884	6,080
Other	4,064	4,064	2,730	1,334
Total Recreation Parks/Swimming Pools	723,266	723,266	192,230	531,036
Total Culture and Recreation	3,122,486	3,122,486	1,413,567	1,708,919
Building and Community Development:				
Building Development:				
Personal Services	1,338,854	1,338,854	1,156,644	182,210
Contractual Services	131,974	131,974	97,939	34,035
Materials and Supplies	18,932	18,932	13,898	5,034
Capital Outlay	65,000	64,800	39,647	25,153
Other	237,822	251,992	184,580	67,412
Total Building and Community Development	1,792,582	1,806,552	1,492,708	313,844
<i>Total Expenditures</i>	48,870,723	49,037,493	42,227,757	6,809,736
<i>Excess of Revenues Over (Under) Expenditures</i>	688,998	(3,664,953)	3,354,780	7,019,733
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	23,000	23,000
Advances Out	0	(93,500)	(93,500)	0
Transfers Out	(6,300,000)	(6,400,000)	(3,400,000)	3,000,000
<i>Total Other Financing Sources (Uses)</i>	(6,300,000)	(6,493,500)	(3,470,500)	3,023,000
<i>Net Change in Fund Balance</i>	(5,611,002)	(10,158,453)	(115,720)	10,042,733
<i>Fund Balance Beginning of Year</i>	26,773,526	26,773,526	26,773,526	0
Prior Year Encumbrances Appropriated	2,160,423	2,160,423	2,160,423	0
<i>Fund Balance End of Year</i>	\$23,322,947	\$18,775,496	\$28,818,229	\$10,042,733

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Eaton Tax Increment Financing Fund  
For the Year Ended December 31, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Payments in Lieu of Taxes	\$4,400,000	\$4,400,000	\$4,203,724	(\$196,276)
<b>Expenditures</b>				
Current:				
General Government				
Other	4,000,000	4,250,000	4,203,723	\$46,277
<i>Net Change in Fund Balance</i>	400,000	150,000	1	(149,999)
<i>Fund Balance Beginning of Year</i>	5,988,304	5,988,304	5,988,304	0
<i>Fund Balance End of Year</i>	<u>\$6,388,304</u>	<u>\$6,138,304</u>	<u>\$5,988,305</u>	<u>(\$149,999)</u>

**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, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Special Assessments	\$565,000	\$566,403	\$1,403
<b>Expenditures</b>			
Debt Service:			
Principal Retirement	4,521,000	4,505,000	16,000
Interest and Fiscal Charges	629,000	624,597	4,403
<i>Total Expenditures</i>	5,150,000	5,129,597	20,403
<i>Excess of Revenues Under Expenditures</i>	(4,585,000)	(4,563,194)	21,806
<b>Other Financing Sources</b>			
Transfers In	3,400,000	3,400,000	0
<i>Net Change in Fund Balance</i>	(1,185,000)	(1,163,194)	21,806
<i>Fund Balance Beginning of Year</i>	1,402,877	1,402,877	0
<i>Fund Balance End of Year</i>	\$217,877	\$239,683	\$21,806

**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, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$0	\$265,369	\$265,369
Special Assessments	0	20,868	20,868
<i>Total Revenues</i>	<u>0</u>	<u>286,237</u>	<u>286,237</u>
<b>Expenditures</b>			
Capital Outlay:			
Contractual Services	1,097,667	459,507	638,160
Capital Outlay	3,689,084	2,913,138	775,946
Other	500	206	294
<i>Total Expenditures</i>	<u>4,787,251</u>	<u>3,372,851</u>	<u>1,414,400</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,787,251)</u>	<u>(3,086,614)</u>	<u>1,700,637</u>
<b>Other Financing Sources</b>			
Sale of Capital Assets	0	904,473	904,473
Transfers In	1,250,000	0	(1,250,000)
<i>Total Other Financing Sources</i>	<u>1,250,000</u>	<u>904,473</u>	<u>(345,527)</u>
<i>Net Change in Fund Balance</i>	(3,537,251)	(2,182,141)	1,355,110
<i>Fund Balance Beginning of Year</i>	11,566,931	11,566,931	0
Prior Year Encumbrances Appropriated	787,251	787,251	0
<i>Fund Balance End of Year</i>	<u>\$8,816,931</u>	<u>\$10,172,041</u>	<u>\$1,355,110</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, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$525,000	\$725,557	\$200,557
Interest	25,000	19,616	(5,384)
<i>Total Revenues</i>	<u>550,000</u>	<u>745,173</u>	<u>195,173</u>
<b>Expenditures</b>			
Capital Outlay			
Streets, Sidewalks, and Maintenance:			
Contractual Services	124,033	67,007	57,026
Capital Outlay	530,959	83,822	447,137
<i>Total Expenditures</i>	<u>654,992</u>	<u>150,829</u>	<u>504,163</u>
<i>Net Change in Fund Balance</i>	(104,992)	594,344	699,336
<i>Fund Balance Beginning of Year</i>	976,399	976,399	0
Prior Year Encumbrances Appropriated	154,992	154,992	0
<i>Fund Balance End of Year</i>	<u><u>\$1,026,399</u></u>	<u><u>\$1,725,735</u></u>	<u><u>\$699,336</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, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$39,000	\$58,829	\$19,829
Interest	1,000	5,746	4,746
<i>Total Revenues</i>	<u>40,000</u>	<u>64,575</u>	<u>24,575</u>
<b>Expenditures</b>			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	10,000	0	10,000
Capital Outlay	240,000	0	240,000
<i>Total Expenditures</i>	<u>250,000</u>	<u>0</u>	<u>250,000</u>
<i>Net Change in Fund Balance</i>	(210,000)	64,575	274,575
<i>Fund Balance Beginning of Year</i>	<u>365,139</u>	<u>365,139</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$155,139</u></u>	<u><u>\$429,714</u></u>	<u><u>\$274,575</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, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Fines, Licenses and Permits	\$6,000	\$3,965	(\$2,035)
<b>Expenditures</b>			
Current:			
Public Safety:			
Police:			
Contractual Services	1,000	0	1,000
Materials and Supplies	4,000	0	4,000
Capital Outlay	45,060	14,070	30,990
<i>Total Expenditures</i>	50,060	14,070	35,990
<i>Net Change in Fund Balance</i>	(44,060)	(10,105)	33,955
<i>Fund Balance Beginning of Year</i>	67,804	67,804	0
<i>Fund Balance End of Year</i>	\$23,744	\$57,699	\$33,955

