

**CITY OF WAPAKONETA**  
AUGLAIZE COUNTY, OHIO

**SINGLE AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**





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Members of City Council and Mayor  
City of Wapakoneta  
701 Parlette Court  
P O Box 269  
Wapakoneta, Ohio 45895

We have reviewed the *Independent Auditor's Report* of the City of Wapakoneta, Auglaize County, prepared by Julian & Grube, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER  
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

February 09, 2026

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**CITY OF WAPAKONETA  
AUGLAIZE COUNTY, OHIO**

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AUGLAIZE COUNTY, OHIO**

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## **Independent Auditor's Report**

City of Wapakoneta  
Auglaize County  
701 Parlette Court  
P.O. Box 269  
Wapakoneta, Ohio 45895

To the Members of the City Council and Mayor:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wapakoneta, Auglaize County, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Wapakoneta's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wapakoneta, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City of Wapakoneta and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Wapakoneta's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Wapakoneta's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Wapakoneta's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wapakoneta's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2025 on our consideration of the City of Wapakoneta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Wapakoneta's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Wapakoneta's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
September 12, 2025

## **CITY OF WAPAKONETA, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED**

The management's discussion and analysis of the City of Wapakoneta's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

#### **Financial Highlights**

Key financial highlights for 2023 are as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2023 by \$97,916,228 (net position). Of this amount, \$4,523,679 is restricted in use and \$72,432,219 is the net investment in capital assets. The remaining unrestricted net position is \$20,960,330.
- Total net position increased \$6,479,437 as a result of current year operations. Net position of governmental activities increased \$2,830,437, or 10.38%, while the net position of business-type activities increased \$3,649,000, or 5.69%.
- The City had \$10,582,602 in expenses related to governmental activities; \$4,047,307 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$6,535,295 were offset by general revenues (primarily property taxes and income taxes) of \$9,365,732.
- The general fund had revenues and other financing sources of \$8,257,690 in 2023 and expenditures and other financing uses of \$9,139,198. The fund balance for the general fund decreased \$881,508 from \$3,957,371 to \$3,075,863.
- The street and sewer improvement fund had revenues and other financing sources of \$4,730,267 in 2023 and expenditures of \$1,980,004. The fund balance for the street and sewer improvement fund increased \$2,750,263 from \$390,564 to \$3,140,827.
- Net position for the business-type activities, which are made up of the electric, water, sewer, storm sewer, and refuse enterprise funds, totaled \$67,805,433.

#### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

## **CITY OF WAPAKONETA, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED**

#### **Reporting the City as a Whole**

##### ***Statement of Net Position and the Statement of Activities***

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

**Governmental activities** - Most of the City's programs and services are reported here including police, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

**Business-type activities** - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's electric, water, sewer, storm sewer, and refuse operations are reported here.

#### **Reporting the City's Most Significant Funds**

##### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds.

##### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

## **CITY OF WAPAKONETA, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED**

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and the street and sewer improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

#### ***Proprietary Funds***

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses five different enterprise funds to account for its business-type activities.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

#### ***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### ***Required Supplementary Information***

The required supplementary information provides detailed information regarding the City's proportionate share of the net pension liability/asset and the net other postemployment benefits (OPEB) liability/asset of the retirement systems. It also includes a ten-year schedule of the City's contributions to the retirement systems to fund pension and OPEB obligations.

# CITY OF WAPAKONETA, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED

### Government-Wide Financial Analysis

The table that follows provides a summary of the City's net position for December 31, 2023 and 2022.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b><u>Assets</u></b>						
Current and other assets	\$ 12,535,550	\$ 9,307,825	\$ 34,776,530	\$ 28,651,083	\$ 47,312,080	\$ 37,958,908
Net pension asset	21,708	48,666	36,030	82,465	57,738	131,131
Net OPEB asset	-	249,490	-	422,764	-	672,254
Capital assets, net	27,819,635	27,511,257	158,086,034	115,895,406	185,905,669	143,406,663
Total assets	40,376,893	37,117,238	192,898,594	145,051,718	233,275,487	182,168,956
<b><u>Deferred outflows of resources</u></b>						
Pension	3,567,708	1,946,947	1,683,861	616,818	5,251,569	2,563,765
OPEB	544,552	451,612	249,980	32,277	794,532	483,889
Total deferred outflows of resources	4,112,260	2,398,559	1,933,841	649,095	6,046,101	3,047,654
<b><u>Liabilities</u></b>						
Current liabilities	1,820,276	1,521,089	10,137,887	5,002,115	11,958,163	6,523,204
Long-term liabilities:						
Due within one year	14,961	12,099	2,262,335	2,229,928	2,277,296	2,242,027
Net pension liability	9,979,088	5,657,374	3,985,932	1,200,167	13,965,020	6,857,541
Net OPEB liability	617,850	868,302	82,816	-	700,666	868,302
Other amounts	207,472	159,433	110,459,425	71,169,408	110,666,897	71,328,841
Total liabilities	12,639,647	8,218,297	126,928,395	79,601,618	139,568,042	87,819,915
<b><u>Deferred inflows of resources</u></b>						
Property taxes	610,000	600,550	-	-	610,000	600,550
Pension	386,252	2,622,864	67,710	1,501,546	453,962	4,124,410
OPEB	742,459	793,728	30,897	441,216	773,356	1,234,944
Total deferred inflows of resources	1,738,711	4,017,142	98,607	1,942,762	1,837,318	5,959,904
<b><u>Net position</u></b>						
Net investment in capital assets	27,742,276	27,326,925	44,689,943	45,814,142	72,432,219	73,141,067
Restricted	4,487,649	1,469,957	36,030	-	4,523,679	1,469,957
Unrestricted (deficit)	(2,119,130)	(1,516,524)	23,079,460	18,342,291	20,960,330	16,825,767
Total net position	\$ 30,110,795	\$ 27,280,358	\$ 67,805,433	\$ 64,156,433	\$ 97,916,228	\$ 91,436,791

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset 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 City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, the net pension asset, and the net OPEB asset.

## CITY OF WAPAKONETA, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED

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

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

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

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

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

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

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

Total net position increased \$6,479,437 or 7.09%. The net investment in capital assets of \$72,432,219 represents the City's net capital assets, less any outstanding borrowings used to acquire those assets. Another \$4,523,679 represents net position that is subject to external restrictions on its use. The remaining balance of unrestricted net position is \$20,960,330. Unrestricted net position for business-type activities amounts to \$23,079,460 while the governmental activities reports a deficit of \$2,119,130. This deficit is due to the effects of reporting pension and OPEB costs in accordance with GASB 68 and 75.

## **CITY OF WAPAKONETA, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 68.90% and 81.95% of total assets for the governmental activities and business-type activities, respectively. Capital assets include land, construction in progress, easements, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, and infrastructure. The net investment in capital assets at December 31, 2023, was \$27,742,276 and \$44,689,943 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

As the preceding table illustrates, some of the most significant changes in net position were related to the City's net pension liability and net OPEB liability, and the related deferred inflows/outflows of resources. These amounts will fluctuate annually based on a number of factors including investment returns, actuarial assumptions used, and the City's proportionate share of the net pension and net OPEB cost. Additional detail can be found in Notes 13 and 14 in the notes to the basic financial statements.

Other significant changes in net position include:

- An increase in current and other assets, particularly for the business-type activities, which is primarily due to higher cash and cash equivalents.
- An increase in net capital assets as a result of on-going construction projects.
- An increase in current liabilities for governmental and business-type activities due to higher accounts payable.

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# CITY OF WAPAKONETA, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED

The following table provides a summary of the revenues and expenses and other changes in the City's net position for 2023 compared to 2022.

