

Allen Water District
Allen County, Ohio
Basic Financial Statements
For the Years Ended December 31, 2020 and 2019



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpagroup.com

**Allen Water District
Allen County, Ohio**

**Table of Contents
For the Years Ended December 31, 2020 and 2019**

<u>Title</u>	<u>Page</u>
Accountant's Compilation Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	13
Notes to the Basic Financial Statements	15
Required Supplementary Information	
Schedule of the District's Proportionate Share of the Net Pension Liability – Ohio Public Employees Retirement System	44
Schedule of the District's Pension Contributions – Ohio Public Employees Retirement System	45
Schedule of the District's Proportionate Share of the Net OPEB Liability – Ohio Public Employees Retirement System	46
Schedule of the District's OPEB Contributions – Ohio Public Employees Retirement System	47
Notes to the Required Supplementary Information	48



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

May 25, 2021

The Board of Trustees
Allen Water District
3230 North Cole Street
Lima, Ohio 45807

ACCOUNTANT’S COMPILATION REPORT

Management is responsible for the accompanying basic financial statements of Allen Water District, Allen County, Ohio, which collectively comprise the District’s basic financial statements as listed in the table of contents as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management, and we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management’s Discussion and Analysis on pages 3 through 7 and the Required Supplementary Information on pages 44 thru 48 are not a required part of the basic financial statements but are required supplementary information in accordance with accounting principles generally accepted in the United States of America. The required supplementary information on pages 3 through 7 and pages 44 thru 48 has been compiled by us, without audit or review and we do not express an opinion, a conclusion, nor provide any assurance on this information.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio

This page intentionally left blank.

**Allen Water District
Allen County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019
(Unaudited)**

This discussion and analysis, along with the accompanying financial reports, of Allen Water District (the District) is designed to provide our customers, creditors and other interested parties with a general overview of the District and its financial activities.

FINANCIAL HIGHLIGHTS

The total assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources on December 31, 2020 by \$13,803,829 and on December 31, 2019 by \$13,632,210. The District's net position increased by \$171,619 (1.3%) in 2020 and decreased by (\$15,458) (.1%) in 2019.

The District's operating revenues increased by \$122,277 (10.1%) in 2020 and by \$100,664 (9.1%) in 2019. Operating expenses increased by \$148,188 (10.1%) in 2020 and increased by \$165,876 (12.7%) in 2019.

During 2020, the District paid \$404,345 in principal on outstanding debt. The District also had \$518,363 in capital asset additions during 2020.

During 2019, the District issued \$73,083 in new debt and paid \$491,904 in principal on outstanding debt. The District also had \$726,422 in capital asset additions during 2019.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The District is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The **Statements of Net Position** include all of the District's Assets, Liabilities, and Deferred Outflows/Inflows of Resources. These statements provide information about the nature and amounts of investments in resources (assets) owned by the District, obligations owed by the District (liabilities), and deferred outflows/inflows of resources on December 31. The District's net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

The **Statements of Revenues, Expenses and Changes in Net Position** provide information on the District's operations over the past two years and the success of recovering all its costs through user fees, charges, special assessments and other income. Revenues are reported when earned and expenses are reported when incurred.

The **Statements of Cash Flows** provide information about the District's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing, noncapital financing and capital financing activities.

The notes to the basic financial statements are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

**Allen Water District
Allen County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019
(Unaudited)**

STATEMENTS OF NET POSITION

Table 1 summarizes the Statements of Net Position of the District. Capital assets are reported less accumulated depreciation. "Net Investment in Capital Assets," represents capital assets less outstanding debt that was used to acquire those assets.

**(Table 1)
Net Position**

	2020	2019	Difference	2018	Difference
Current and Other Assets	\$ 4,044,577	\$ 4,326,919	\$ (282,342)	\$ 4,691,488	\$ (364,569)
Capital Assets, Net	13,054,858	12,936,182	118,676	12,987,532	(51,350)
Total Assets	17,099,435	17,263,101	(163,666)	17,679,020	(415,919)
Pensions	57,611	82,024	(24,413)	52,766	29,258
OPEB	35,033	17,441	17,592	8,219	9,222
Total Deferred Outflows of Resources	92,644	99,465	(6,821)	60,985	38,480
Long Term Liabilities	2,283,937	2,648,083	(364,146)	2,866,884	(218,801)
Current and Other Liabilities	604,523	628,082	(23,559)	750,899	(122,817)
Total Liabilities	2,888,460	3,276,165	(387,705)	3,617,783	(341,618)
Pensions	33,374	2,150	31,224	16,915	(14,765)
OPEB	14,572	197	14,375	3,478	(3,281)
Unearned Special Assessments	451,844	451,844	-	454,161	(2,317)
Total Deferred Inflows of Resources	499,790	454,191	45,599	474,554	(20,363)
Net Investment in Capital Assets	10,602,458	10,043,010	559,448	9,614,221	428,789
Unrestricted	3,201,371	3,589,200	(387,829)	4,033,447	(444,247)
Total Net Position	\$ 13,803,829	\$ 13,632,210	\$ 171,619	\$ 13,647,668	\$ (15,458)

The net pension liability (NPL) is a liability reported by the District at December 31, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment liability (OPEB) is a liability reported by the District at December 31, 2020 and is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

**Allen Water District
Allen County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019
(Unaudited)**

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. In accordance with GASB 68 and GASB 75, the District’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

The District’s net position increased by \$171,619 (1.3%) in 2020 and decreased by \$15,458 (.1%) in 2019. The increase in 2020 is primarily due to increased capital contributions for the East Regional project in 2020. This decrease was partially offset by capital contributions from special assessments during 2020. Current and other assets decreased primarily due to decreases in special assessments from payments made in 2020. Long-term liabilities decreased primarily due to payments for the retirement of debt during 2020.

The decrease in 2019 is primarily due to operating expenses exceeding operating revenues. This decrease was partially offset by capital contributions from special assessments during 2019. Current and other assets decreased primarily due to decreases in special assessments from payments made in 2019. Long-term liabilities decreased primarily due to payments for the retirement of debt during 2019.

Unrestricted net position decreased by \$387,829 from 2019 to 2020 and decreased by \$444,247 from 2018 to 2019. Cash and cash equivalents increased by \$40,714 as cash receipts exceeded cash disbursements during 2020. Cash and cash equivalents decreased by \$104,818 as cash disbursements exceeded cash receipts during 2019. Assessments receivable decreased by \$338,195 from 2019 to 2020 due to payments received on outstanding balances from customers during 2020. Assessments receivable decreased by \$256,151 from 2018 to 2019 due to payments received on outstanding balances from customers which was partially offset by new special assessments during 2019. Capital assets increased \$118,676 with the addition of construction in progress exceeding depreciation expense during 2020. Capital assets decreased \$51,350 with depreciation expense exceeding the addition of construction in progress and capital assets put into service during 2019.

**Allen Water District
Allen County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019
(Unaudited)**

STATEMENTS OF CHANGES IN NET POSITION

Table 2 below summarizes the changes in revenues and expenses and the resulting changes in net position.