**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, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Fines, Licenses and Permits	\$3,000	\$2,963	(\$37)
Intergovernmental	7,000	12,880	5,880
Interest	2,000	3,552	1,552
<i>Total Revenues</i>	<u>12,000</u>	<u>19,395</u>	<u>7,395</u>
<b>Expenditures</b>			
Current:			
Public Safety:			
Police Department:			
Materials and Supplies	2,000	0	2,000
Capital Outlay	243,000	231,995	11,005
Other	5,000	0	5,000
<i>Total Expenditures</i>	<u>250,000</u>	<u>231,995</u>	<u>18,005</u>
<i>Net Change in Fund Balance</i>	(238,000)	(212,600)	25,400
<i>Fund Balance Beginning of Year</i>	<u>411,080</u>	<u>411,080</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$173,080</u></u>	<u><u>\$198,480</u></u>	<u><u>\$25,400</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, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$233,530	\$227,155	(\$6,375)
Intergovernmental	15,000	16,037	1,037
<i>Total Revenues</i>	248,530	243,192	(5,338)
<b>Expenditures</b>			
Current:			
Public Safety:			
Police:			
Personal Services	275,000	261,054	13,946
<i>Net Changes in Fund Balance</i>	(26,470)	(17,862)	8,608
<i>Fund Balance Beginning of Year</i>	37,647	37,647	0
<i>Fund Balance End of Year</i>	\$11,177	\$19,785	\$8,608

**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, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Special Assessments	\$17,600	\$11,467	(\$6,133)
<b>Expenditures</b>			
Current:			
Public Safety:			
Police:			
Contractual Services	27,654	21,882	5,772
Other	245	114	131
<i>Total Expenditures</i>	27,899	21,996	5,903
<i>Net Change in Fund Balance</i>	(10,299)	(10,529)	(230)
<i>Fund Balance Beginning of Year</i>	101,264	101,264	0
Prior Year Encumbrances Appropriated	1,699	1,699	0
<i>Fund Balance End of Year</i>	\$92,664	\$92,434	(\$230)

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Omnova Tax Increment Financing Fund  
For the Year Ended December 31, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Payments in Lieu of Taxes	\$266,802	\$266,802	\$0
<b>Expenditures</b>			
Current:			
General Government			
Other	266,802	266,802	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Barkwood Donations Fund  
For the Year Ended December 31, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Other	\$50	\$300	\$250
<b>Expenditures</b>	0	0	0
<i>Net Change in Fund Balance</i>	50	300	250
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$50	\$300	\$250

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Local Coronavirus Relief Fund*  
*For the Year Ended December 31, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$627,045	\$627,045	\$0
<b>Expenditures</b>			
Current:			
General Government:			
Finance Director:			
Materials and Supplies	11,300	11,275	25
Other	100	87	13
Total General Government	11,400	11,362	38
Public Safety:			
Police:			
Personal Services	93,097	93,097	0
Materials and Supplies	4,900	4,838	62
Total Police	97,997	97,935	62
Fire:			
Personal Services	382,045	382,045	0
Materials and Supplies	19,065	19,221	(156)
Capital Outlay	79,465	79,465	0
Other	118,023	118,055	(32)
Total Fire	598,598	598,786	(188)
Total Public Safety	696,595	696,721	(126)
Public Services:			
Materials and Supplies	12,200	12,131	69
Other	350	331	19
Total Public Services	12,550	12,462	88
<i>Total Expenditures</i>	720,545	720,545	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(93,500)	(93,500)	0
<b>Other Financing Sources</b>			
Advances In	93,500	93,500	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

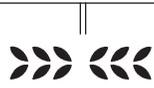
**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Northeast Ohio Public Energy Council (NOPEC) Grant Fund*  
*For the Year Ended December 31, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$141,244	\$141,244	\$0
<b>Expenditures</b>			
Current:			
Public Services:			
Contractual Services	141,244	141,244	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**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, 2020*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$100,000	\$78,244	(\$21,756)
<b>Expenses</b>			
Claims	100,000	78,244	21,756
<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>	\$1,500,000	\$1,500,000	\$0

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.

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<b>Contents</b>	<b>Page(s)</b>
<b>Financial Trends</b> .....	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.	
<b>Revenue Capacity</b> .....	S10-S13
These schedules contain information to help the reader assess the City's most significant local revenue, the municipal income tax.	
<b>Debt Capacity</b> .....	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.	
<b>Economic and Demographic Information</b> .....	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.	
<b>Operating Information</b> .....	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>2020</u>	<u>2019</u>	<u>2018 (4)</u>	<u>2017 (3)</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$72,816,039	\$71,765,502	\$71,879,216	\$70,352,464
Restricted	14,096,600	15,211,933	9,210,147	9,738,490
Unrestricted (Deficit)	<u>(4,881,502)</u>	<u>(3,096,089)</u>	<u>(11,622,490)</u>	<u>(12,040,821)</u>
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$82,031,137</u>	<u>\$83,881,346</u>	<u>\$69,466,873</u>	<u>\$68,050,133</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.  
(4) Reflects restated amount due to implementation of GASB 84.