	Change in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,106,049	\$ 1,199,876	\$ 39,676,220	\$ 44,775,909	\$ 40,782,269	\$ 45,975,785
Operating grants and contributions	1,384,734	781,936	-	-	1,384,734	781,936
Capital grants and contributions	<u>1,556,524</u>	<u>-</u>	<u>32,666</u>	<u>130,665</u>	<u>1,589,190</u>	<u>130,665</u>
Total program revenues	<u>4,047,307</u>	<u>1,981,812</u>	<u>39,708,886</u>	<u>44,906,574</u>	<u>43,756,193</u>	<u>46,888,386</u>
General revenues:						
Property taxes	676,055	709,332	-	-	676,055	709,332
Income taxes	5,704,007	5,616,609	-	-	5,704,007	5,616,609
Other local taxes	1,305,132	1,405,684	-	-	1,305,132	1,405,684
Unrestricted grants and entitlements	445,410	413,851	-	-	445,410	413,851
Franchise taxes	101,240	109,138	-	-	101,240	109,138
Investment earnings	636,585	178,948	54	-	636,639	178,948
Other	<u>497,303</u>	<u>197,004</u>	<u>297,103</u>	<u>302,581</u>	<u>794,406</u>	<u>499,585</u>
Total general revenues	<u>9,365,732</u>	<u>8,630,566</u>	<u>297,157</u>	<u>302,581</u>	<u>9,662,889</u>	<u>8,933,147</u>
Total revenues	<u>13,413,039</u>	<u>10,612,378</u>	<u>40,006,043</u>	<u>45,209,155</u>	<u>53,419,082</u>	<u>55,821,533</u>
<b>Expenses:</b>						
Security of persons and property						
Police	2,520,705	1,999,063	-	-	2,520,705	1,999,063
Fire	2,666,134	2,760,543	-	-	2,666,134	2,760,543
Public health	488,313	281,680	-	-	488,313	281,680
Leisure time activity	1,149,327	718,560	-	-	1,149,327	718,560
Community environment	336,630	301,426	-	-	336,630	301,426
Transportation	2,565,526	2,436,512	-	-	2,565,526	2,436,512
General government	659,299	712,257	-	-	659,299	712,257
Other	196,668	-	-	-	196,668	-
Electric	-	-	28,542,597	34,567,147	28,542,597	34,567,147
Water	-	-	3,121,597	2,691,069	3,121,597	2,691,069
Sewer	-	-	3,168,209	3,727,546	3,168,209	3,727,546
Storm sewer	-	-	131,924	125,253	131,924	125,253
Refuse	<u>-</u>	<u>-</u>	<u>1,392,716</u>	<u>1,126,436</u>	<u>1,392,716</u>	<u>1,126,436</u>
Total expenses	<u>10,582,602</u>	<u>9,210,041</u>	<u>36,357,043</u>	<u>42,237,451</u>	<u>46,939,645</u>	<u>51,447,492</u>
Change in net position before transfers	2,830,437	1,402,337	3,649,000	2,971,704	6,479,437	4,374,041
Transfers	<u>-</u>	<u>9,051</u>	<u>-</u>	<u>(9,051)</u>	<u>-</u>	<u>-</u>
Change in net position	2,830,437	1,411,388	3,649,000	2,962,653	6,479,437	4,374,041
Net position at beginning of year	<u>27,280,358</u>	<u>25,868,970</u>	<u>64,156,433</u>	<u>61,193,780</u>	<u>91,436,791</u>	<u>87,062,750</u>
Net position at end of year	<u>\$ 30,110,795</u>	<u>\$ 27,280,358</u>	<u>\$ 67,805,433</u>	<u>\$ 64,156,433</u>	<u>\$ 97,916,228</u>	<u>\$ 91,436,791</u>



# CITY OF WAPAKONETA, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED

### Governmental Activities

Net position increased \$2,830,437 or 10.38%. Total revenues increased \$2,800,661 or 26.39%. Operating grants and contributions increased in 2023, due to the receipt of a \$1.5 million ODOT grant. Other significant increases in revenues came from investment earnings, which is primarily due to an increase in interest rates and changes in fair value for the City's investments, and other general revenues. Despite these increases, there were some decreases in various revenue sources, particularly for property and other local taxes.

Total expenses increased, up \$1,372,561 or 14.90% compared to 2022. This increase is primarily the result of increased pension expense. The increase in pension was the result of an increase in expenses incurred at the pension system level for Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire (OP&F) Pension Fund due to a decrease in net investment income on investments compared to previous years.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the following table, the City is highly dependent upon its general revenues to support its governmental activities. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2023 and 2022. That is, it identifies the cost of these services supported by general revenues (such as taxes revenue and unrestricted grants and entitlements).

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Security of persons and property:				
Police	\$ 2,520,705	\$ 2,366,039	\$ 1,999,063	\$ 1,935,285
Fire	2,666,134	2,577,513	2,760,543	2,678,372
Public health	488,313	(580,934)	281,680	(552,171)
Leisure time activity	1,149,327	997,758	718,560	579,941
Community environment	336,630	335,994	301,426	300,889
Transportation	2,565,526	7,756	2,436,512	1,640,250
General government	659,299	634,501	712,257	645,663
Other	196,668	196,668	-	-
Total	<u>\$ 10,582,602</u>	<u>\$ 6,535,295</u>	<u>\$ 9,210,041</u>	<u>\$ 7,228,229</u>

While a substantial percentage of the revenues to provide governmental activities services are derived from the City's general revenues (primarily municipal income taxes, other local taxes, and State shared revenues), note that several of the City's programs were able to offset costs through program revenues including the public health, leisure time activities, and transportation programs. Public health expenses are primarily funded by EMS and ambulance charges received during the year. The leisure time activities program is funded from gifts and donations as well as usage fees for the swimming pool. The transportation program receives charges for services in the form of permissive motor vehicle license monies. The transportation program also receives operating monies in the form of State levied motor vehicle license fees and gas taxes.

### Business-type Activities

Business-type activities include the electric, water, sewer, storm sewer, and refuse enterprise funds. These programs had revenues, primarily charges for services, of \$39,935,325 and expenses of \$34,953,821 in 2023. Net position increased \$3,649,000 (5.69%) as the decline in revenues exceeded the decreased expenses for the year.

# CITY OF WAPAKONETA, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED

### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### *Governmental Funds*

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds reported a combined fund balance of \$8,097,253 which is \$2,760,621 more than last year's total balance of \$5,336,632. The schedule that follows indicates the fund balances as of December 31, 2023 and 2022, and the change in fund balances for the governmental funds.

	Fund Balance <u>12/31/2023</u>	Fund Balance <u>12/31/2022</u>	<u>Change</u>
Major funds:			
General	\$ 3,075,863	\$ 3,957,371	\$ (881,508)
Street and sewer improvement	3,140,827	390,564	2,750,263
Nonmajor governmental funds	<u>1,880,563</u>	<u>988,697</u>	<u>891,866</u>
Total	<u><u>\$ 8,097,253</u></u>	<u><u>\$ 5,336,632</u></u>	<u><u>\$ 2,760,621</u></u>

#### *General Fund*

The City's general fund balance decreased \$881,508 as expenditures and other financing uses outpaced revenues in 2023. The table that follows assists in illustrating the revenues of the general fund.

Property taxes	494,460	492,006	0.50 %
Other local taxes	1,305,132	1,405,684	(7.15) %
Charges for services	999,984	1,057,756	(5.46) %
Fees, licenses and permits	108,559	129,161	(15.95) %
Fines and forfeitures	13,173	-	100.00 %
Intergovernmental	498,694	421,904	18.20 %
Investment income	636,585	178,949	255.74 %
Contributions and donations	858	-	100.00 %
Other	<u>367,222</u>	<u>196,600</u>	86.79 %
Total	<u><u>\$ 8,247,690</u></u>	<u><u>\$ 7,622,929</u></u>	8.20 %

## CITY OF WAPAKONETA, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED

Income taxes revenue is by far the general fund's largest revenue source, representing roughly half of total general fund revenues in 2023. Property tax collections increased in 2023. Other local taxes consist of the kilowatt-hour tax and lodging tax. The increase in intergovernmental revenue is primarily due to additional local government support from the State and Auglaize County. Investment income increased \$457,636 or 255.74% primarily due to increased interest rates in 2023. As illustrated in the table above, there were no significant decreases in general fund revenues.

The table that follows assists in illustrating the expenditures of the general fund.

	2023	2022	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Expenditures</u></b>			
Security of persons and property			
Police	\$ 2,340,414	\$ 2,171,418	7.78 %
Fire	2,522,591	1,963,178	28.50 %
Public health	334,144	245,835	35.92 %
Leisure time activities	499,210	448,074	11.41 %
Community environment	324,340	346,660	(6.44) %
General government	673,532	804,618	(16.29) %
Other	196,668	-	100.00 %
Capital outlay	<u>43,662</u>	<u>-</u>	100.00 %
Total	<u>\$ 6,934,561</u>	<u>\$ 5,979,783</u>	15.97 %

As illustrated in the table above, the overall increase in general fund expenditures compared to the prior year is a result of the increase in all expenditures except community environment and general government expenditures.

#### ***Street and Sewer Improvement Fund***

The street and sewer improvement fund had revenues and other financing sources of \$4,730,267 in 2023 and expenditures of \$1,980,004. The fund balance for the street and sewer improvement fund increased \$2,750,263 from \$390,564 to \$3,140,827. Fund balance is restricted for the maintenance and repair of City streets.

#### ***Enterprise Funds***

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. All five of the City's enterprise funds are reported as major funds; the electricity fund, water fund, sewer fund, storm sewer fund, and refuse fund.

The electric, sewer, and storm sewer funds saw a decrease in charges for services in 2023 due to decreases in customer usage. This is particularly true for the electric fund, where the decrease was 15.68%. This decrease was also driven by a decrease in business/commercial usage. This also had the effect of decreasing expenses for the electric fund due to a decrease in purchased power costs. Expenses were generally comparable to the prior year for all other funds, changing slightly with the fluctuation in customer usage. Overall, net position increased during the year for all funds.

# CITY OF WAPAKONETA, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED

### ***Budgeting Highlights***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly. Budgetary information is presented for the general fund and major special revenue funds.

In the general fund, original budgeted revenues of \$6,814,238 remained the same in the final budget. Actual revenues and other financing sources of \$7,548,464 were \$734,226 more than the final budgeted amount. This variance is primarily due to budgeting revenues conservatively, particularly for property taxes, other local taxes and charges for service.