(Table 2)
Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Difference</u>	<u>2018</u>	<u>Difference</u>
Operating Revenues	\$ 1,331,887	\$ 1,209,610	\$ 122,277	\$ 1,108,946	\$ 100,664
Operating Expenses (Excluding Depreciation)	1,218,023	1,069,835	148,188	909,211	160,624
Depreciation	399,687	399,687	-	394,435	5,252
Total Operating Expenses	<u>1,617,710</u>	<u>1,469,522</u>	<u>148,188</u>	<u>1,303,646</u>	<u>165,876</u>
Operating (Loss)	(285,823)	(259,912)	(25,911)	(194,700)	(65,212)
Non-Operating Revenues	165,887	265,996	(100,109)	289,304	(23,308)
Non-Operating Expenses	(108,445)	(134,145)	25,700	(170,978)	36,833
Capital Contributions	400,000	112,603	287,397	-	112,603
Changes in Net Position	<u>171,619</u>	<u>(15,458)</u>	<u>187,077</u>	<u>(76,374)</u>	<u>60,916</u>
Net Position at Beginning of Year	<u>13,632,210</u>	<u>13,647,668</u>	<u>(15,458)</u>	<u>13,724,042</u>	<u>N/A</u>
Net Position at End of Year	<u><u>\$ 13,803,829</u></u>	<u><u>\$ 13,632,210</u></u>	<u><u>\$ 171,619</u></u>	<u><u>\$ 13,647,668</u></u>	<u><u>\$ (15,458)</u></u>

Operating revenues increased \$122,277 from 2019 to 2020 primarily due to an increase in contract fee revenues. Operating expenses, exclusive of depreciation, increased \$148,188 primarily due to increases in contract fees expense, pension/OPEB expenses, and audit fees from the previous year. Contract fees expense increased as a direct result of increased contract fees revenue received. Pension and OPEB expenses increased due to changes in pension and OPEB from the prior year. Audit fees increased as audits are only performed every other year. Interest income decreased due to less interest from decreasing special assessment receivable balances. Capital permit fees and supplemental charges increased due to more users connecting to the system. Interest expense decreased due to decreasing balances of OWDA loans payable. Capital contributions increased due to capital contributions from governments for the East Regional project during 2020.

Operating revenues increased \$100,664 from 2018 to 2019 primarily due to an increase in contract fee revenues. Operating expenses, exclusive of depreciation, increased \$160,624 primarily due to increases in contract fees expense, personnel costs, and pension/OPEB expenses from the previous year. Contract fees expense increased as a direct result of increased contract fees revenue received. Personnel costs increased due to the addition of a part-time position and compensation increases in 2019. Pension and OPEB expenses increased due to changes in pension and OPEB from the prior year. Interest income decreased due to less interest from decreasing special assessment receivable balances. Capital permit fees and supplemental charges decreased due to less users connecting to the system. Interest expense decreased due to decreasing balances of OWDA loans payable. Capital contributions increased due to capital contributions of special assessments during 2019.

CAPITAL ASSETS

The District had \$20,673,021 invested in capital assets (before depreciation) at the end of 2020. This amount increased from 2020 by \$518,363 primarily due to an increase in construction in progress. The District had \$13,054,858 invested in net capital assets (after depreciation) at the end of 2020. This amount is an increase of \$118,676 (0.90%) from the previous year and is primarily due to additions which was partially offset by depreciation expense.

The District had \$20,244,658 invested in capital assets (before depreciation) at the end of 2019. This amount increased from 2019 by \$348,337 primarily due to water line additions and an increase in construction in progress. The District had \$12,936,182 invested in net capital assets (after depreciation) at the end of 2019. This amount is a decrease of \$51,350 (0.40%) from the previous year and is primarily due to depreciation expense which was partially offset by additions.

**Allen Water District
Allen County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019
(Unaudited)**

**(Table 3)
Capital Assets at December 31**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land Easements	\$ 7,186	\$ 7,186	\$ 7,186
Construction in Progress	802,083	283,720	173,766
Water Lines	19,942,328	19,942,328	19,706,638
Office Furniture & Equipment	11,424	11,424	8,731
Totals Before Accumulated Depreciation	<u>20,763,021</u>	<u>20,244,658</u>	<u>19,896,321</u>
Accumulated Depreciation	<u>(7,708,163)</u>	<u>(7,308,476)</u>	<u>(6,908,789)</u>
Net Capital Assets	<u>\$ 13,054,858</u>	<u>\$ 12,936,182</u>	<u>\$12,987,532</u>

Additional information regarding capital assets can be found in Note H to the basic financial statements.

DEBT

The District issues long term debt to finance much of its construction. The District typically levies special assessments on the benefiting property owners and then generally obtains Ohio Water Development Authority Loans (OWDA) to finance these water line projects. The special assessment collections are generally received over a twenty-five year period (with some exceptions) and such collections are used to assist in paying the debt service on the OWDA Loans and the Local Government Innovation Fund (LGIF) Loan. Additional information regarding debt can be found in Note I to the basic financial statements.

**(Table 4)
Outstanding Debt, at December 31**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
OWDA Loans	\$ 1,943,856	\$ 2,308,198	\$ 2,687,377
LGIF Loan	197,844	237,844	277,844
Rotary Commission Loans	270,013	270,013	272,330
Total Long Term Debt	<u>2,411,713</u>	<u>2,816,055</u>	<u>3,237,551</u>
Less			
Current Maturities	<u>387,462</u>	<u>404,372</u>	<u>489,527</u>
Net Long Term Debt	<u>\$ 2,024,251</u>	<u>\$ 2,411,683</u>	<u>\$ 2,748,024</u>

CASH

Cash and cash equivalents on December 31, 2020 were \$1,387,007 on December 31, 2019 were \$1,346,293.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Merle Miller, Treasurer, Allen Water District, 3230 North Cole Street, Lima, Ohio 45807 or (419) 996-4679.

This page intentionally left blank.

**Allen Water District
Allen County, Ohio**

**Statements of Net Position
As of December 31, 2020 and 2019**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9	\$ 9
Equity in County Treasury	1,386,998	1,346,284
Accounts receivable	106,291	91,152
Prepaid insurance	1,642	1,642
Total current assets	1,494,940	1,439,087
NONCURRENT ASSETS:		
Capital Assets:		
Land easements	7,186	7,186
Construction in Progress	802,083	283,720
Water lines	19,942,328	19,942,328
Office furniture and equipment	11,424	11,424
	20,763,021	20,244,658
Less: Accumulated depreciation	(7,708,163)	(7,308,476)
Net capital assets	13,054,858	12,936,182
Other Assets:		
Assessments receivable	2,486,602	2,824,797
Planning costs	63,035	63,035
Total other assets	2,549,637	2,887,832
 TOTAL ASSETS	 \$ 17,099,435	 \$ 17,263,101
DEFERRED OUTFLOWS OF RESOURCES:		
Pensions	57,611	82,024
OPEB	35,033	17,441
TOTAL DEFERRED OUTFLOWS OF RESOURCES	92,644	99,465
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 \$ 17,192,079	 \$ 17,362,566