<u>2016</u>	<u>2015 (1)</u>	<u>2014 (2)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$72,371,648	\$68,776,471	\$68,483,072	\$69,178,482	\$69,977,360	\$67,950,971
10,024,640	10,417,622	4,005,903	9,570,500	4,405,108	4,752,490
<u>18,052,420</u>	<u>23,490,781</u>	<u>23,492,977</u>	<u>40,034,861</u>	<u>37,588,939</u>	<u>35,358,483</u>
<u>\$100,448,708</u>	<u>\$102,684,874</u>	<u>\$95,981,952</u>	<u>\$118,783,843</u>	<u>\$111,971,407</u>	<u>\$108,061,944</u>

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

	2020	2019	2018 (5)	2017	2016
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services and Operating Assessments:					
General Government (3)	\$193,617	\$181,985	\$283,511	\$62,204	\$123,970
Public Safety					
Police	636,208	972,942	837,690	920,482	944,331
Fire	1,018,780	1,165,872	1,121,174	1,067,227	1,118,208
Health and Welfare	0	179,510	159,768	151,837	175,440
Culture and Recreation	35,463	967,271	946,086	911,305	886,806
Building and Community Development	1,376,373	1,007,910	1,155,815	1,009,279	1,113,899
Operating Grants and Contributions	1,579,124	763,100	604,299	577,788	580,804
Capital Grants and Assessments	0	0	0	0	0
<i>Total Governmental Activities</i>					
<i>Program Revenues</i>	<u>4,839,565</u>	<u>5,238,590</u>	<u>5,108,343</u>	<u>4,700,122</u>	<u>4,943,458</u>
<b>Expenses</b>					
Governmental Activities:					
General Government	13,874,662	14,226,642	13,184,644	6,006,746	5,259,319
Public Safety					
Police	12,454,652	5,691,197	12,384,365	10,912,329	11,441,604
Fire	10,579,699	1,189,562	10,124,266	8,834,478	8,427,825
Public Services	14,686,417	14,503,424	14,004,105	17,334,140	13,799,108
Health and Welfare	445,799	755,917	680,821	653,796	624,340
Culture and Recreation	1,915,106	3,195,413	2,981,223	3,068,098	2,919,961
Building and Community Development	1,433,075	1,703,788	1,375,347	1,315,950	1,238,072
Interest and Fiscal Charges	505,252	607,961	661,617	510,788	546,941
<i>Total Governmental Activities Expenses</i>	<u>55,894,662</u>	<u>41,873,904</u>	<u>55,396,388</u>	<u>48,636,325</u>	<u>44,257,170</u>
<i>Total Primary Government Net Expense</i>	<u>(51,055,097)</u>	<u>(36,635,314)</u>	<u>(50,288,045)</u>	<u>(43,936,203)</u>	<u>(39,313,712)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Property Taxes Levied For:					
General Purposes	2,862,897	2,797,545	2,321,760	2,391,231	2,200,373
Police Pension	232,107	225,295	188,264	193,890	178,401
Payments in Lieu of Taxes (6)	4,470,526	4,467,725	5,144,070	N/A	N/A
Municipal Income Taxes Levied					
For General Purposes	37,676,377	38,158,389	35,617,726	31,142,611	31,406,702
Admission, Lodging, and Franchise Taxes	793,102	1,503,167	1,532,086	1,530,036	1,588,838
Estate Taxes (4)	0	4,253	1,325	16,795	12,140
Grants and Entitlements not Restricted to					
Specific Programs	657,586	418,287	334,032	873,277	399,031
Investment Earnings	980,316	1,696,330	557,805	282,320	279,519
Health Care Reimbursements (2)	620,707	608,325	595,177	539,444	486,753
Gain on Sale of Capital Assets	723,515	0	211,333	0	0
Other	187,755	1,170,471	872,354	315,586	525,789
<i>Total Governmental Activities</i>	<u>49,204,888</u>	<u>51,049,787</u>	<u>47,375,932</u>	<u>37,285,190</u>	<u>37,077,546</u>
<i>Total Primary Government</i>					
<i>Change in Net Position</i>	<u>(\$1,850,209)</u>	<u>\$14,414,473</u>	<u>(\$2,912,113)</u>	<u>(\$6,651,013)</u>	<u>(\$2,236,166)</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.

(5) Reflects restated amount due to implementation of GASB 84.

(6) Implementing GASB 84 in 2019 resulted in TIF funds being included in Governmental Activities. This data is not available prior to 2018.