The original budgeted expenditures and other financing uses in the general fund were \$9,409,158. Final budgeted expenditures and other financing uses remained the same, in total. Actual budget basis expenditures and other financing uses totaled \$8,459,827, or \$949,331 less than the final budget. The City continues to budget conservatively in order to cover unforeseen expenditures that may arise during the year. This was particularly true for the general government and security of persons and property – police expenditures in 2023, which had budgetary variances of \$737,379 and \$100,772, respectively.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

The following table shows 2023 balances compared to 2022. Additional detail can be found in Note 9 in the notes to the basic financial statements.

#### **Capital Assets at December 31 (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 1,607,559	\$ 1,564,688	\$ 1,443,314	\$ 1,443,314	\$ 3,050,873	\$ 3,008,002
Construction in progress	230,839	3,376,206	82,604,187	42,504,205	82,835,026	45,880,411
Land improvements	3,044,413	1,738,142	-	-	3,044,413	1,738,142
Buildings	2,403,778	2,351,155	15,345,693	15,602,839	17,749,471	17,953,994
Equipment	273,784	225,239	1,300,006	594,713	1,573,790	819,952
Vehicles	881,307	1,020,036	2,692,924	2,673,929	3,574,231	3,693,965
Infrastructure	<u>19,377,955</u>	<u>17,235,791</u>	<u>54,699,910</u>	<u>53,076,406</u>	<u>74,077,865</u>	<u>70,312,197</u>
Totals	<u>\$ 27,819,635</u>	<u>\$ 27,511,257</u>	<u>\$ 158,086,034</u>	<u>\$ 115,895,406</u>	<u>\$ 185,905,669</u>	<u>\$ 143,406,663</u>

For the governmental activities, the most significant capital asset activity during the year primarily involved various street improvement projects, many of which are still ongoing and reported as construction in progress. Street projects completed during the year and added to the infrastructure asset class amounted to approximately \$3.5 million in 2023. For the business-type activities, the most significant activity consisted of construction in progress for improvements at the wastewater treatment plant. In addition, infrastructure additions (electric, water, sewer, and storm sewer lines) amounted to \$3,391,371 in 2023.

## CITY OF WAPAKONETA, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 UNAUDITED

#### ***Debt Administration***

The City had the following long-term debt outstanding at December 31, 2023 and 2022.

	<u>Business-type Activities</u>	
	<u>2023</u>	<u>2022</u>
General obligation bonds	\$ 1,640,000	\$ 2,385,000
OWDA loans	98,890,365	58,005,947
Capital loans	11,205,000	12,005,151
Notes payable	<u>282,521</u>	<u>404,974</u>
Total long-term obligations	<u>\$ 112,017,886</u>	<u>\$ 72,801,072</u>

OWDA loans added during 2023 were approximately \$5 million and \$36.5 million in the water and sewer funds, respectively. The City is using these resources for infrastructure upgrades. See Note 16 in the notes to the basic financial statements for detail on the City's long-term obligations.

#### **Current Issues**

The major projects for 2024 will be the start of the Water Street reconstruction project and the continuation of the Water Treatment Plant Softening and the Water Reclamation Treatment Plant Expansion. These last two projects are being financed primarily by low or no-interest loans from the OWDA and will give the City needed capacity for residential and industrial growth.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be directed to Paula Anderson, Wapakoneta City Auditor, 701 Parlette Court, P.O. Box 269, Wapakoneta, Ohio 45895.

**CITY OF WAPAKONETA, OHIO**

**STATEMENT OF NET POSITION**

DECEMBER 31, 2023

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 9,063,993	\$ 27,560,825	\$ 36,624,818
Cash and cash equivalents with fiscal agents	-	214,326	214,326
Receivables:			
Income taxes	1,569,775	-	1,569,775
Property taxes	696,293	-	696,293
Other local taxes	9,428	60,543	69,971
Intergovernmental	651,007	-	651,007
Special assessments	7,412	-	7,412
Accrued interest	4,927	-	4,927
Accounts	399,566	4,598,229	4,997,795
Notes receivable	161	-	161
Internal balance	53,377	(53,377)	-
Prepayments	49,243	145,571	194,814
Materials and supplies inventory	30,368	2,250,413	2,280,781
Net pension asset	21,708	36,030	57,738
Capital assets:			
Nondepreciable capital assets	1,838,398	84,047,501	85,885,899
Depreciable capital assets, net	25,981,237	74,038,533	100,019,770
Total capital assets, net	<u>27,819,635</u>	<u>158,086,034</u>	<u>185,905,669</u>
Total assets	<u>40,376,893</u>	<u>192,898,594</u>	<u>233,275,487</u>
<b>Deferred outflows of resources:</b>			
Pension	3,567,708	1,683,861	5,251,569
OPEB	544,552	249,980	794,532
Total deferred outflows of resources	<u>4,112,260</u>	<u>1,933,841</u>	<u>6,046,101</u>
<b>Liabilities:</b>			
Accounts payable	693,494	4,855,530	5,549,024
Contracts payable	77,359	3,919,389	3,996,748
Accrued wages and benefits payable	69,345	38,887	108,232
Intergovernmental payable	66,956	19,286	86,242
Accrued interest payable	-	810,862	810,862
Unearned revenue	913,122	-	913,122
Refundable deposits	-	493,933	493,933
Long-term liabilities:			
Due within one year	14,961	2,262,335	2,277,296
Due in more than one year:			
Net pension liability	9,979,088	3,985,932	13,965,020
Net OPEB liability	617,850	82,816	700,666
Other amounts due in more than one year	207,472	110,459,425	110,666,897
Total liabilities	<u>12,639,647</u>	<u>126,928,395</u>	<u>139,568,042</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	610,000	-	610,000
Pension	386,252	67,710	453,962
OPEB	742,459	30,897	773,356
Total deferred inflows of resources	<u>1,738,711</u>	<u>98,607</u>	<u>1,837,318</u>
<b>Net position:</b>			
Net investment in capital assets	27,742,276	44,689,943	72,432,219
Restricted for:			
Debt service	1,160	-	1,160
Capital projects	3,489,072	-	3,489,072
Pension and OPEB	18,273	36,030	54,303
Community environment	27,276	-	27,276
Recreation	354	-	354
Street highway maintenance and repair	900,172	-	900,172
Public health and welfare	4,305	-	4,305
Other purposes	47,037	-	47,037
Unrestricted (deficit)	<u>(2,119,130)</u>	<u>23,079,460</u>	<u>20,960,330</u>
Total net position	<u>\$ 30,110,795</u>	<u>\$ 67,805,433</u>	<u>\$ 97,916,228</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WAPAKONETA, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>				
Security of persons and property:				
Police	\$ 2,520,705	\$ 1,700	\$ 152,966	\$ -
Fire	2,666,134	88,621	-	-
Public health	488,313	790,100	279,147	-
Leisure time activities	1,149,327	120,687	30,882	-
Community environment	336,630	-	636	-
Transportation	2,565,526	80,143	921,103	1,556,524
General government	659,299	24,798	-	-
Other	196,668	-	-	-
Total governmental activities	<u>10,582,602</u>	<u>1,106,049</u>	<u>1,384,734</u>	<u>1,556,524</u>
<b>Business-type activities:</b>				
Electric	28,542,597	28,719,146	-	-
Water	3,121,597	4,041,012	-	-
Sewer	3,168,209	5,181,228	-	32,666
Storm sewer	131,924	270,110	-	-
Refuse	1,392,716	1,464,724	-	-
Total business-type activities	<u>36,357,043</u>	<u>39,676,220</u>	<u>-</u>	<u>32,666</u>
Total primary government	<u>\$ 46,939,645</u>	<u>\$ 40,782,269</u>	<u>\$ 1,384,734</u>	<u>\$ 1,589,190</u>

**General revenues:**

Property taxes levied for:

General purposes

Recreation

Municipal income taxes levied for:

General purposes

Street maintenance

Other local taxes - Kilowatt

Other local taxes - Lodging

Grants and entitlements not restricted  
to specific programs

Franchise taxes

Investment earnings

Other

Total general revenues

Change in net position

**Net position at beginning of year**

**Net position at end of year**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,366,039)	\$ -	\$ (2,366,039)
(2,577,513)	-	(2,577,513)
580,934	-	580,934
(997,758)	-	(997,758)
(335,994)	-	(335,994)
(7,756)	-	(7,756)
(634,501)	-	(634,501)
(196,668)	-	(196,668)
<u>(6,535,295)</u>	<u>-</u>	<u>(6,535,295)</u>
-	176,549	176,549
-	919,415	919,415
-	2,045,685	2,045,685
-	138,186	138,186
-	72,008	72,008
<u>-</u>	<u>3,351,843</u>	<u>3,351,843</u>
<u>(6,535,295)</u>	<u>3,351,843</u>	<u>(3,183,452)</u>
509,063	-	509,063
166,992	-	166,992
3,562,887	-	3,562,887
2,141,120	-	2,141,120
1,209,226	-	1,209,226
95,906	-	95,906
445,410	-	445,410
101,240	-	101,240
636,585	54	636,639
<u>497,303</u>	<u>297,103</u>	<u>794,406</u>
<u>9,365,732</u>	<u>297,157</u>	<u>9,662,889</u>
2,830,437	3,649,000	6,479,437
<u>27,280,358</u>	<u>64,156,433</u>	<u>91,436,791</u>
<u>\$ 30,110,795</u>	<u>\$ 67,805,433</u>	<u>\$ 97,916,228</u>