(Continued)

**Allen Water District
Allen County, Ohio**

**Statements of Net Position - Continued
As of December 31, 2020 and 2019**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2020	2019
CURRENT LIABILITIES:		
Accounts payable	\$ 162,356	\$ 136,900
Contracts payable	40,687	77,117
Accrued payroll and related liabilities	3,728	3,130
Vacation and personal leave accrual	10,290	6,563
Loans payable - current portion	387,462	404,372
Total current liabilities	604,523	628,082
LONG-TERM LIABILITIES:		
Net pension liabilities	157,335	163,780
Net OPEB liabilities	102,351	72,620
Loans payable	2,024,251	2,411,683
Total long-term liabilities	2,283,937	2,648,083
TOTAL LIABILITIES	2,888,460	3,276,165
DEFERRED INFLOWS OF RESOURCES:		
Pensions	33,374	2,150
OPEB	14,572	197
Unearned special assessments	451,844	451,844
TOTAL DEFERRED INFLOWS OF RESOURCES	499,790	454,191
NET POSITION:		
Net investment in capital assets	10,602,458	10,043,010
Unrestricted	3,201,371	3,589,200
TOTAL NET POSITION	13,803,829	13,632,210
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 17,192,079	\$ 17,362,566

See accompanying notes to the basic financial statements.
See accountant's compilation report.

**Allen Water District
Allen County, Ohio**

**Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
District fees	\$ 404,390	\$ 389,980
Contract fees revenue	927,497	819,630
Total operating revenues	<u>1,331,887</u>	<u>1,209,610</u>
OPERATING EXPENSES:		
Office wages	84,598	77,302
Contract fees expense	927,497	819,630
Trustee fees	31,764	28,679
Payroll taxes/Health Insurance/Workers compensation	19,444	18,350
PERS/Pension/OPEB expense	91,376	74,801
Membership fees and continuing education	100	487
Engineering fees	-	2,600
Legal fees	9,583	9,995
Accounting fees	13,200	13,200
Audit fees	15,272	-
Insurance	3,647	3,543
Office supplies	1,027	998
Office rent	18,000	17,500
Public relations	1,977	543
Easement rent	538	522
Depreciation	399,687	399,687
Miscellaneous	-	1,685
Total operating expenses	<u>1,617,710</u>	<u>1,469,522</u>
Operating loss	<u>\$ (285,823)</u>	<u>\$ (259,912)</u>

(Continued)

**Allen Water District
Allen County, Ohio**

**Statements of Revenues, Expenses and Changes in Net Position - Continued
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Operating loss	\$ (285,823)	\$ (259,912)
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental	19,851	27,609
Interest income	105,330	207,147
Capital permit fees and supplemental charges	40,000	30,989
Interest expense	(108,445)	(134,145)
Miscellaneous revenue	706	251
	<u>57,442</u>	<u>131,851</u>
Net nonoperating revenues (expenses)		
Changes in net position before capital contributions	(228,381)	(128,061)
Capital contributions - intergovernmental	400,000	-
Capital contributions - special assessments	-	112,603
	<u>400,000</u>	<u>112,603</u>
Total Capital Contributions		
Changes in net position	171,619	(15,458)
Net position, beginning of year	<u>13,632,210</u>	<u>13,647,668</u>
Net position, end of year	<u><u>\$ 13,803,829</u></u>	<u><u>\$ 13,632,210</u></u>

See accompanying notes to the basic financial statements.
See accountant's compilation report.

**Allen Water District
Allen County, Ohio**

**Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 403,389	\$ 390,869
Cash received from contract fee revenues	913,359	822,370
Cash payments to suppliers for goods and services	(965,285)	(856,765)
Cash payments for employee services and benefits	(131,581)	(117,317)
Net cash provided by operating activities	<u>219,882</u>	<u>239,157</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other income	706	251
Net cash provided by noncapital financing activities	<u>706</u>	<u>251</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital permit fees	40,000	30,989
Intergovernmental	400,000	-
OWDA principal payments	(364,345)	(451,904)
OWDA interest payments	(88,594)	(106,536)
LGIF loan principal payment	(40,000)	(40,000)
Special assessments collections	338,195	356,610
Special assessment interest income	105,330	207,147
Proceeds from OWDA loan	-	73,083
Capital outlay	(570,460)	(413,615)
Net cash provided by capital and related financing activities	<u>(179,874)</u>	<u>(344,226)</u>
Net increase (decrease) in cash and cash equivalents	40,714	(104,818)
Cash and cash equivalents at beginning of year	1,346,293	1,451,111
Cash and cash equivalents at end of year	<u><u>\$ 1,387,007</u></u>	<u><u>\$ 1,346,293</u></u>

(Continued)

**Allen Water District
Allen County, Ohio**

**Statements of Cash Flows - Continued
For the Years Ended December 31, 2020 and 2019**

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (285,823)	\$ (259,912)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	399,687	399,687
Pension expense adjustments not affecting cash	64,862	61,379
OPEB expense adjustments not affecting cash	26,514	13,422
Changes in Assets and Liabilities:		
Decrease in accounts receivable	(15,139)	3,629
(Increase) decrease in prepaid insurance	-	(29)
Increase (decrease) in accounts payable (operating)	25,456	13,480
Increase (decrease) in accrued payroll and related liabilities	598	3,130
Increase in vacation and personal leave accrual	3,727	4,371
Total adjustments	505,705	499,069
Net cash provided by operating activities	\$ 219,882	\$ 239,157
NON-CASH TRANSACTIONS:		
Special assessments	\$ -	\$ 92,391
Intergovernmental revenue - interest subsidy	\$ 19,851	\$ 27,609
Interest expense - interest subsidy	\$ (19,851)	\$ (27,609)

**See accompanying notes to the basic financial statements.
See accountant's compilation report.**

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE A – NATURE OF ORGANIZATION

The Allen Water District, hereafter referred to as “the District,” was created by the Court of Common Pleas of Allen County in accordance with the provisions of Section 6119.01 of the Ohio Revised Code to provide water services to the residents of Bath, American, Perry, Shawnee, Monroe, Auglaize, Jackson, and Amanda Townships. A seven (7) member appointed Board of Trustees manage the Allen Water District. The District’s management believes these financial statements present all activities for which the District is financially accountable.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements conform to accounting principles generally accepted in the United States of America for local government units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

1. Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds, to report on its financial position and the results of its operations, each of which is considered a separate accounting entity. The District has created a single type of fund and a single fund within that fund type. The fund is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. This fund accounts for the governmental resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions. The fund type, which the District uses, is described below:

Proprietary Fund Type - This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the District is the Enterprise Fund.

Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accounting policies of the District conform to accounting policies generally accepted in the United States of America.

For financial statement presentation purposes, the District utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned. Expenses are recognized under the accrual basis of accounting when the liability is incurred.

3. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually. The District has adopted a budget for the years ended December 31, 2020 and 2019, and has adopted and passed annual appropriations resolutions.