2015 (1)	2014	2013	2012	2011
\$50,062	\$47,133	\$63,237	\$339,527	\$380,073
738,114	881,280	533,700	412,230	335,925
1,040,227	972,782	907,496	916,111	890,715
183,947	148,586	119,648	157,381	151,147
877,917	877,132	876,424	864,037	888,741
836,062	864,594	2,095,827	877,811	1,755,022
561,164	567,487	648,516	695,557	807,577
7,040,066	0	719,852	0	1,250,000
<u>11,327,559</u>	<u>4,358,994</u>	<u>5,964,700</u>	<u>4,262,654</u>	<u>6,459,200</u>
5,473,129	6,123,993	4,950,386	5,383,560	4,533,871
8,822,787	8,845,911	8,602,587	8,513,081	8,038,163
7,586,492	7,332,233	6,862,847	6,609,326	5,955,042
12,630,671	13,373,133	12,271,829	11,927,501	10,348,729
582,497	576,967	513,481	583,900	549,513
2,807,443	2,726,458	2,801,539	2,828,722	2,608,014
1,126,129	1,123,734	1,067,749	959,081	968,373
458,314	785,182	823,376	746,738	925,241
<u>39,487,462</u>	<u>40,887,611</u>	<u>37,893,794</u>	<u>37,551,909</u>	<u>33,926,946</u>
<u>(28,159,903)</u>	<u>(36,528,617)</u>	<u>(31,929,094)</u>	<u>(33,289,255)</u>	<u>(27,467,746)</u>
427,661	3,081,419	2,936,550	2,674,494	2,563,866
36,662	253,704	241,277	216,427	209,099
N/A	N/A	N/A	N/A	N/A
31,413,201	29,394,461	29,892,959	28,447,634	25,680,596
1,535,722	1,433,399	1,323,455	1,336,222	1,264,247
34,935	1,762,024	2,580,934	3,115,899	3,107,091
407,038	436,170	385,209	496,054	670,301
148,034	169,279	174,277	145,983	235,120
455,050	573,207	530,652	479,070	0
0	0	0	0	0
404,522	638,345	676,217	286,935	342,389
<u>34,862,825</u>	<u>37,742,008</u>	<u>38,741,530</u>	<u>37,198,718</u>	<u>34,072,709</u>
<u>\$6,702,922</u>	<u>\$1,213,391</u>	<u>\$6,812,436</u>	<u>\$3,909,463</u>	<u>\$6,604,963</u>

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

	2020	2019	2018 (1)	2017
General Fund				
Nonspendable	\$1,515,687	\$1,789,300	\$1,116,696	\$1,031,801
Committed	855,562	462,785	233,883	330,578
Assigned	7,577,785	1,411,891	1,159,553	924,832
Unassigned	27,586,615	31,886,921	29,997,388	27,811,086
<i>Total General Fund</i>	<u>37,535,649</u>	<u>35,550,897</u>	<u>32,507,520</u>	<u>30,098,297</u>
All Other Governmental Funds				
Restricted	8,896,957	9,574,383	8,658,423	8,225,090
Committed	949,095	426,780	803,068	886,010
Assigned	11,039,994	11,596,800	10,030,600	11,669,582
Unassigned (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>20,886,046</u>	<u>21,597,963</u>	<u>19,492,091</u>	<u>20,780,682</u>
<i>Total Governmental Funds</i>	<u><u>\$58,421,695</u></u>	<u><u>\$57,148,860</u></u>	<u><u>\$51,999,611</u></u>	<u><u>\$50,878,979</u></u>

(1) Reflects restated amount due to implementation of GASB 84.

2016	2015	2014	2013	2012	2011
\$1,256,882	\$1,257,388	\$1,197,983	\$1,081,452	\$1,057,697	\$991,572
209,021	348,655	390,694	261,150	233,569	1,045,377
983,890	948,993	1,266,580	1,572,707	1,195,872	1,302,093
26,750,185	23,731,765	22,513,741	28,648,180	26,374,028	20,560,840
29,199,978	26,286,801	25,368,998	31,563,489	28,861,166	23,899,882
2,371,476	2,136,854	1,847,522	1,776,045	1,438,347	1,602,649
691,523	2,612,281	194,360	25,657	385,869	1,278,616
14,010,045	16,159,439	13,142,368	5,596,712	507,438	2,481,856
0	0	0	0	0	(133,555)
17,073,044	20,908,574	15,184,250	7,398,414	2,331,654	5,229,566
\$46,273,022	\$47,195,375	\$40,553,248	\$38,961,903	\$31,192,820	\$29,129,448

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

	2020	2019	2018 (3)	2017	2016
<b>Revenues</b>					
Property Taxes	\$3,028,975	\$3,017,332	\$2,756,817	\$2,772,437	\$2,663,259
Municipal Income Taxes	37,554,566	38,375,841	35,345,344	30,875,367	33,039,556
Charges for Services	1,718,829	3,002,543	3,212,687	2,811,098	2,941,291
Fines, Licenses, and Permits	1,530,145	1,280,172	1,096,226	1,290,776	1,410,447
Intergovernmental	2,209,369	1,127,252	915,248	1,456,226	973,729
Estate Taxes	0	4,253	1,325	16,795	12,140
Admission Taxes	256,109	348,689	338,557	340,084	326,335
Lodging Taxes	405,194	1,020,252	1,053,716	1,056,185	1,121,150
Franchise Taxes	131,799	134,226	139,813	133,767	141,353
Rentals (1)	0	170,802	174,851	0	0
Health Care Reimbursements (2)	620,707	608,325	595,177	539,444	486,753
Payments in Lieu of Taxes	4,470,526	4,467,725	5,144,070	n/a	n/a
Special Assessments	598,738	609,570	608,896	609,309	701,663
Interest	999,932	1,727,412	578,495	290,336	283,735
Other	187,755	1,170,471	872,354	315,586	525,789
<b>Total Revenues</b>	<b>53,712,644</b>	<b>57,064,865</b>	<b>52,833,576</b>	<b>42,507,410</b>	<b>44,627,200</b>
<b>Expenditures</b>					
<b>Current:</b>					
General Government	13,066,747	12,927,435	12,282,766	5,201,196	4,766,021
Public Safety					
Police	11,221,725	10,677,654	10,526,238	9,770,097	10,455,847
Fire	9,287,120	8,320,491	7,957,349	7,565,990	7,488,100
Public Services	9,544,733	9,178,263	9,873,149	9,874,685	9,935,088
Health and Welfare	382,826	631,186	615,967	674,271	596,923
Culture and Recreation	1,419,476	2,503,104	2,456,726	2,509,420	2,464,090
Building and Community Development	1,311,800	1,384,016	1,433,545	1,140,131	1,200,045
Capital Outlay	1,977,839	3,402,279	9,550,126	8,018,740	6,187,647
Debt Service:					
Principal Retirement	4,505,000	2,205,000	2,110,000	1,840,000	1,835,000
Interest and Fiscal Charges	624,597	686,188	777,813	513,813	620,792
Bond Issuance Costs	0	0	0	171,180	0
<b>Total Expenditures</b>	<b>53,341,863</b>	<b>51,915,616</b>	<b>57,583,679</b>	<b>47,279,523</b>	<b>45,549,553</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>370,781</b>	<b>5,149,249</b>	<b>(4,750,103)</b>	<b>(4,772,113)</b>	<b>(922,353)</b>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	902,054		1,300,000	0	0
Payment to Refunded Bond Escrow Account	0	0	0	0	0
Premium on Bonds	0	0	0	378,070	0
General Obligation Bonds Issued	0	0	0	9,000,000	0
Special Assessment Bonds Issued	0	0	0	0	0
Transfers In	3,400,000	6,000,000	4,000,000	12,761,000	3,766,400
Transfers Out	(3,400,000)	(6,000,000)	(4,000,000)	(12,761,000)	(3,766,400)
<b>Total Other Financing Sources (Uses)</b>	<b>902,054</b>	<b>0</b>	<b>1,300,000</b>	<b>9,378,070</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>\$1,272,835</b>	<b>\$5,149,249</b>	<b>(\$3,450,103)</b>	<b>\$4,605,957</b>	<b>(\$922,353)</b>
Debt Service as a Percentage of Noncapital Expenditures	10.04%	5.88%	6.02%	6.12%	6.49%