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**CITY OF WAPAKONETA, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023

	<b>General</b>	<b>Street and Sewer Improvement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 3,092,837	\$ 3,058,837	\$ 2,851,074	\$ 9,002,748
Receivables:				
Income taxes	1,146,362	423,413	-	1,569,775
Property taxes	514,882	-	181,411	696,293
Other local taxes	3,467	-	5,961	9,428
Intergovernmental	241,417	-	409,590	651,007
Special assessments	-	7,412	-	7,412
Accrued interest	-	-	4,927	4,927
Due from other funds	58,767	-	-	58,767
Accounts	398,866	-	-	398,866
Notes	-	-	161	161
Materials and supplies inventory	13,204	-	5,723	18,927
Prepayments	37,529	-	9,098	46,627
Restricted assets:				
Equity in pooled cash and cash equivalents	36,841	-	-	36,841
Total assets	<u>\$ 5,544,172</u>	<u>\$ 3,489,662</u>	<u>\$ 3,467,945</u>	<u>\$ 12,501,779</u>
<b>Liabilities:</b>				
Accounts payable	\$ 549,011	\$ 590	\$ 140,463	\$ 690,064
Contracts payable	-	77,359	-	77,359
Accrued wages and benefits payable	59,032	-	6,474	65,506
Intergovernmental payable	64,203	-	1,819	66,022
Due to other funds	2,770	-	2,468	5,238
Unearned revenue	-	-	913,122	913,122
Total liabilities	<u>675,016</u>	<u>77,949</u>	<u>1,064,346</u>	<u>1,817,311</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	450,000	-	160,000	610,000
Delinquent property tax revenue not available	64,882	-	21,411	86,293
Accrued interest not available	-	-	4,476	4,476
Miscellaneous revenue not available	313,356	-	-	313,356
Income tax revenue not available	826,453	263,474	-	1,089,927
Intergovernmental revenue not available	138,602	-	337,149	475,751
Special assessments revenue not available	-	7,412	-	7,412
Total deferred inflows of resources	<u>1,793,293</u>	<u>270,886</u>	<u>523,036</u>	<u>2,587,215</u>
<b>Fund balances:</b>				
Nonspendable	87,574	-	14,821	102,395
Restricted	16,316	3,140,827	1,090,404	4,247,547
Assigned	2,819,928	-	775,338	3,595,266
Unassigned	152,045	-	-	152,045
Total fund balances	<u>3,075,863</u>	<u>3,140,827</u>	<u>1,880,563</u>	<u>8,097,253</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,544,172</u>	<u>\$ 3,489,662</u>	<u>\$ 3,467,945</u>	<u>\$ 12,501,779</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WAPAKONETA, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2023

<b>Total governmental fund balances</b>		\$ 8,097,253
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,793,723
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		
Delinquent property taxes receivable	\$ 86,293	
Municipal income taxes receivable	1,089,927	
Accounts receivable	313,356	
Intergovernmental receivable	475,751	
Special assessments receivable	7,412	
Accrued interest receivable	4,476	
Total		1,977,215
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in governmental funds.		
Net pension asset	18,273	
Deferred outflows of resources	3,406,345	
Net pension liability	(9,599,100)	
Deferred inflows of resources	(369,142)	
Total		(6,543,624)
The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in governmental funds.		
Deferred outflows of resources	520,119	
Net OPEB liability	(609,955)	
Deferred inflows of resources	(739,570)	
Total		(829,406)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(209,263)
Internal service funds are used by management to charge the costs of engineering services to individual funds. The assets and deferred outflows of resources and the liabilities and deferred inflows of resources of the internal service funds are included in governmental activities on the statement of net position.		(175,209)
An internal balance is recorded in governmental activities to reflect overpayments to the internal service funds by the business-type activities.		106
<b>Net position of governmental activities</b>		<u>\$ 30,110,795</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WAPAKONETA, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>General</b>	<b>Street and Sewer Improvement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Municipal income taxes	\$ 3,823,023	\$ 1,874,100	\$ -	\$ 5,697,123
Property taxes	494,460	-	162,173	656,633
Other local taxes	1,305,132	-	54,069	1,359,201
Special assessments	-	17,667	-	17,667
Charges for services	999,984	-	25,424	1,025,408
Fees, licenses and permits	108,559	-	-	108,559
Fines and forfeitures	13,173	-	5,430	18,603
Intergovernmental	498,694	1,556,524	1,164,713	3,219,931
Interest	636,585	-	34,272	670,857
Contributions and donations	858	-	-	858
Other	367,222	18,743	111,338	497,303
Total revenues	<u>8,247,690</u>	<u>3,467,034</u>	<u>1,557,419</u>	<u>13,272,143</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property:				
Police	2,340,414	-	-	2,340,414
Fire	2,522,591	-	-	2,522,591
Public health	334,144	-	279,147	613,291
Leisure time activities	499,210	-	577,758	1,076,968
Community environment	324,340	-	2,462	326,802
Transportation	-	1,980,004	623,574	2,603,578
General government	673,532	-	-	673,532
Other	196,668	-	-	196,668
Capital outlay	43,662	-	124,016	167,678
Total expenditures	<u>6,934,561</u>	<u>1,980,004</u>	<u>1,606,957</u>	<u>10,521,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,313,129</u>	<u>1,487,030</u>	<u>(49,538)</u>	<u>2,750,621</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	10,000	-	-	10,000
Transfers in	-	1,263,233	941,404	2,204,637
Transfers (out)	<u>(2,204,637)</u>	<u>-</u>	<u>-</u>	<u>(2,204,637)</u>
Total other financing sources (uses)	<u>(2,194,637)</u>	<u>1,263,233</u>	<u>941,404</u>	<u>10,000</u>
Net change in fund balances	(881,508)	2,750,263	891,866	2,760,621
<b>Fund balances at beginning of year</b>	<u>3,957,371</u>	<u>390,564</u>	<u>988,697</u>	<u>5,336,632</u>
<b>Fund balances at end of year</b>	<u><u>\$ 3,075,863</u></u>	<u><u>\$ 3,140,827</u></u>	<u><u>\$ 1,880,563</u></u>	<u><u>\$ 8,097,253</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WAPAKONETA, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

**Net change in fund balances - total governmental funds** \$ 2,760,621

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital asset purchases as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$ 2,069,694	
Current year depreciation	<u>(1,759,443)</u>	
Total		310,251

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

Delinquent property taxes	19,422	
Municipal income taxes	6,884	
Intergovernmental revenues	67,926	
Special assessments	(17,017)	
Investment income	3,632	
Other revenues	<u>60,049</u>	
Total		140,896

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

Pension	699,163	
OPEB	<u>14,237</u>	
Total		713,400

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

Pension	(1,156,373)	
OPEB	<u>119,002</u>	
Total		(1,037,371)

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

(45,128)

Internal service funds used by management to charge the cost of engineering services to individual funds are not reported in the statement of activities.

Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenues (expenses) of the internal service fund (net of any amounts allocated to the business-type activities) are allocated among the governmental activities.

(12,232)

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>2,830,437</u></b>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF WAPAKONETA, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Municipal income taxes	\$ 3,502,000	\$ 3,502,000	\$ 3,621,290	\$ 119,290
Property taxes	450,000	450,000	494,460	44,460
Other local taxes	1,085,000	1,085,000	1,367,779	282,779
Charges for services	675,000	675,000	852,103	177,103
Fees, licenses and permits	93,100	93,100	108,504	15,404
Fines and forfeitures	5,000	5,000	12,599	7,599
Intergovernmental	786,938	786,938	399,911	(387,027)
Interest	151,200	151,200	634,178	482,978
Contributions and donations	1,000	1,000	858	(142)
Other	65,000	65,000	56,782	(8,218)
Total revenues	<u>6,814,238</u>	<u>6,814,238</u>	<u>7,548,464</u>	<u>734,226</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property:				
Police	2,511,834	2,511,834	2,411,062	100,772
Fire	2,206,167	2,632,576	2,567,415	65,161
Public health	246,331	267,269	232,735	34,534
Community environment	240,611	345,128	333,643	11,485
General government	2,504,215	1,710,947	973,568	737,379
Total expenditures	<u>7,709,158</u>	<u>7,467,754</u>	<u>6,518,423</u>	<u>949,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(894,920)</u>	<u>(653,516)</u>	<u>1,030,041</u>	<u>1,683,557</u>
<b>Other financing sources (uses):</b>				
Sale of assets	-	-	10,000	10,000
Transfers out	(1,700,000)	(1,941,404)	(1,941,404)	-
Total other financing sources (uses)	<u>(1,700,000)</u>	<u>(1,941,404)</u>	<u>(1,931,404)</u>	<u>10,000</u>
Net change in fund balance	(2,594,920)	(2,594,920)	(901,363)	1,693,557
<b>Fund balance at beginning of year</b>	2,596,478	2,596,478	2,596,478	-
<b>Prior year encumbrances appropriated</b>	185,425	185,425	185,425	-
<b>Fund balance at end of year</b>	<u>\$ 186,983</u>	<u>\$ 186,983</u>	<u>\$ 1,880,540</u>	<u>\$ 1,693,557</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WAPAKONETA, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2023