Appropriations – For the years ended December 31, 2020 and 2019, budgetary expenditures could not exceed appropriations at the levels of operating expenditures, direct project expenditures, debt payments, capital expenditures, contract expense, and private development expense and, within each, the amount appropriated for personal service. The District must annually approve appropriation measures and subsequent amendments. For both years, appropriations may not exceed estimated resources.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances – The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made.

4. Cash and Investments

The Allen County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposit and investment disclosures for Allen County as a whole may be obtained from the Allen County Treasurer, Krista Bohn, 301 N Main St., Suite 203, Lima, OH 45801 or (419) 223-8515.

5. Accounts Receivable

Accounts receivable consist of District fees charged to customers and are shown at their net realizable value.

6. Special Assessments Receivable/Unearned Special Assessments

Assessment accounts receivable are from completed construction projects and the issuance of final assessments to residents to cover those costs. The receivables are guaranteed through property tax billing. Included in the balances are deferred agricultural property assessments. These amounts will be collected when the properties no longer qualify for agricultural property status, as defined in the Ohio Revised Code Chapter 929, and as certified by the County Auditor. These receivables are not recorded as revenue, but rather are offset by a deferred inflow of resources account that is called unearned special assessments. The time frame of collection is undeterminable. New special assessments levied on customers are recorded as capital contributions – special assessments in the accompanying financial statements as such assets are used to construct capital assets.

7. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2020 and 2019 are recorded as prepaid items using the consumption method. A current asset of the prepaid amount is recorded at the time of purchase and as an expense in the year in which the services are consumed.

8. Capital Assets

Capital assets are stated at cost and are depreciated over the estimated useful lives of the assets from five to fifty years, depending on the type of asset. Equipment is generally depreciated over five to seven years while water lines are generally depreciated over fifty years. Donated assets are reported at their estimated acquisition value on the date donated. In addition, interest costs incurred during the construction of the water system infrastructure are capitalized and included in capital assets. Once construction is complete and a project is operational, depreciation begins. Prior to 2004, the District recorded the purchase of all assets as capital assets. Since 2004, the District has maintained a capital asset threshold of \$500.

Depreciation is computed using the straight-line method for financial reporting purposes.

9. Planning Costs - Proposed Projects

The planning costs for proposed projects are comprised of engineering, legal and administrative planning costs which are not allocated to specific projects currently in construction. If the proposed project begins construction, the respective planning costs will be included in capital assets and depreciated (as Note B7 defines). If the proposed project does not enter construction, respective planning costs will be deemed impaired assets and written-off.

10. Interest Expense

Interest expense represents the interest portion of construction loan payments to the Ohio Water Development District.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Revenue Recognition

Revenues for service fees are recorded in the period the service is provided. Revenues for tap fees are recorded when the taps have been installed and the customer is using the service. All other revenue is recognized when earned.

12. Income Tax

The District operates as a public water system exempt from federal income tax under Internal Revenue Code Section 501(c)(1).

13. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The District had no restrictions on net position as of December 31, 2020 and 2019.

14. Estimates

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

15. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are district fees and contract fee revenue for water services provided. Operating expenses are necessary costs incurred to provide the goods and/or services that are the primary activities of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

16. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the financial statements when the liability is incurred.

17. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The District recorded a deferred outflow of resources for pension and other postemployment benefits. The deferred outflows of resources related to the pension and other postemployment benefits are explained in Note J and Note K. The District reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District these amounts consisted of special assessments which are recognized as a receivable; however, they are not recognized as revenue since these properties are in an agricultural deferred status and the revenue cannot be collected until the properties are converted to a non-agricultural use. The District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District this was for pensions and postemployment benefits. (See Note J and Note K)

Allen Water District
Allen County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

18. Pensions and Other Postemployment Benefits (OPEB)

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

NOTE C – CASH AND INVESTMENTS

Deposits - The Allen County Treasurer is the custodian for the District's deposits. These deposits were valued at the Treasurer's reported carrying amount of \$1,386,998 at December 31, 2020. These deposits were valued at the Treasurer's reported carrying amount of \$1,346,284 at December 31, 2019.

In addition, \$9 was carried in a petty cash fund as of December 31, 2020. and 2019, respectively.

Investments – The District had no investments as of December 31, 2020 and 2019.

NOTE D – ACCOUNTS RECEIVABLE/SPECIAL ASSESSMENTS RECEIVABLE

The accounts receivable balance of \$106,291 at December 31, 2020 (\$91,152 at December 31, 2019) is current (due 0-30 days). Assessment receivables of \$2,486,602 at December 31, 2020 (\$2,824,797 at December 31, 2019) represent the remaining balance of construction assessments, less prepayments, and principal amounts received from the county auditor.

Once an assessment has been issued for construction costs, and the deadline is final for prepayments, the remaining unpaid balances are certified to the county auditor for semi-annual collection over 5 to 25 years through real estate tax billings. Interest is being charged at the same rate as the respective OWDA loan.

NOTE E – DISTRICT AND CONTRACT FEES

The District's customers, as an outside the city user, pay a service charge for water as well as a contract fee, not to exceed 50 percent of the water service charge, for the right and privilege of receiving water services as defined in the contract between the District and the City of Lima. The City of Lima is responsible for the billing and collection of all fees on behalf of the District.

NOTE F - COMPENSATED ABSENCES

The District uses the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are not accrued as a liability as employees receive no payment for accrued sick leave upon termination or retirement. The vacation and personal leave accrual as of December 31, 2020 and 2019 was \$10,290 and \$6,563, respectively. At December 31, 2020, there was one full-time employee and one part-time employee.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE G – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District contracted with the Ohio Plan Risk Management Inc. for commercial general liability insurance. The coverage insures up to \$1,000,000 for each occurrence and \$3,000,000 for an aggregate total.

The District had no significant reductions in insurance coverage from prior years. The District has not had any insurance settlements which exceeded insurance coverage during the past three years.

The Plan’s audited financial statements (the most recent available information) conform to accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and member’s equity at December 31, 2019:

	<u>2019</u>
	In Thousands
Assets	\$ 15,920
Liabilities	11,329
Members' Equity	<u>\$ 4,591</u>

You can read the complete audited financial statements for the Ohio Plan Risk Management Inc. at the Plan’s website, ohioplan.org

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE H – CAPITAL ASSETS

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

	Ending Balance 12/31/19	Additions	Deletions	Adjustments	Ending Balance 12/31/2020
Capital Assets, Not Being Depreciated					
Land Easements	\$ 7,186	\$ -	\$ -	\$ -	\$ 7,186
Construction in Progress	283,720	518,363	-	-	802,083
Total Capital Assets, Not Being Depreciated	290,906	518,363	-	-	809,269
Capital Assets Being Depreciated					
Water Lines	19,942,328	-	-	-	19,942,328
Office Furniture and Equipment	11,424	-	-	-	11,424
Total Capital Assets, Being Depreciated	19,953,752	-	-	-	19,953,752
Less Accumulated Depreciation:					
Water Lines	(7,300,250)	(841)	-	-	(7,301,091)
Office Furniture and Equipment	(8,226)	(398,846)	-	-	(407,072)
Total Accumulated Depreciation	(7,308,476)	(399,687)	-	-	(7,708,163)
Total Capital Assets Being Depreciated, Net	12,645,276	(399,687)	-	-	12,245,589
Total Capital Assets, Net	<u>\$ 12,936,182</u>	<u>\$ 118,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,054,858</u>