(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.

(3) Reflects restated amount due to implementation of GASB 84.

2015	2014	2013	2012	2011
\$2,527,134	\$2,738,844	\$2,569,556	\$2,569,986	\$2,471,516
30,538,900	29,169,007	29,578,663	28,162,508	25,227,131
2,599,402	2,344,939	2,218,880	2,109,663	1,994,018
1,117,554	1,436,960	2,367,813	1,145,214	2,018,317
966,119	1,004,968	1,057,115	1,210,255	2,709,877
34,935	1,812,554	2,757,334	3,045,450	3,201,902
331,403	337,476	352,854	399,449	414,334
1,059,815	977,506	843,102	805,323	729,988
144,504	118,417	127,499	131,450	119,925
0	0	0	302,336	358,037
455,050	573,207	530,652	479,070	n/a
n/a	n/a	n/a	n/a	n/a
466,165	531,205	467,562	456,852	463,637
150,277	172,286	177,324	149,040	238,581
404,522	638,345	676,217	286,935	342,389
<u>40,795,780</u>	<u>41,855,714</u>	<u>43,724,571</u>	<u>41,253,531</u>	<u>40,289,652</u>
4,983,494	5,008,868	4,494,993	4,711,020	3,989,615
8,765,233	8,740,855	8,556,641	8,247,989	7,774,404
7,093,500	6,994,656	6,620,419	7,164,341	6,671,619
9,717,072	10,844,374	8,700,525	9,033,212	8,598,504
578,049	624,272	507,654	578,073	560,421
2,464,934	2,319,497	2,414,088	2,428,076	2,203,271
1,110,528	1,108,407	1,063,829	946,654	965,898
2,807,187	2,305,856	1,291,946	3,769,159	5,678,719
1,785,000	1,800,000	1,750,000	1,710,000	1,565,000
488,226	517,584	555,393	601,636	787,909
0	0	0	112,808	0
<u>39,793,223</u>	<u>40,264,369</u>	<u>35,955,488</u>	<u>39,302,968</u>	<u>38,795,360</u>
<u>1,002,557</u>	<u>1,591,345</u>	<u>7,769,083</u>	<u>1,950,563</u>	<u>1,494,292</u>
0	0	0	0	0
0	0	0	(6,427,283)	0
324,570	0	0	290,092	0
0	0	0	6,250,000	0
5,315,000	0	0	0	0
4,766,400	11,810,604	7,805,204	2,650,000	1,841,363
<u>(4,766,400)</u>	<u>(11,810,604)</u>	<u>(7,805,204)</u>	<u>(2,650,000)</u>	<u>(1,841,363)</u>
<u>5,639,570</u>	<u>0</u>	<u>0</u>	<u>112,809</u>	<u>0</u>
<u>\$6,642,127</u>	<u>\$1,591,345</u>	<u>\$7,769,083</u>	<u>\$2,063,372</u>	<u>\$1,494,292</u>
6.28%	6.37%	6.74%	6.83%	7.79%

**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
2020	2.00%	\$37,676,377	\$29,982,861	79.58%	\$4,762,294
2019	2.00	38,158,389	29,725,385	77.90	5,456,650
2018 (3)	2.00	35,617,726	28,929,644	81.22	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

(1) The City's basic income tax rate may only be increased by a majority vote of the City's residents.

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

(3) Reflects restated amount due to implementation of GASB 84.

Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
12.64%	\$2,931,222	7.78%
14.30	2,976,354	7.80
11.34	2,649,385	7.44
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

**City of Beachwood, Ohio**  
*Income Tax Statistics*  
 2019 (1) and Nine Years Ago

2019				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,017	25.18%	\$9,646,815	1.79%
\$25,000-\$49,999	523	12.95	19,456,047	3.61
\$50,000-\$74,999	461	11.41	28,442,682	5.28
\$75,000-\$99,999	366	9.06	31,756,044	5.89
Over \$100,000	1,672	41.40	449,536,874	83.43
Total	<u>4,039</u>		<u>\$538,838,462</u>	

2011				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,106	31.39%	\$10,065,347	2.81%
\$25,000-\$49,999	550	15.61	20,559,252	5.74
\$50,000-\$74,999	403	11.44	24,906,751	6.95
\$75,000-\$99,999	344	9.76	29,829,828	8.32
Over \$100,000	1,120	31.80	273,012,634	76.18
Total	<u>3,523</u>		<u>\$358,373,812</u>	

(1) 2019 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.