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Storm Sewer</b>	<b>Refuse</b>
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 13,760,843	\$ 4,615,669	\$ 6,254,247	\$ 895,138	\$ 1,540,995
Cash and cash equivalents with fiscal agents	214,326	-	-	-	-
Receivables:					
Other local taxes	60,543	-	-	-	-
Accounts	3,205,967	589,226	636,710	-	166,326
Due from other funds	47,092	-	-	-	-
Prepayments	85,295	19,334	30,138	-	10,804
Materials and supplies inventory	1,965,123	151,527	133,763	-	-
Total current assets	<u>19,339,189</u>	<u>5,375,756</u>	<u>7,054,858</u>	<u>895,138</u>	<u>1,718,125</u>
Noncurrent assets:					
Net pension asset	16,821	5,858	7,901	-	5,450
Restricted assets:					
Equity in pooled cash and cash equivalents	493,933	-	-	-	-
Capital assets:					
Nondepreciable capital assets	1,137,269	22,967,989	59,614,142	-	328,101
Depreciable capital assets, net	24,784,320	17,866,948	26,364,725	4,018,981	1,003,559
Total noncurrent assets	<u>26,432,343</u>	<u>40,840,795</u>	<u>85,986,768</u>	<u>4,018,981</u>	<u>1,337,110</u>
Total assets	<u>45,771,532</u>	<u>46,216,551</u>	<u>93,041,626</u>	<u>4,914,119</u>	<u>3,055,235</u>
<b>Deferred outflows of resources:</b>					
Pension	794,878	275,614	358,543	-	254,826
OPEB	116,585	40,379	54,463	-	38,553
Total deferred outflows of resources	<u>911,463</u>	<u>315,993</u>	<u>413,006</u>	<u>-</u>	<u>293,379</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	4,621,447	88,684	64,366	-	81,033
Contracts payable	-	16,185	3,903,204	-	-
Accrued wages and benefits payable	17,690	6,533	9,129	-	5,535
Due to other funds	58,767	19,584	20,148	-	1,864
Intergovernmental payable	6,449	1,786	9,363	-	1,688
Accrued interest payable	504,225	159,887	146,750	-	-
General obligation bonds payable	-	-	765,000	-	-
Capital loan payable	700,000	-	-	-	-
Compensated absences payable	13,485	6,089	4,181	-	2,577
OWDA loans payable	-	296,253	312,507	-	-
Notes payable - financed purchases	-	-	-	-	89,916
Landfill postclosure costs payable	-	-	-	-	72,327
Total current liabilities	<u>5,922,063</u>	<u>595,001</u>	<u>5,234,648</u>	<u>-</u>	<u>254,940</u>
Noncurrent liabilities:					
General obligation bonds payable	-	-	875,000	-	-
Capital loan payable	10,505,000	-	-	-	-
Compensated absences payable	69,083	58,789	37,016	-	10,383
OWDA loans payable	-	30,719,217	67,562,388	-	-
Landfill postclosure costs payable	-	-	-	-	429,944
Notes payable - financed purchases	-	-	-	-	192,605
Refundable deposits	493,933	-	-	-	-
Net pension liability	1,860,896	648,041	874,081	-	602,914
Net OPEB liability	38,664	13,464	18,161	-	12,527
Total noncurrent liabilities	<u>12,967,576</u>	<u>31,439,511</u>	<u>69,366,646</u>	<u>-</u>	<u>1,248,373</u>
Total liabilities	<u>18,889,639</u>	<u>32,034,512</u>	<u>74,601,294</u>	<u>-</u>	<u>1,503,313</u>
<b>Deferred inflows of resources:</b>					
Pension	2,384	3,600	33,524	-	28,202
OPEB	13,503	5,368	7,436	-	4,590
Total deferred inflows of resources	<u>15,887</u>	<u>8,968</u>	<u>40,960</u>	<u>-</u>	<u>32,792</u>
<b>Net position:</b>					
Net investment in capital assets	16,908,574	10,004,811	12,708,438	4,018,981	1,049,139
Restricted for pension and OPEB	16,821	5,858	7,901	-	5,450
Unrestricted	10,852,074	4,478,395	6,096,039	895,138	757,920
Total net position	<u>\$ 27,777,469</u>	<u>\$ 14,489,064</u>	<u>\$ 18,812,378</u>	<u>\$ 4,914,119</u>	<u>\$ 1,812,509</u>

Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds

Net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Total Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
\$ 27,066,892	\$ 24,404
214,326	-
60,543	-
4,598,229	700
47,092	-
145,571	2,616
2,250,413	11,441
<u>34,383,066</u>	<u>39,161</u>
36,030	3,435
493,933	-
84,047,501	-
74,038,533	25,912
<u>158,615,997</u>	<u>29,347</u>
<u>192,999,063</u>	<u>68,508</u>
1,683,861	161,363
249,980	24,433
<u>1,933,841</u>	<u>185,796</u>
4,855,530	3,430
3,919,389	-
38,887	3,839
100,363	258
19,286	934
810,862	-
765,000	-
700,000	-
26,332	1,379
608,760	-
89,916	-
72,327	-
<u>12,006,652</u>	<u>9,840</u>
875,000	-
10,505,000	-
175,271	11,791
98,281,605	-
429,944	-
192,605	-
493,933	-
3,985,932	379,988
82,816	7,895
<u>115,022,106</u>	<u>399,674</u>
<u>127,028,758</u>	<u>409,514</u>
67,710	17,110
30,897	2,889
<u>98,607</u>	<u>19,999</u>
44,689,943	25,912
36,030	3,435
<u>23,079,566</u>	<u>(204,556)</u>
67,805,539	<u>\$ (175,209)</u>
(106)	
<u>\$ 67,805,433</u>	



**CITY OF WAPAKONETA, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Storm Sewer</b>	<b>Refuse</b>
<b>Operating revenues:</b>					
Charges for services	\$ 28,681,148	\$ 4,041,012	\$ 5,181,228	\$ 270,110	\$ 1,464,724
Licenses and permits	-	-	-	-	-
Other	280,029	3,641	6,135	-	7,298
Total operating revenues	28,961,177	4,044,653	5,187,363	270,110	1,472,022
<b>Operating expenses:</b>					
Personal services	1,573,582	531,708	686,828	-	481,741
Contract services	23,083,197	1,065,862	687,020	6,931	690,283
Materials and supplies	1,692,131	777,571	602,538	-	89,480
Other	576,656	14	21,556	-	-
Depreciation	898,937	421,512	827,620	124,638	114,016
Total operating expenses	27,824,503	2,796,667	2,825,562	131,569	1,375,520
Operating income (loss)	1,136,674	1,247,986	2,361,801	138,541	96,502
<b>Nonoperating revenues (expenses):</b>					
Investment earnings	54	-	-	-	-
Interest and fiscal charges	(718,051)	(324,292)	(342,004)	-	(17,196)
Other local taxes	37,998	-	-	-	-
Total nonoperating revenues (expenses)	(679,999)	(324,292)	(342,004)	-	(17,196)
Income (loss) before capital contributions	456,675	923,694	2,019,797	138,541	79,306
Capital contributions	-	-	32,666	-	-
Change in net position	456,675	923,694	2,052,463	138,541	79,306
<b>Net position at beginning of year</b>	27,320,794	13,565,370	16,759,915	4,775,578	1,733,203
<b>Net position at end of year</b>	<u>\$ 27,777,469</u>	<u>\$ 14,489,064</u>	<u>\$ 18,812,378</u>	<u>\$ 4,914,119</u>	<u>\$ 1,812,509</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Total Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
\$ 39,638,222	\$ 310,713
-	25,682
297,103	801
<u>39,935,325</u>	<u>337,196</u>
3,273,859	318,398
25,533,293	23,012
3,161,720	7,824
598,226	-
2,386,723	1,873
<u>34,953,821</u>	<u>351,107</u>
<u>4,981,504</u>	<u>(13,911)</u>
54	-
(1,401,543)	-
37,998	-
<u>(1,363,491)</u>	<u>-</u>
3,618,013	(13,911)
<u>32,666</u>	<u>-</u>
3,650,679	(13,911)
	<u>(161,298)</u>
	<u>\$ (175,209)</u>
<u>(1,679)</u>	
<u>\$ 3,649,000</u>	