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

	Ending Balance 12/31/2018	Additions	Deletions	Adjustments	Ending Balance 12/31/2019
Capital Assets, Not Being Depreciated					
Land Easements	\$ 7,186	\$ -	\$ -	\$ -	\$ 7,186
Construction in Progress	173,766	488,039	(242,325)	(135,760)	283,720
Total Capital Assets, Not Being Depreciated	180,952	488,039	(242,325)	(135,760)	290,906
Capital Assets Being Depreciated					
Water Lines	19,706,638	235,690	-	-	19,942,328
Office Furniture and Equipment	8,731	2,693	-	-	11,424
Total Capital Assets, Being Depreciated	19,715,369	238,383	-	-	19,953,752
Less Accumulated Depreciation:					
Water Lines	(6,901,404)	(398,846)	-	-	(7,300,250)
Office Furniture and Equipment	(7,385)	(841)	-	-	(8,226)
Total Accumulated Depreciation	(6,908,789)	(399,687)	-	-	(7,308,476)
Total Capital Assets Being Depreciated, Net	12,806,580	(161,304)	-	-	12,645,276
Total Capital Assets, Net	<u>\$ 12,987,532</u>	<u>\$ 326,735</u>	<u>\$ (242,325)</u>	<u>\$ (135,760)</u>	<u>\$ 12,936,182</u>

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE H – CAPITAL ASSETS - Continued

The following is a more detailed schedule of capital assets at December 31:

	<u>2020</u>	<u>2019</u>
Land easement	\$ 7,186	\$ 7,186
Construction in Progress	802,083	283,720
Water Lines:		
Elm and Copus	349,046	349,046
Shawnee	1,447,304	1,447,304
McDonel	859,112	859,112
Hawthorne	211,545	211,545
State Route 309	261,180	261,180
Allentown	1,759,880	1,759,880
Buckeye Road	317,070	317,070
Shagbark and Snowberry	153,781	153,781
Springbrook	883,148	883,148
East Breese	542,554	542,554
Greely Chapel South	170,267	170,267
Dixie/Blue I & II	782,167	782,167
East Bluelick Extension	99,872	99,872
Hawthorne Extension	58,946	58,946
Lee Ann	41,969	41,969
Woodbriar	635,386	635,386
Metzger	98,363	98,363
Linfield	79,094	79,094
Fetter	216,663	216,663
Stewart	202,941	202,941
Dixie North - King	149,768	149,768
Sweger-Fraunfelter	231,822	231,822
Diller/Eastown/Frank	526,584	526,584
Eastown	185,540	185,540
Colony Park	264,676	264,676
Dixie North #3	80,107	80,107
Zurmehly Road Extension	44,470	44,470
Bath Loop	402,204	402,204
Cotner/Wapak	231,657	231,657
Shawnee Phase II	884,160	884,160
Fort Amanda Loop	180,962	180,962
Cole Street & North Cole St. Extension Loop	168,954	168,954
North West Street	129,588	129,588
Bluelick/Thayer	306,665	306,665
Berryhill & Blue Jacket	277,836	277,836
Southeast Waterline	1,745,094	1,745,094
Airport	113,429	113,429
Raabe (Delphos) Waterline	14,771	14,771
Diller Road	149,930	149,930
Baty Road Extension	85,760	85,760
Developer and Other Government Donated Lines	4,598,063	4,598,063
Total Water Lines	19,942,328	19,942,328
Office furniture and equipment	11,424	11,424
Total Capital Assets	20,763,021	20,244,658
Less accumulated depreciation	(7,708,163)	(7,308,476)
Net Capital Assets	<u>\$ 13,054,858</u>	<u>\$ 12,936,182</u>

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE I – CURRENT AND LONG-TERM DEBT

Long-term debt obligations and the related transactions for the years ended December 31, 2020 and 2019 are summarized below.

	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
Note Payable OWDA #2139, payable in 50 semiannual installments of \$5,095 starting July 1, 2001, including interest at 5.77%, due January, 2026	51,064	-	7,348	43,716	7,778
Note Payable OWDA #2961, payable in 50 semiannual installments of \$6,391 starting January 1, 1996, including interest at 6.72%, due July, 2020	5,990	-	5,990	-	-
Note Payable OWDA #2975, payable in 50 semiannual installments of \$29,635 starting January 1, 1997, including interest at 6.72%, due July, 2021	81,569	-	53,789	27,780	27,780
Note Payable OWDA #3129, payable in 50 semiannual installments of \$6,106 starting January 1, 1998, including interest at 5.94%, due July, 2023	32,680	-	10,270	22,410	10,880
Note Payable OWDA #3130, payable in 50 semiannual installments of \$4,394 starting July 1, 1999, including interest at 6.32%, due January, 2024	30,178	-	6,880	23,298	7,315

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
Note Payable OWDA #3131, payable in 50 semiannual installments of \$22,602 starting July 1, 1999, including interest at 5.66%, due January, 2024	157,619	-	36,282	121,337	38,336
Note Payable OWDA #3132, payable in 50 semiannual installments of \$16,091 starting January 1, 2000, including interest at 5.54%, due July, 2024	124,979	-	25,258	99,721	26,657
Note Payable OWDA #3209, payable in 50 semiannual installments of \$6,886 starting July 1, 2001, including interest at 6.13%, due January, 2026	68,275	-	9,733	58,542	10,339
Note Payable OWDA #3210, payable in 50 semiannual installments of \$6,650 starting July 1, 2001, including interest at 6.13%, due January, 2026	65,934	-	9,399	56,535	9,984
Note Payable OWDA #3230, payable in 50 semiannual installments of \$25,851 starting July 1, 2001, including interest at 6.41%, due January, 2026	254,199	-	35,975	218,224	38,318
Note Payable OWDA #3297, payable in 50 semiannual installments of \$3,104 starting July 1, 2001, including interest at 6.39%, due January, 2026	30,545	-	4,325	26,220	4,606

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
Note Payable OWDA #3874, payable in 50 semiannual installments of \$7,864 starting January 1, 2004, including interest at 4.28%, due July, 2028	111,088	-	11,090	99,998	11,571
Note Payable OWDA #3910, payable in 50 semiannual installments of \$6,226 starting January 1, 2004, including interest at 4.28%, due July, 2028	87,945	-	8,780	79,165	9,160
Note Payable OWDA #4056, payable in 50 semiannual installments of \$22,038 starting January 1, 2005, including interest at 4.16%, due July, 2029	342,981	-	30,117	312,864	31,383
Note Payable OWDA #4279, payable in 50 semiannual installments of \$3,182 starting January 1, 2006, including interest at 4.0%, due July, 2030	54,135	-	4,242	49,893	4,413
Note Payable OWDA #4566, payable in 50 semiannual installments of \$16,517 starting January 1, 2007, including interest at 4.09%, due July, 2031	300,661	-	20,950	279,711	21,815
Note Payable OWDA #6589, payable in 20 semiannual installments of \$48,532 starting July 1, 2015, including interest at 3.82% due January, 2025	438,008	-	81,100	356,908	84,228