2020	
Taxpayer	Ranking
Cleveland Clinic Foundation	1
* Eaton Corporation	2
* University Hospitals	3
Menorah Park Center	4
Tremco Incorporated	5
Aleris International	6
Beachwood City School District	7
Site Centers	8
BASF, Corporation	9
Amerisave Mortgage	10

2011	
Taxpayer	Ranking
Cleveland Clinic Foundation	1
Developers Diversified	2
Bank of America	3
Menorah Park Center	4
Aleris Ohio Management	5
Tremco Incorporated	6
BASF, Corporation	7
Beachwood City School District	8
City of Beachwood	9
Montefire Home	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*

	2020	2019	2018	2017
Total Assessed Property Value	<u>\$847,441,300</u>	<u>\$834,526,610</u>	<u>\$809,493,510</u>	<u>\$759,604,780</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$10,835,000	\$14,675,000	\$16,475,000	\$18,195,000
Bond Anticipation Notes	0	0	0	0
Special Assessment Bonds	<u>4,305,000</u>	<u>4,970,000</u>	<u>5,375,000</u>	<u>5,765,000</u>
Total Gross Indebtedness	15,140,000	19,645,000	21,850,000	23,960,000
Less:				
Special Assessment Bonds	(4,305,000)	(4,970,000)	(5,375,000)	(5,765,000)
Debt Service Fund Balance	<u>(239,683)</u>	<u>(1,402,877)</u>	<u>(726,674)</u>	<u>(1,045,726)</u>
Total Net Debt Applicable to Debt Limit	<u>10,595,317</u>	<u>13,272,123</u>	<u>15,748,326</u>	<u>17,149,274</u>
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	<u>88,981,337</u>	<u>87,625,294</u>	<u>84,996,819</u>	<u>79,758,502</u>
Legal Debt Margin within 10 1/2% Limitation	<u>\$78,386,020</u>	<u>\$74,353,171</u>	<u>\$69,248,493</u>	<u>\$62,609,228</u>
Legal Debt Margin as a Percentage of the Debt Limit	88.09%	84.85%	81.47%	78.50%
Unvoted Debt Limitation 5 1/2% of Assessed Valuation	<u>\$46,609,272</u>	<u>\$45,898,964</u>	<u>\$44,522,143</u>	<u>\$41,778,263</u>
Total Gross Indebtedness	15,140,000	19,645,000	21,850,000	23,960,000
Less:				
Special Assessment Bonds	(4,305,000)	(4,970,000)	(5,375,000)	(5,765,000)
Debt Service Fund Balance	<u>(239,683)</u>	<u>(1,402,877)</u>	<u>(726,674)</u>	<u>(1,045,726)</u>
Net Debt within 5 1/2% Limitation	<u>10,595,317</u>	<u>13,272,123</u>	<u>15,748,326</u>	<u>17,149,274</u>
Unvoted Legal Debt Margin within 5 1/2% Limitation	<u>\$36,013,955</u>	<u>\$32,626,841</u>	<u>\$28,773,817</u>	<u>\$24,628,989</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	77.27%	71.08%	64.63%	58.95%

Source: City Financial Records

2016	2015	2014	2013	2012	2011
<u>\$756,858,970</u>	<u>\$813,853,540</u>	<u>\$806,226,910</u>	<u>\$797,823,180</u>	<u>\$796,838,720</u>	<u>\$789,545,600</u>
\$10,655,000	\$12,085,000	\$13,470,000	\$14,885,000	\$16,265,000	\$17,130,000
0	0	5,200,000	5,200,000	5,200,000	6,000,000
<u>6,145,000</u>	<u>6,550,000</u>	<u>1,635,000</u>	<u>2,020,000</u>	<u>2,390,000</u>	<u>2,755,000</u>
16,800,000	18,635,000	20,305,000	22,105,000	23,855,000	25,885,000
(6,145,000)	(6,550,000)	(1,635,000)	(2,020,000)	(2,390,000)	(2,755,000)
<u>(862,918)</u>	<u>(785,931)</u>	<u>(438,574)</u>	<u>(397,600)</u>	<u>(423,590)</u>	<u>(583,425)</u>
<u>9,792,082</u>	<u>11,299,069</u>	<u>18,231,426</u>	<u>19,687,400</u>	<u>21,041,410</u>	<u>22,546,575</u>
<u>79,470,192</u>	<u>85,454,622</u>	<u>84,653,826</u>	<u>83,771,434</u>	<u>83,668,066</u>	<u>82,902,288</u>
<u>\$69,678,110</u>	<u>\$74,155,553</u>	<u>\$66,422,400</u>	<u>\$64,084,034</u>	<u>\$62,626,656</u>	<u>\$60,355,713</u>
87.68%	86.78%	78.46%	76.50%	74.85%	72.80%
<u>\$41,627,243</u>	<u>\$44,761,945</u>	<u>\$44,342,480</u>	<u>\$43,880,275</u>	<u>\$43,826,130</u>	<u>\$43,425,008</u>
16,800,000	18,635,000	20,305,000	22,105,000	23,855,000	25,885,000
(6,145,000)	(6,550,000)	(1,635,000)	(2,020,000)	(2,390,000)	(2,755,000)
<u>(862,918)</u>	<u>(785,931)</u>	<u>(438,574)</u>	<u>(397,600)</u>	<u>(423,590)</u>	<u>(583,425)</u>
<u>9,792,082</u>	<u>11,299,069</u>	<u>18,231,426</u>	<u>19,687,400</u>	<u>21,041,410</u>	<u>22,546,575</u>
<u>\$31,835,161</u>	<u>\$33,462,876</u>	<u>\$26,111,054</u>	<u>\$24,192,875</u>	<u>\$22,784,720</u>	<u>\$20,878,433</u>
76.48%	74.76%	58.88%	55.13%	51.99%	48.08%