**CITY OF WAPAKONETA, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Storm Sewer</b>	<b>Refuse</b>
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 29,026,171	\$ 4,025,989	\$ 5,222,921	\$ 270,127	\$ 1,471,407
Cash received from utility deposits	84,750	-	-	-	-
Cash received from other operations	275,986	3,641	6,110	-	7,298
Cash payments for personal services	(1,425,517)	(489,139)	(645,674)	-	(440,197)
Cash payments for contract services	(23,043,030)	(1,052,534)	(709,111)	(6,931)	(625,048)
Cash payments for materials and supplies	(1,125,126)	(756,233)	(604,031)	-	(77,299)
Cash payments for utility refunds	(31,720)	-	-	-	-
Cash payments for other expenses	(576,656)	(14)	(14,721)	-	-
Net cash provided by operating activities	3,184,858	1,731,710	3,255,494	263,196	336,161
<b>Cash flows from noncapital financing activities:</b>					
Cash received from other local taxes	37,998	-	-	-	-
Net cash provided by noncapital financing activities	37,998	-	-	-	-
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	(569,993)	(5,424,585)	(34,424,448)	-	(171,309)
Principal paid on debt	(12,005,151)	(282,836)	(1,047,995)	-	(122,453)
Interest and fiscal charges paid on debt	(333,878)	(329,684)	(347,990)	-	(17,196)
Loan proceeds	11,205,000	4,972,176	36,530,739	-	-
Net cash used in capital and related financing activities	(1,704,022)	(1,064,929)	710,306	-	(310,958)
<b>Cash flows from investing activities:</b>					
Interest received	54	-	-	-	-
Net cash provided by investing activities	54	-	-	-	-
Net increase in cash and investments	1,518,888	666,781	3,965,800	263,196	25,203
<b>Cash and investments at beginning of year</b>	12,950,214	3,948,888	2,288,447	631,942	1,515,792
<b>Cash and investments at end of year</b>	<u>\$ 14,469,102</u>	<u>\$ 4,615,669</u>	<u>\$ 6,254,247</u>	<u>\$ 895,138</u>	<u>\$ 1,540,995</u>

<b>Total Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
\$ 40,016,615	\$ 335,695
84,750	-
293,035	883
(3,000,527)	(290,103)
(25,436,654)	(21,575)
(2,562,689)	(7,595)
(31,720)	-
(591,391)	-
<u>8,771,419</u>	<u>17,305</u>
<u>37,998</u>	<u>-</u>
<u>37,998</u>	<u>-</u>
(40,590,335)	-
(13,458,435)	-
(1,028,748)	-
<u>52,707,915</u>	<u>-</u>
<u>(2,369,603)</u>	<u>-</u>
<u>54</u>	<u>-</u>
<u>54</u>	<u>-</u>
6,439,868	17,305
21,335,283	7,099
<u>\$ 27,775,151</u>	<u>\$ 24,404</u>

- - Continued

**CITY OF WAPAKONETA, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Storm Sewer</b>	<b>Refuse</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 1,136,674	\$ 1,247,986	\$ 2,361,801	\$ 138,541	\$ 96,502
Adjustments:					
Depreciation	898,937	421,512	827,620	124,638	114,016
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Other local taxes	52,433	-	-	-	-
Accounts receivable	306,528	(15,102)	41,524	-	6,635
Due from other funds	32,535	79	144	17	48
Prepayments	(17,359)	(3,935)	(6,134)	-	(2,199)
Net pension asset	19,669	6,764	11,587	-	8,415
Net OPEB asset	187,069	64,710	99,906	-	71,079
Deferred outflows - pension	(518,067)	(191,703)	(226,141)	-	(131,132)
Deferred outflows - OPEB	(102,068)	(37,892)	(48,604)	-	(29,139)
Accounts payable	627,197	(91,492)	(81,602)	-	38,556
Contracts payable	-	144,367	95,103	-	-
Accrued wages and benefits	1,387	758	341	-	(698)
Intergovernmental payable	(402)	(1,427)	(8,800)	-	(357)
Due to other funds	(52,718)	(12,967)	(15,626)	-	(1,161)
Compensated absences payable	24,130	18,405	21,531	-	(660)
Refundable deposits	53,030	-	-	-	-
Landfill postclosure costs	-	-	-	-	42,204
Net pension liability	1,329,834	464,338	590,462	-	401,131
Net OPEB liability	38,664	13,464	18,161	-	12,527
Deferred inflows - pension	(652,838)	(232,708)	(327,533)	-	(220,757)
Deferred inflows - OPEB	(179,777)	(63,447)	(98,246)	-	(68,849)
Net cash provided by (used in) operating activities	<u>\$ 3,184,858</u>	<u>\$ 1,731,710</u>	<u>\$ 3,255,494</u>	<u>\$ 263,196</u>	<u>\$ 336,161</u>

**Non-cash capital transactions:**

At December 31, 2023, the Electric fund, Water fund and Sewer fund purchased \$409,977, \$544 and \$3,903,204 of capital assets on account, respectively.

At December 31, 2022, the Electric fund, Water fund and Sewer fund purchased \$90,692, \$128,831 and \$107,186 of capital assets on account, respectively.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Total Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
\$ 4,981,504	\$ (13,911)
2,386,723	1,873
52,433	-
339,585	(618)
32,823	-
(29,627)	(533)
46,435	5,265
422,764	44,600
(1,067,043)	(85,448)
(217,703)	(21,236)
492,659	2,398
239,470	-
1,788	396
(10,986)	(54)
(82,472)	(176)
63,406	5,773
53,030	-
42,204	-
2,785,765	253,376
82,816	7,895
(1,433,836)	(139,104)
(410,319)	(43,191)
<u>\$ 8,771,419</u>	<u>\$ 17,305</u>

**CITY OF WAPAKONETA, OHIO**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2023**

	<u><b>Custodial</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 61,243
Receivables:	
Accounts	<u>500</u>
Total assets	<u><u>61,743</u></u>
<b>Net position:</b>	
Restricted for individuals, organizations, and other governments	<u>\$ 61,743</u>
Total net position	<u><u>\$ 61,743</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WAPAKONETA, OHIO**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Custodial</b>
<b>Additions:</b>	
Amounts received as fiscal agent	<u>\$ 10,706</u>
Total additions	<u>10,706</u>
<b>Deductions:</b>	
Distributions as fiscal agent	<u>8,946</u>
Total deductions	<u>8,946</u>
Change in net position	1,760
<b>Net position at beginning of year</b>	<u>59,983</u>
<b>Net position at end of year</b>	<u><u>\$ 61,743</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 1 - DESCRIPTION OF THE CITY OF WAPAKONETA AND THE REPORTING ENTITY

##### A. The City

The City of Wapakoneta (the “City”) is a home rule municipal corporation established and operated under the laws of the State of Ohio. The City operates under a Council/Mayor form of government.

The City is segmented into many different activities and smaller accounting entities. These include police, fire, emergency medical, street maintenance, parks and recreation, engineering, electric, water, sewer, storm sewer, refuse, and a staff to provide essential support to these service providers. These activities compose the primary government of the City and represent activities which are directly responsible to City Council and the Mayor.

##### B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City of Wapakoneta consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. There were no component units of the City in 2023.

The City participates in the Ohio Plan Risk Management, an insurance pool. This organization is presented in Note 20 to the basic financial statements.

The City serves as a custodian of public funds and holds on deposit the monies of the Police Auxiliary, a non-profit organization. The City serves as fiscal agent, but the organization is not considered part of the City. Accordingly, the activity of the Police Auxiliary is presented as a custodial fund.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. Basis of Presentation

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

###### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

#### **B. Fund Accounting**

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

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

*General Fund* - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Street and Sewer Improvement Fund* - The Street and Sewer Improvement Fund accounts for the residents' portion of special assessments for curbs, gutters, and sidewalks; grant resources for infrastructure improvements; municipal income taxes levied for street improvements and transfers from the General Fund for improvements to streets, sewers, and sidewalks that are not assessed to the property owners.

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

***Proprietary Funds*** - Proprietary fund reporting focuses on the determination of operating income, change in net position, financial position, and cash flows. The City reports two types of proprietary funds, enterprise and internal service.

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

*Electric Fund* - The Electric Fund accounts for the provision of electricity to residential and commercial users within the City.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Water Fund - The Water Fund accounts for the provision of water treatment and distribution to residential and commercial users within the City.

Sewer Fund - The Sewer Fund accounts for the provision of sanitary sewer service to residential and commercial users within the City.

Storm Sewer Fund - The Storm Sewer Fund accounts for the provision of storm sewer service to residential and commercial users within the City.

Refuse Fund - The Refuse Fund accounts for the provision of refuse collection services to residential and commercial users within the City.

**Internal Service Fund** - The internal service fund accounts for engineering services that are provided to the other departments of the City or to other governmental units. Monthly fees are paid on an hourly scale and any balance on hand is held until used.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and change in net position. The fiduciary fund category is split into four classifications; pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's custodial fund account for monies belonging to the Police Auxiliary, an organization that is not part of the City.

#### C. Measurement Focus

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

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

Like the government-wide financial statements, the proprietary and fiduciary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to beneficiaries of fiduciary activity is recognized when an event has occurred that compels the City to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its proprietary activities.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

#### **D. Basis of Accounting**

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

***Revenues - Exchange and Nonexchange Transactions*** - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: income taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), grants, and interest.