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	<u>Balance 12/31/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
Note Payable OWDA #8383, payable in 20 semiannual installments of \$2,425 starting Jan 1, 2020 including interest at 2.92% due January, 2039	70,348	-	2,816	67,532	2,899
LGIF Loan Payable in quarterly installments of \$10,000 starting April 30, 2016 including interest at 0.00% until loan paid off	237,844	-	40,000	197,844	40,000
Ohio Water & Sewer Rotary See additional documentation below	270,013	-	-	270,013	-
Net Pension Liabilities	163,780	-	6,445	157,335	-
Net OPEB Liabilities	72,620	29,731	-	102,351	-
Compensated Absences	6,563	3,727	-	10,290	10,290
Totals	<u>\$ 3,059,018</u>	<u>\$ 33,458</u>	<u>\$ 410,790</u>	<u>\$ 2,681,689</u>	<u>\$ 397,752</u>

Ohio Water and Sewer Rotary Commission (Direct Borrowing) – The District has obtained six loans from the Ohio Water and Sewer Rotary Commission for the construction of water lines. These loans provide funding assistance for that portion of the project for which collections of assessments from certain owners of underdeveloped property located within an agricultural district are exempted pursuant to Section 929.03 of the Ohio Revised Code, subject to the performance of certain terms and conditions of repayment. As part of the agreement, whenever the use of the agricultural land changes, the full amount of the assessment is to be charged for the portion of the property that was exempted under Section 929.03 of the Ohio Revised Code, and repayment is required to be made to the Ohio Water and Sewer Rotary Commission. No amortization schedule is shown for these loans as there is no set repayment schedule. If the loan is not repaid within one year of the land use change, the interest rate will be the 20-bond index rate, as quoted in the latest edition of “The Bond Buyer” minus 4% per annum or 5% per annum, whichever is greater.

Local Government Innovation Fund Loan (Direct Borrowing) – In 2013, the District was approved to receive a Local Government Innovation Fund (LGIF) loan for up to \$500,000 at an annual interest rate of 0% for the purpose of the Southwest Regional Waterline Improvement Area Phase 1 construction in conjunction with a match by the District and additional funds provided by the Allen County Commissioners, a LGIF grant, and OWDA Loan #6589. Although the District was approved for the loan in 2013, draws from this loan did not occur until fiscal year 2014 with draws totaling \$397,844 at which time the loan was closed. Loan payments began during 2016 with quarterly installments of \$10,000 for a total annual payment of \$40,000. This debt is anticipated to be repaid in 2025.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

Long-term debt obligations and the related transactions for the years ended December 31, 2019 and 2018 are summarized below.

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
Note Payable OWDA #2139, payable in 50 semiannual installments of \$5,095 starting July 1, 2001, including interest at 5.77%, due January , 2026	\$ 58,005	\$ -	\$ 6,941	\$ 51,064	\$ 7,348
Note Payable OWDA #2961, payable in 50 semiannual installments of \$6,391 starting January 1, 1996, including interest at 6.72%, due July, 2020	17,590	-	11,600	5,990	5,990
Note Payable OWDA #2975, payable in 50 semiannual installments of \$29,635 starting January 1, 1997, including interest at 6.72%, due July, 2021	131,971	-	50,402	81,569	53,789

THIS SPACE INTENTIONALLY LEFT BLANK

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/19</u>	<u>Due Within One Year</u>
Note Payable OWDA #3017, payable in 50 semiannual installments of \$71,784 starting January 1, 1995, including interest at 6.85%, due July, 2019	67,202	-	67,202	-	-
Note Payable OWDA #3018, payable in 50 semiannual installments of \$8,149 starting July 1, 1995, including interest at 6.24%, due January 2020	15,335	-	15,335	-	-
Note Payable OWDA #3036, payable in 50 semiannual installments of \$6,948 starting January 1, 1995 including interest at 6.51%, due July, 2019	6,527	-	6,527	-	-
Note Payable OWDA #3111, payable in 50 semiannual installments of \$11,650 starting January 1, 1995, including interest at 5.9%, due July, 2019	11,001	-	11,001	-	-
Note Payable OWDA #3129, payable in 50 semiannual installments of \$6,106 starting January 1, 1998, including interest at 5.94%, due July, 2023	42,375	-	9,695	32,680	10,270
Note Payable OWDA #3130, payable in 50 semiannual installments of \$4,394 starting July 1, 1999, including interest at 6.32%, due January, 2024	36,649	-	6,471	30,178	6,880
Note Payable OWDA #3131, payable in 50 semiannual installments of \$22,602 starting July, 1, 1999, including interest at 5.66%, due January, 2024	191,958	-	34,339	157,619	36,282

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/19</u>	<u>Due Within One Year</u>
Note Payable OWDA #3132, payable in 50 semiannual installments of \$16,091 starting January 1, 2000, including interest at 5.54%, due July, 2024	148,911	-	23,932	124,979	25,285
Note Payable OWDA #3209, payable in 50 semiannual installments of \$6,886 starting July 1, 2001, including interest at 6.13%, due January, 2026	77,438	-	9,163	68,275	9,733
Note Payable OWDA #3210, payable in 50 semiannual installments of \$6,650 starting July 1, 2001, including interest at 6.13%, due January, 2026	74,783	-	8,849	65,934	9,399
Note Payable OWDA #3230, payable in 50 semiannual installments of \$25,851 starting July 1, 2001, including interest at 6.41%, due January, 2026	287,974	-	33,775	254,199	35,975
Note Payable OWDA #3297, payable in 50 semiannual installments of \$3,104 starting July 1, 2001, including interest at 6.39%, due January, 2026	34,606	-	4,061	30,545	4,325
Note Payable OWDA #3874, payable in 50 semiannual installments of \$7,864 starting January 1, 2004, including interest at 4.28%, due July, 2028	121,719	-	10,631	111,088	11,091

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/19</u>	<u>Due Within One Year</u>
Note Payable OWDA #3910, payable in 50 semiannual installments of \$6,226 starting January 1, 2004, including interest at 4.28%, due July 2028	96,361	-	8,416	87,945	8,780
Note Payable OWDA #4056, payable in 50 semiannual installments of \$22,038 starting January 1, 2005, including interest at 4.16%, due July, 2029	371,883	-	28,902	342,981	30,117
Note Payable OWDA #4279, payable in 50 semiannual installments of \$3,182 starting January 1, 2006, including interest at 4.0%, due July, 2030	58,212	-	4,077	54,135	4,241
Note Payable OWDA #4566, payable in 50 semiannual installments of \$16,517 starting January 1, 2007, including interest at 4.09%, due July, 2031	320,780	-	20,119	300,661	20,950
Note Payable OWDA #6589, payable in 20 semiannual installments of \$48,532 starting July 1, 2015, including interest at 3.82%, due January 2025	516,097	-	78,089	438,008	81,100
Note Payable OWDA #8383, payable in 20 semiannual installments of \$2,425 starting July 1, 2020, including interest at 2.92%, due January, 2039	-	73,083	2,735	70,348	2,816
LGIF Loan Payable in quarterly installments of \$10,000 starting April 30, 2016 including interest at 0.00% until loan paid off	277,844	-	40,000	237,844	40,000
Ohio Water & Sewer Rotary See additional documentation below	272,330	-	2,317	270,013	-
Net Pension Liabilities	72,165	91,615	-	163,780	-
Net OPEB Liabilities	46,695	25,925	-	72,620	-
Compensated Absences	2,192	11,306	6,935	6,563	6,563
Totals	<u>\$ 3,358,603</u>	<u>\$ 201,929</u>	<u>\$ 501,514</u>	<u>\$ 3,059,018</u>	<u>\$ 410,934</u>