**City of Beachwood, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2020*

	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Beachwood
<b>Direct - City of Beachwood, Ohio</b>			
General Obligation Bonds	\$11,257,850	100.00%	\$11,257,850
Special Assessment Bonds	4,541,665	100.00%	4,541,665
<i>Total Direct</i>	<u>15,799,515</u>		<u>15,799,515</u>
<b>Overlapping</b>			
Beachwood City Schools			
General Obligation Bonds	22,199,966	100.00%	22,199,966
Notes Payable	9,162,091	100.00%	9,162,091
Cuyahoga County			
General Obligation Bonds	279,060,534	2.75%	7,674,165
Revenue Bonds	496,276,119	2.75%	13,647,593
Certificates of Participation	210,750,127	2.75%	5,795,628
Loans Payable	1,285,374	2.75%	35,348
Capital Leases	279,007,697	2.75%	7,672,712
Regional Transit Authority	<u>127,504,434</u>	2.75%	<u>3,506,372</u>
<i>Total Overlapping</i>	<u>1,425,246,342</u>		<u>69,693,875</u>
<i>Totals</i>	<u><u>\$1,441,045,857</u></u>		<u><u>\$85,493,390</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	<u>General Bonded Debt</u>	<u>Total Assessed Property Value</u>	<u>Percentage of Assessed Property Value</u>	<u>Per Capita (2)</u>
2020	\$11,257,850	\$847,441,300	1.33%	\$942
2019	15,188,389	834,526,610	1.82	1,271
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

(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.

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Other Governmental  
Activities Debt

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Special Assessment Bonds	Total Debt	Percentage of Personal Income (2)	Per Capita (2)
\$4,541,665	\$15,799,515	2.75%	\$1,322
5,222,894	20,411,283	3.56	1,708
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

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

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Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2020	11,953	\$573,863,530	\$48,010	\$71,932	52.5
2019	11,953	573,863,530	48,010	71,932	52.5
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

(1) Source: 2010 U.S. Census.

(2) Source: Beachwood City School District

(3) Computation of per capita personal income multiplied by population.

(4) Ohio Labor Market Website: [www.lmi.state.oh.us](http://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
1,607	55.6%	10.4%	\$357,300	\$847,441,300
1,548	55.6	4.2	362,400	834,526,610
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

**City of Beachwood, Ohio**

*Principal Employers*

*2019 (1) and 2010*

2019		
Employer	Employees	Percentage of Total
Cleveland Clinic Foundation	2,416	9.17%
University Hospitals	2,040	7.74
Menorah Park Center	1,557	5.91
Eaton Corporation	949	3.60
Montefiore Home	615	2.33
Beachwood City School District	505	1.92
Penske Logistics	347	1.32
Lifetime Fitness Club	335	1.27
City of Beachwood	304	1.15
Tremco	297	1.12
Total	<u>9,365</u>	<u>35.53%</u>
Total Employment within the City	<u>26,359</u>	

2010		
Employer	Employees	Percentage of Total
Bank of America	1,964	12.43%
Cleveland Clinic Foundation	1,182	7.48
Menorah Park Center	985	6.23
Nordstrom	660	4.18
Beachwood Board of Education	583	3.69
Harborside of Cleveland	520	3.29
Developers Diversified	543	3.44
Montefire Home	488	3.09
City of Beachwood	484	3.06
Rosetta Marketing Group	349	2.21
Total	<u>7,758</u>	<u>49.09%</u>
Total Employment within the City	<u>15,804</u>	

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

(1) Information for 2020 was not available as of 12/31/20.

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

<b>Function/Program</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>General Government</b>				
Square Footage Occupied	70,786	70,786	70,786	70,786
Vehicles	2	2	2	2
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building	72,254	72,254	72,254	72,254
Vehicles	34	32	32	31
<b>Fire Station</b>				
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 (1)	25,615	25,615	25,615	5,472
Vehicles	16	16	16	16
<b>Public Service</b>				
Streets (miles)	46	46	46	46
Vehicles	67	67	67	66
Square Footage of Building	198,000	198,000	198,000	198,000
<b>Health and Welfare</b>				
Vehicles	6	6	6	6
<b>Culture and Recreation</b>				
Number of Parks (2)	3	3	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
<b>Building and Community Development</b>				
Vehicles	6	6	6	6

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

(2) In 2019, the City completed construction of a new dog park.