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

***Deferred Outflows of Resources and Deferred Inflows of Resources*** - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

#### **E. Budgetary Process**

All funds, except custodial funds, are required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount City Council may appropriate. The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of control has been established by City Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by City Council.

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

#### **F. Cash and Investments**

To improve cash management, cash received by the City is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

## **CITY OF WAPAKONETA, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Cash and cash equivalents that are held separately for the City by fiscal agents and not held with the City Treasurer are recorded as "Cash and Cash Equivalents with Fiscal Agents".

During 2023, investments included nonnegotiable and negotiable certificates of deposit and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The City measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are generally allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2023 was \$636,585, which includes \$564,585 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

#### **G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

#### **H. Inventory**

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

#### **I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use are reported as restricted.

Restricted assets also represent utility deposits from customers that are classified as restricted because their use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

##### J. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds. Capital assets used by the internal service fund are reported in both the governmental activities column on the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The City maintains a capitalization threshold of ten thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City reports all infrastructure, including that acquired prior to 1980.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Business-Type Activities
	Estimated Lives	Estimated Lives
Land Improvements	20 to 45 years	N/A
Buildings	10 to 100 years	10 to 100 years
Equipment	5 to 30 years	5 to 30 years
Vehicles	10 to 38 years	6 to 25 years
Streets	15 to 60 years	N/A
Electric, Water, Sewer and Storm Sewer Lines	N/A	10 to 100 years

##### K. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund services provided and used are classified as "Due to/from other funds". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as an "Internal balance".

##### L. Compensated Absences

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



## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on department policy and length of service.

#### **M. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, claims and judgments that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. The net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient to pay those benefits.

#### **N. Net Position**

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes consists of various police department grants and programs. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### **O. Fund Balance**

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

***Nonspendable*** - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

***Restricted*** - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

**Committed** - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council. The committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by City Council. Fund balance policy of City Council has authorized the Director of Public Service and Safety to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council has also assigned amounts to cover a gap between estimated resources and appropriations in the 2023 budget, debt retirement, and police and fire department operations.

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

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

#### **P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric, water, sewer, storm sewer, and refuse services, and charges for engineering services in the internal service fund. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

#### **Q. Capital Contributions**

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets, or from grants or contributions of resources restricted to capital acquisition and construction.

#### **R. Interfund Transactions**

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

##### **S. Pensions/Other Postemployment Benefits (OPEB)**

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

##### **T. Estimates**

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

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

##### **Change in Accounting Principles**

For 2023, the City has implemented GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription Based Information Technology Arrangements”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the City.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the City.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

#### NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the General Fund are as follows:

#### Net Change in Fund Balance

	General
Budget basis	\$ (901,363)
Net adjustment for revenue accruals	(2,169)
Net adjustment for expenditure accruals	(358,446)
Funds budgeted elsewhere	(1,378)
Adjustment for encumbrances	<u>381,848</u>
GAAP basis	<u><u>\$ (881,508)</u></u>

#### NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 5 - DEPOSITS AND INVESTMENTS – (Continued)

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time (if training requirements have been met).

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

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 5 - DEPOSITS AND INVESTMENTS – (Continued)

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

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

#### A. Cash on Hand

At year end, the City had \$975 in undeposited cash on hand which is included on the financial statements of the City as part of “equity in pooled cash and cash equivalents” and is excluded from the carrying and bank balance amounts below.

#### B. Cash with Fiscal Agent

The City is reporting Cash and Cash Equivalents with Fiscal Agent on the statement of net position in the Electric enterprise fund for the amount still being held on account with American Municipal Power (AMP). This amount was \$214,326 at December 31, 2023.

#### C. Deposits with Financial Institutions

At December 31, 2023, the carrying amount of all City deposits was \$28,209,550 and the bank balance of all City deposits was \$28,865,211. Of the bank balance, \$1,592,133 was covered by the FDIC and \$27,273,078 was potentially exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City’s and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

#### D. Investments

As of December 31, 2023, the City had the following investments and maturities:

Measurement/ Investment Type	Measurement Amount	Investment Maturity		
		6 months or less	7 to 12 months	13 to 18 months
<i>Fair Value:</i>				
Negotiable CD's	\$ 733,674	\$ 249,603	\$ 249,517	\$ 234,554
<i>Amortized cost:</i>				
STAR Ohio	<u>7,741,862</u>	<u>7,741,862</u>	-	-
Total	<u>\$ 8,475,536</u>	<u>\$ 7,991,465</u>	<u>\$ 249,517</u>	<u>\$ 234,554</u>

The weighted average maturity of investments is 0.07 years.

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 5 - DEPOSITS AND INVESTMENTS – (Continued)

The City's investments in Negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The City's investments in STAR Ohio were rated an AAAM money market rating. The negotiable CDs are fully covered by the FDIC. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy limits investments to those authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2023:

<u>Measurement/ Investment Type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
Fair Value:		
Negotiable CD's	\$ 733,674	8.66
Amortized Cost:		
STAR Ohio	<u>7,741,862</u>	<u>91.34</u>
Total	<u>\$ 8,475,536</u>	<u>100.00</u>

### E. Reconciliation of Cash and Investments to the Statements of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statements of net position as of December 31, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 28,209,550
Investments	8,475,536
Cash with fiscal agent	214,326
Cash on hand	<u>975</u>
Total	<u>\$ 36,900,387</u>

<u>Cash and investments per Statement of Net Position</u>	
Governmental activities	\$ 9,063,993
Business-type activities	27,775,151
Custodial fund	<u>61,243</u>
Total	<u>\$ 36,900,387</u>

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 6 - RECEIVABLES

Receivables at December 31, 2023, consisted of accounts (billings for user charged services, including unbilled utility services); intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; interfund; accrued interest; property taxes; notes; and special assessments. Income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments receivable, in the amount of \$7,412, are not expected to be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$ 25,000
Local Government	216,417
Total General Fund	241,417
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	254,425
Motor Vehicle License Tax	109,064
Total Street Maintenance	363,489
State Highway	
Gasoline Tax	31,474
Motor Vehicle License Tax	12,127
Total State Highway	43,601
Recreation	
Homestead and Rollback	2,500
Total Nonmajor Funds	409,590
Total Governmental Activities	\$ 651,007

#### NOTE 7 - MUNICIPAL INCOME TAXES

The City levies an income tax of 1.5 percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax revenues and expenditures for collecting, administering, and enforcing the tax are recorded in the General Fund and the Street and Sewer Improvement capital projects fund.

The City's income tax rate includes 1 percent authorized by State statute and levied by the City Council and an additional .5 percent levied with voter approval for street maintenance and improvements for a period of five years, expiring in 2022. This levy renewal was approved by the voters in May 2022 for an additional 5 years, expiring December 31, 2027.



## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 8 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2023 represent the collection of 2022 taxes. Real property taxes received in 2023 were levied after October 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2023 represent the collection of 2022 taxes. Public utility real and tangible personal property taxes received in 2023 became a lien on December 31, 2021, were levied after October 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2023, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2024 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The full tax rate for all City operations for the year ended December 31, 2023, was \$13.25 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2023 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$149,651,590
Commercial/Industrial	50,130,340
Public Utility Real	104,350
Public Utility Personal	3,518,800
Total	<u>\$203,405,080</u>

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023
<b>Governmental Activities</b>				
Nondepreciable Capital assets:				
Land	\$ 1,564,688	\$ 42,871	\$ -	\$ 1,607,559
Construction in progress	3,376,206	369,436	(3,514,803)	230,839
Total Nondepreciable Capital Assets	<u>4,940,894</u>	<u>412,307</u>	<u>(3,514,803)</u>	<u>1,838,398</u>
Depreciable Capital Assets:				
Land Improvements	3,031,111	1,445,613	-	4,476,724
Buildings	3,599,947	96,841	-	3,696,788
Equipment	656,046	88,621	-	744,667
Vehicles	3,658,193	26,312	-	3,684,505
Streets	36,666,787	3,514,803	-	40,181,590
Total Depreciable Capital Assets	<u>47,612,084</u>	<u>5,172,190</u>	<u>-</u>	<u>52,784,274</u>
Less Accumulated Depreciation for				
Land Improvements	(1,292,969)	(139,342)	-	(1,432,311)
Buildings	(1,248,792)	(44,218)	-	(1,293,010)
Equipment	(430,807)	(40,076)	-	(470,883)
Vehicles	(2,638,157)	(165,041)	-	(2,803,198)
Streets	(19,430,996)	(1,372,639)	-	(20,803,635)
Total Accumulated Depreciation	<u>(25,041,721)</u>	<u>(1,761,316)</u>	<u>-</u>	<u>(26,803,037)</u>
Total Depreciable Capital Assets, Net	<u>22,570,363</u>	<u>3,410,874</u>	<u>-</u>	<u>25,981,237</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,511,257</u>	<u>\$ 3,823,181</u>	<u>\$ (3,514,803)</u>	<u>\$ 27,819,635</u>

Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property - Police	\$ 40,202
Security of Persons and Property - Fire	102,205
Public Health	47,084
Leisure Time Activities	67,035
Transportation	1,483,480
General Government	<u>21,310</u>
Total Depreciation Expense	<u>\$ 1,761,316</u>