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

Future principal and interest payments on all OWDA loans and the LGIF loan are as follows:

Year Ending December 30,	OWDA Loans			LGIF Loan		
	Principal	Interest	Total	Principal	Interest	Total
2021	347,463	89,296	436,759	40,000	-	40,000
2022	335,585	71,541	407,126	40,000	-	40,000
2023	339,729	55,186	394,915	40,000	-	40,000
2024	286,854	37,977	324,831	40,000	-	40,000
2025	186,517	25,157	211,674	37,844	-	37,844
2026-2030	397,136	45,643	442,779	-	-	-
2031-2035	36,734	4,037	40,771	-	-	-
2036-2038	13,835	716	14,551	-	-	-
Total	<u>\$ 1,943,853</u>	<u>\$ 329,553</u>	<u>\$ 2,273,406</u>	<u>\$ 197,844</u>	<u>\$ -</u>	<u>\$ 197,844</u>

Loan #8383 has not been closed out, so it is not included in the above amortization schedule.

In connection with the OWDA loans which are all considered direct borrowings, the District has pledged future revenues to repay this debt. The loans are payable through their final maturities solely from operating and certain nonoperating revenues received during the course of business. Revenues available for these loans for 2020 and 2019 were \$570,277 and \$565,902, respectively. Principal and interest payments totaled \$472,790 and \$558,440 for the years 2020 and 2019 (includes interest subsidy amounts), respectively. The coverage ratios for these loans were 1.21 and 1.01 for the years ended December 31, 2020 and 2019, respectively. The OWDA loans contain provisions that in an event of default, (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the District shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

On February 18, 2016, the District was notified by the Ohio Water Development District (OWDA) that they had implemented an interest rate buy-down program to assist communities and local governments with outstanding OWDA loans. Any District OWDA loans with interest rates exceeding 4.00% will see a reduction of the interest rate to 4.00%. The buy-down was credited to District payments starting with the July 1, 2016 due dates and resulted in an interest subsidy in 2020 which was treated as both a non-operating revenue (Intergovernmental Revenue) and a non-operating expense (Interest Expense) in the accompanying financial statements. The District will receive an estimated \$42,422 of additional interest subsidies through 2031 in the following amounts annually:

2021	15,219
2022	11,277
2023	7,900
2024	4,562
2025	2,220
2026	519
2027	360
2028	194
2029	128
2030	36
2031	<u>7</u>
Total	<u>\$42,422</u>

Allen Water District
Allen County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE J – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

The net pension liability and the net OPEB liability represent the District’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 calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District 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. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a net pension/OPEB asset or long-term net pension/OPEB liability on the accrual basis in the accompanying financial statements. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included as an intergovernmental payable on the accrual basis of accounting.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE J – DEFINED BENEFIT PENSION PLANS - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. District to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investmenst/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to 01/07/13 or eligible to retire ten years after 01/07/13	Members not in other Groups and members hired on or after 01/07/13
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2020, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE J – DEFINED BENEFIT PENSION PLANS - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

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 their 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:

	Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

The District’s contractually required contribution to OPERS was \$15,670 for fiscal year 2020 and \$13,787 for 2019 respectively, of which the entire amount was paid during 2020 and 2019.

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

The net pension liability reported as of December 31, 2020 was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE J – DEFINED BENEFIT PENSION PLANS - Continued

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

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

	PERS	PERS
Proportionate Share of the Net Pension Liability - Current Year	0.000796%	0.000598%
Proportionate Share of the Net Pension Liability - Prior Year	0.000598%	0.000460%
Change in Proportionate Share	0.000198%	0.000138%
Proportion of the Net Pension Liability	\$157,335	\$163,780
Pension Expense (Gain)	\$64,862	\$61,379

At December 31, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	2019
Deferred Outflows of Resources		
Differences between projected and actual economic experience	\$ -	\$ 8
Changes in assumptions	8,404	14,257
Differences between projected and actual investment earnings	-	22,229
Changes in proportion	33,537	31,743
District contributions subsequent to the measurement date	15,670	13,787
Total	\$ 57,611	\$ 82,024
Deferred Inflows of Resources		
Differences between projected and actual economic experience	\$ (1,989)	\$ (2,150)
Differences between projected and actual investment earnings	(31,385)	-
Total	\$ (33,374)	\$ (2,150)

\$15,670 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2021	\$20,548
2022	(820)
2023	1,300
2024	(12,461)
Total	\$8,567

Allen Water District
Allen County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE J – DEFINED BENEFIT PENSION PLANS -Continued

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (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 and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below for the OPERS Traditional Plan.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25 percent
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	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 simple to 1.4 percent simple through 2020 the 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.

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

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

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE J – DEFINED BENEFIT PENSION PLANS -Continued

Actuarial Assumptions – OPERS - Continued

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
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	100.00 %	5.61 %

Discount Rate The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$259,496	\$157,335	\$65,495

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE K - DEFINED BENEFIT OPEB PLANS

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

Ohio Public Employees Retirement System

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

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

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

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

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

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

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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2020 is 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2020.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE K - DEFINED BENEFIT OPEB PLANS – Continued

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability

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. for the defined benefit health care plans. In accordance with GASB Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Member-Directed Plan health care is a defined benefit health care plan, although the pension plan is defined contribution. Interest of 4% is credited to member accounts as long as the Health Care portfolio earns a positive return. The District’s proportion of the net OPEB liability was based on the District’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:

	2020 PERS	2019 PERS
Proportionate Share of the Net OPEB Liability - Current Year	0.000741%	0.000557%
Proportionate Share of the Net OPEB Liability - Prior Year	0.000557%	0.000430%
Change in Proportionate Share	0.000184%	0.000127%
Proportion of the Net OPEB Liability	\$102,351	\$72,620
OPEB Expense (Gain)	\$26,514	\$13,422

At December 31, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020 PERS	2019 PERS
Deferred Outflows of Resources		
Differences between expected and actual economic experience	\$ 3	\$ 25
Changes of assumptions	16,202	2,341
Differences between projected and actual investment earnings	-	3,330
Change in proportions	18,828	11,745
Total	\$ 35,033	\$ 17,441
Deferred Inflows of Resources		
Differences between expected and actual economic experience	\$ (9,360)	\$ (197)
Differences between projected and actual investment earnings	(5,212)	-
Total	\$ (14,572)	\$ (197)

There were no deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date since none were made subsequent to the measurement date.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE K - DEFINED BENEFIT OPEB PLANS - Continued

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability - Continued

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

Fiscal Year Ending December:	<u>OPERS</u>
2021	15,629
2022	7,055
2023	4
2024	<u>(2,227)</u>
	<u>\$20,461</u>

Actuarial Assumptions - PERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 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
Prior Measurement date	3.50 percent, ultimate in 2030
Prior Measurement date	7.25 percent, initial
Prior Measurement date	3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE K - DEFINED BENEFIT OPEB PLANS - Continued

Actuarial Assumptions – PERS - Continued

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

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

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment 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.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE K - DEFINED BENEFIT OPEB PLANS - Continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the District'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%)
District's proportionate share of the net OPEB liability	\$133,943	\$102,351	\$77,057

Sensitivity of the District'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 Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$99,331	\$102,351	\$105,333

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.