Source: City Hall records

2016	2015	2014	2013	2012	2011
70,786	70,786	70,786	70,786	70,786	70,786
2	2	2	2	2	2
1	1	1	1	1	1
72,254	72,254	72,254	72,254	72,254	72,254
33	33	34	35	35	35
2	2	2	2	2	2
21,970	21,970	21,970	21,970	21,970	21,970
5,472	5,472	5,472	5,472	5,472	5,472
16	15	15	14	14	13
46	46	46	46	46	46
68	63	60	56	56	54
198,000	198,000	198,000	198,000	198,000	198,000
5	4	4	3	3	3
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	2	2	2
14,000	14,000	14,000	14,000	14,000	14,000
6	6	6	6	6	6

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

Function/Program	2020 (2)	2019	2018	2017
<b>General Government</b>				
Number of Ordinances and Resolutions	173	170	200	171
Number of non-payroll checks processed	3,373	3,975	4,046	4,286
Number of purchase orders issued	2,690	3,298	3,515	3,839
<b>Public Safety</b>				
<b>Police</b>				
Total arrests	527	1,041	1,167	955
Drug arrests	48	53	290	157
OVI arrests (formally DUI)	36	117	147	87
Warrants served	151	406	324	398
<b>Fire</b>				
Total EMS and Fire responses	4,480	5,605	5,501	5,178
Total Fire responses	968	1,452	1,321	979
Total EMS responses	3,512	4,153	4,180	4,199
Routine fire safety inspections	1,765	1,275	1,326	666
Re-inspections	454	563	1,193	373
New construction inspections (1)	260	364	84	104
<b>Public Services</b>				
Tons of rubbish picked up	3,879	3,429	3,410	3,380
Tons of leaves collected for recycling	942	603	487	409
Number of trees planted	219	221	222	255
Number of catch basins cleaned and repaired	33	210	131	205
Tons of cold patch used	10	0	31	10
Yards of concrete poured and finished	248	405	821	662
Tons of salt purchased	5,910	7,976	12,973	8,414
<b>Health and Welfare</b>				
Number of senior trips planned	10	64	66	77
<b>Culture and Recreation</b>				
Total attendance at Aquatic Center	0	44,002	49,755	46,179
<b>Building and Community Development</b>				
Number of permits issued	283	388	355	365

N/A - Data not available

(1) Starting in 2019, this is based on hours

(2) Due to the pandemic, many programs and services, including the pool, were cancelled for most of the year.

Source: City records

2016	2015	2014	2013	2012	2011
168	187	152	167	202	180
4,326	4,234	4,280	4,137	4,417	4,299
4,233	4,363	4,445	4,143	4,290	4,060
745	733	N/A	1,037	723	496
34	7	N/A	34	18	20
107	102	97	61	42	65
301	248	322	116	147	138
5,262	4,980	4,609	4,593	4,514	4,589
985	957	907	1,351	1,365	1,445
4,277	4,023	3,702	3,242	3,149	3,144
657	1,385	1,525	1,137	1,248	1,582
306	611	830	930	1,045	1,232
150	151	151	359	310	220
3,297	3,416	3,310	3,296	3,189	3,488
409	405	2,835	2,640	2,600	2,670
428	469	145	204	236	146
439	495	545	527	461	431
199	20	20	19	23	52
1,275	530	1,152	514	1,381	678
7,345	10,532	16,457	8,262	3,908	13,659
74	75	71	69	71	51
48,482	49,401	44,031	45,049	49,504	48,000
419	454	375	329	334	309

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

	2020 (2)	2019	2018	2017
General Government				
Council	7.0	7.0	7.0	7.0
Mayor's Office	3.0	3.0	3.0	3.0
Economic Development	0.0	1.0	1.0	1.0
Human Resources	2.0	2.0	2.0	2.0
Finance	10.0	11.0	11.0	10.0
Law	3.0	3.0	3.0	3.5
Public Safety				
Police Administration	6.0	6.0	6.0	6.0
Police Officers	42.0	45.0	43.0	44.0
Dispatchers	15.0	15.0	14.0	15.0
Police - Correction Officers	8.5	8.5	8.5	9.0
Police - Crossing Guards	6.0	6.0	6.5	6.0
Fire Administration	5.5	5.5	5.0	5.0
Fire Fighters	42.0	42.0	42.0	42.0
Public Service	55.5	58.0	61.0	60.0
Culture and Recreation				
Human Services	5.5	5.5	5.5	5.5
Recreation Administration	8.0	8.0	8.0	8.0
Recreation Camps	0.0	48.5	51.5	51.5
Recreation Sports	3.0	6.0	6.5	6.0
Recreation Other	3.0	7.0	7.0	6.5
Pool and Parks	0.0	38.5	33.5	30.0
Building and Community Development				
Building Department	10.5	10.5	10.5	10.5
<b>Total</b>	<b>235.5</b>	<b>337.0</b>	<b>335.5</b>	<b>331.5</b>

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 decrease in total employees is mostly due to nine full-time vacancies as of December 31, 2016.
- (2) Due to the pandemic, most recreational programs were cancelled and most part-time/seasonal positions were not filled.

2016 (1)	2015	2014	2013	2012	2011
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	2.0	2.0	1.5	0.0
2.0	2.0	2.0	2.0	2.0	2.0
7.0	9.0	9.0	9.0	9.5	10.5
2.5	4.5	4.5	2.5	2.5	2.5
3.0	3.0	3.0	3.0	3.0	3.0
40.0	43.0	40.0	43.0	39.0	42.0
14.0	15.0	13.0	15.0	15.0	12.0
9.0	10.0	9.0	9.5	9.0	9.0
6.5	6.5	6.5	6.5	6.5	6.5
6.0	6.0	6.5	6.5	6.5	5.5
40.0	42.0	42.0	39.0	38.0	36.0
59.5	57.5	55.0	55.0	59.5	56.5
5.5	5.0	5.5	5.5	5.5	5.0
8.0	8.0	8.0	8.0	8.0	6.5
47.0	48.5	50.5	50.0	45.0	46.0
7.0	6.5	8.5	8.5	10.0	10.5
10.0	10.5	9.5	9.5	9.5	10.5
30.5	31.5	32.5	36.5	37.0	38.0
9.5	10.5	10.5	10.5	9.5	9.0
319.0	331.0	327.5	331.5	326.5	321.0

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