**Allen Water District
Allen County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2020 and 2019**

NOTE L – CONTINGENT LIABILITIES

The District's general legal counsel is Spittler Huffman, LLP, Rossford, Ohio.

Pending or Threatened Litigation – During the years ended December 31, 2020 and 2019, the District had no pending contingent liabilities of which management is aware.

Contractually Assumed Obligations – To Counsel's knowledge, the District has assumed contractual obligations only with regard to the financing of its planning and construction activities for the construction of water systems. No claim against these contractual obligations has been made or is anticipated that would result in an unfavorable outcome to the District.

Claims and Assessments – To Counsel's knowledge, there are no unasserted claims and/or assessments which, if asserted, would have a reasonable possibility of an unfavorable outcome with a material effect upon the financial condition of the District.

NOTE M – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The investment portfolio of the District's pension and OPEB plans will fluctuate 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 District's future operating costs, revenues, and recovery from emergency funding (if any), either federal or state, cannot be estimated.

NOTE N – CONTRACTUAL AGREEMENT WITH ALLEN COUNTY

On September 1, 2020, Allen Water District entered into an assignment and assumption agreement with Allen County to facilitate comprehensive water distribution services to Allen County and the surrounding area, excluding any areas served by incorporated municipalities. The agreement provides that effective for services provided in 2021, Allen Water District will receive revenues generated from service charges to customers who were previously served by Allen County and the District provides services to these customers and will manage operations for these water customers. The District will be responsible for ongoing maintenance of the infrastructure and will place a portion of the revenues generated from these customers into a separate fund to be used for capital improvements to the system. A portion of the revenues generated from these customers will be used for ongoing administrative expenses of the District. The District will record all of the transfer of assets and related transactions in the 2021 financial statements since the transfer of customers effectively is occurring in fiscal year 2021. The County appointed three additional members to the Allen Water District Board as a result of this agreement.

NOTE O – SUBSEQUENT EVENT

Allen Water District has entered into an agreement for a project entitled East Regional Water Line which is estimated to cost approximately \$11 million which will be funded by a combination of USDA grants and loans, Community Development Block Grants, other grants and contributions from other governments, and revenues from debt service charges to customers being served by this project. The bid opening for the project should be in June 2021 and is anticipated to begin in the summer of 2021 and be completed sometime in 2022.

REQUIRED SUPPLEMENTARY INFORMATION

Allen Water District
Required Supplementary Information
Schedule of the Districts's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Seven Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total plan pension liability	\$ 110,887,288,085	\$ 108,264,577,647	\$ 102,273,912,351	\$ 99,817,932,954	\$ 91,534,580,978	\$ 89,017,348,266	\$ 86,407,229,435
Plan net position	91,121,609,718	80,876,605,054	86,585,851,024	77,109,633,485	74,213,320,352	76,956,230,642	74,618,532,269
Net pension liability	\$ 19,765,678,367	\$ 27,387,972,593	\$ 15,688,061,327	\$ 22,708,299,469	\$ 17,321,260,626	\$ 12,061,117,624	\$ 11,788,697,166
District's proportion of the net pension liability	0.000796%	0.000598%	0.000460%	0.000148%	0.000149%	0.000139%	0.000139%
District's proportionate share of the net pension liability	\$ 157,335	\$ 163,780	\$ 72,165	\$ 33,608	\$ 25,809	\$ 16,765	\$ 16,386
District's covered-employee payroll	\$ 98,479	\$ 80,786	\$ 59,346	\$ 19,125	\$ 52,200	\$ 51,225	\$ 52,762
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	159.77%	202.73%	121.60%	175.73%	49.44%	32.73%	31.06%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%	81.10%	86.50%	86.40%

(1) Information prior to 2014 is not available.
Amounts presented as of the District's measurement date which is the prior year.

See notes to accompanying required supplementary information.

Allen Water District
Required Supplementary Information
Schedule of the District's Pension Contributions
Ohio Public Employees Retirement System
Last Ten Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 15,670	\$ 13,787	\$ 11,310	\$ 7,715	\$ 2,295	\$ 6,264	\$ 6,147	\$ 6,859	\$ 6,119	\$ 5,982
Contributions in relation to the contractually required contribution	<u>(15,670)</u>	<u>(13,787)</u>	<u>(11,310)</u>	<u>(7,715)</u>	<u>(2,295)</u>	<u>(6,264)</u>	<u>(6,147)</u>	<u>(6,859)</u>	<u>(6,119)</u>	<u>(5,982)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 111,929	\$ 98,479	\$ 80,786	\$ 59,346	\$ 19,125	\$ 52,200	\$ 51,225	\$ 52,762	\$ 61,190	\$ 59,820
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%

See notes to accompanying required supplementary information.

Allen Water District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Four Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total plan OPEB liability	\$ 26,459,655,619	\$ 24,290,625,123	\$ 23,678,097,060	\$ 21,980,827,536
Plan net position	<u>12,647,057,751</u>	<u>11,252,985,702</u>	<u>12,818,833,665</u>	<u>11,880,487,863</u>
Net OPEB liability	13,812,597,868	13,037,639,421	10,859,263,395	10,100,339,673
District's proportion of the net OPEB liability	0.00074100%	0.00055700%	0.00043000%	0.00036000%
District's proportionate share of the net OPEB liability	\$ 102,351	\$ 72,620	\$ 46,695	\$ 36,361
District's covered-employee payroll	\$ 98,479	\$ 80,786	\$ 59,346	\$ 19,125
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	103.93%	89.89%	78.68%	190.12%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available.
Amounts presented as of the District's measurement date which is the prior fiscal year.

See notes to accompanying required supplementary information

Allen Water District
Required Supplementary Information
Schedule of the District's OPEB Contributions
Ohio Public Employees Retirement System
Last Five Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ 593	\$ 1,620
Contributions in relation to the contractually required contribution	-	-	-	(593)	(1,620)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District covered-employee payroll	\$ 111,929	\$ 98,479	\$ 80,786	\$ 59,346	\$ 19,125
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	1.00%	8.50%

(1) Information prior to 2016 is not available.

See notes to accompanying required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2020.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2017-2020.

Changes in assumptions There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.