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 9 - CAPITAL ASSETS - (Continued)

	Balance 12/31/22	Additions	Deductions	Balance 12/31/23
<b>Business-type activities</b>				
Nondepreciable Capital Assets				
Land	\$ 1,443,314	\$ -	\$ -	\$ 1,443,314
Construction in progress	42,504,205	42,712,503	(2,612,521)	82,604,187
Total Nondepreciable Capital Assets	43,947,519	42,712,503	(2,612,521)	84,047,501
Depreciable Capital Assets				
Buildings	20,126,570	-	-	20,126,570
Equipment	1,417,289	803,882	-	2,221,171
Vehicles	5,663,214	282,116	-	5,945,330
Electric, Water, Sewer, and Storm				
Sewer Lines	81,853,406	3,391,371	-	85,244,777
Total Depreciable Capital Assets	109,060,479	4,477,369	-	113,537,848
Less Accumulated Depreciation for				
Buildings	(4,523,731)	(257,146)	-	(4,780,877)
Equipment	(822,576)	(98,589)	-	(921,165)
Vehicles	(2,989,285)	(263,121)	-	(3,252,406)
Electric, Water, Sewer, and Storm				
Sewer Lines	(28,777,000)	(1,767,867)	-	(30,544,867)
Total Accumulated Depreciation	(37,112,592)	(2,386,723)	-	(39,499,315)
Total Depreciable Capital Assets, Net	71,947,887	2,090,646	-	74,038,533
Business-Type Activities Capital Assets, Net	\$115,895,406	\$ 44,803,149	\$ (2,612,521)	\$ 158,086,034

### NOTE 10 - INTERFUND BALANCES

Interfund balances at December 31, 2023, consisted of the following amounts due to/from other funds:

	<u>Due from other funds</u>		
<u>Due to other funds</u>	<u>General</u>	<u>Electric</u>	<u>Totals</u>
General	\$ -	\$ 2,770	\$ 2,770
Nonmajor governmental funds	-	2,468	2,468
Electric	58,767	-	58,767
Water	-	19,584	19,584
Sewer	-	20,148	20,148
Refuse	-	1,864	1,864
Internal service	-	258	258
Totals	\$ 58,767	\$ 47,092	\$105,859

The balances due resulted from the time lag between dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All of these amounts are expected to be received within one year.

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During 2023, the City contracted with the Ohio Plan Risk Management, an insurance pool, for the following coverage:

Type of Coverage	Coverage	Deductible
Property	\$ 99,685,626	\$ 5,000
General Liability		
Each Occurrence	7,000,000	-
Aggregate	9,000,000	-
Wrongful Acts		
Each Occurrence	7,000,000	5,000
Aggregate	9,000,000	5,000
Law Enforcement Liability		
Each Occurrence	7,000,000	5,000
Aggregate	9,000,000	5,000
Automobile Liability	7,000,000	250-500
Inland Marine	1,870,557	1,000
Electronic Data Processing	398,680	1,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has not been any significant reduction in coverage from the prior year.

Worker's compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

### NOTE 12 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for contracts and professional services related to those contracts. The following are the more significant contracts outstanding as of December 31, 2023:

Vendor	Contract Amount	Amount Paid as of 12/31/2023	Outstanding Balance
RD Jones - Water Plant - engineering services during construction	\$ 2,498,000	\$ 1,682,345	\$ 815,655
Peterson Construction - Water Reclamation Plant - construction	69,226,005	51,414,627	17,811,378
Jacobs Engineering Group, Inc. - Water Reclamation Plant - engineering services during construction	7,356,756	3,019,959	4,336,797

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

##### *Net Pension Liability/Asset and Net OPEB Liability*

The net pension liability/asset and the net OPEB liability reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

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

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

GASB 68/75 assumes the liability/asset 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 health care to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

##### *Plan Description - Ohio Public Employees Retirement System (OPERS)*

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

**CITY OF WAPAKONETA, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	State and Local			
	Traditional	Combined	Public Safety	Law Enforcement
<b>2023 Statutory Maximum Contribution Rates</b>				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
<b>2023 Actual Contribution Rates</b>				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits *****	0.0	2.0	0.0	0.0
Total Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee	10.0 %	10.0 %	12.0 %	13.0 %

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

\*\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

\*\*\*\*\* 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; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$490,126 for 2023. Of this amount, \$7,125 is reported as intergovernmental payable.

#### **Plan Description - Ohio Police & Fire Pension Fund (OP&F)**

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



# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	Police	Firefighters
<b>2023 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2023 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

**CITY OF WAPAKONETA, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$544,046 for 2023. Of this amount, \$51,959 is reported as intergovernmental payable.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2022, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.0219350%	0.0331920%	0.0019420%	0.0792184%	
Proportion of the net pension liability/asset current measurement date	<u>0.0216230%</u>	<u>0.0243100%</u>	<u>0.0056500%</u>	<u>0.0797721%</u>	
Change in proportionate share	<u>-0.0003120%</u>	<u>-0.0088820%</u>	<u>0.0037080%</u>	<u>0.0005537%</u>	
Proportionate share of the net pension liability	\$ 6,387,444	\$ -	\$ -	\$ 7,577,576	\$ 13,965,020
Proportionate share of the net pension asset	-	(57,296)	(442)	-	(57,738)
Pension expense	973,727	7,346	(43)	875,763	1,856,793

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**CITY OF WAPAKONETA, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member- Directed	OP&F	Total
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ 212,166	\$ 3,522	\$ 1,266	\$ 113,663	\$ 330,617
Net difference between projected and actual earnings on pension plan investments	1,820,624	20,879	210	1,103,202	2,944,915
Changes of assumptions	67,480	3,789	30	683,475	754,774
Changes in employer's proportionate percentage/ difference between employer contributions	74,710	-	-	112,381	187,091
Contributions subsequent to the measurement date	469,651	14,541	5,934	544,046	1,034,172
Total deferred outflows of resources	<u>\$ 2,644,631</u>	<u>\$ 42,731</u>	<u>\$ 7,440</u>	<u>\$ 2,556,767</u>	<u>\$ 5,251,569</u>
	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ -	\$ 8,183	\$ -	\$ 172,641	\$ 180,824
Changes of assumptions	-	-	-	147,761	147,761
Changes in employer's proportionate percentage/ difference between employer contributions	81,824	-	-	43,553	125,377
Total deferred inflows of resources	<u>\$ 81,824</u>	<u>\$ 8,183</u>	<u>\$ -</u>	<u>\$ 363,955</u>	<u>\$ 453,962</u>

\$1,034,172 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2024.

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2024	\$ 246,270	\$ 854	\$ 212	\$ 171,609	\$ 418,945
2025	419,119	3,845	224	404,314	827,502
2026	535,898	5,325	228	440,721	982,172
2027	891,869	8,992	257	642,335	1,543,453
2028	-	(27)	149	(10,212)	(10,090)
Thereafter	-	1,018	436	(1)	1,453
Total	<u>\$ 2,093,156</u>	<u>\$ 20,007</u>	<u>\$ 1,506</u>	<u>\$ 1,648,766</u>	<u>\$ 3,763,435</u>

### Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (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, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

#### Wage inflation

Current measurement date 2.75%

Prior measurement date 2.75%

#### Future salary increases, including inflation

Current measurement date 2.75% to 10.75% including wage inflation

Prior measurement date 2.75% to 10.75% including wage inflation

#### COLA or ad hoc COLA

Current measurement date Pre 1/7/2013 retirees: 3.00%, simple

Post 1/7/2013 retirees: 3.00%, simple

through 2023, then 2.05% simple

Prior measurement date Pre 1/7/2013 retirees: 3.00%, simple

Post 1/7/2013 retirees: 3.00%, simple

through 2022, then 2.05% simple

#### Investment rate of return

Current measurement date 6.90%

Prior measurement date 6.90%

#### Actuarial cost method

Individual entry age

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, 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 a loss of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric 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, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	22.00 %	2.62 %
Domestic equities	22.00	4.60
Real estate	13.00	3.27
Private equity	15.00	7.53
International equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00 %</u>	

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. 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 for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate** - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 9,568,178	\$ 6,387,444	\$ 3,741,644
Combined Plan	(29,901)	(57,296)	(79,008)
Member-Directed Plan	(283)	(442)	(565)

### Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Experience study assumptions were performed by OP&F's prior actuary and completed as of December 31, 2016. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful lives of the participants which was 5.81 years at December 31, 2022.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2022, compared to December 31, 2021, are presented below.

Valuation date	1/1/22 with actuarial liabilities rolled forward to 12/31/22
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

**CITY OF WAPAKONETA, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Health Mortality*

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

*Disabled Mortality*

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

*Contingent Annuitant Mortality*

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

*Pre-Retirement Mortality*

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	18.60	4.80
Non-US equity	12.40	5.50
Private markets	10.00	7.90
Core fixed income *	25.00	2.50
High yield fixed income	7.00	4.40
Private credit	5.00	5.90
U.S. inflation linked bonds *	15.00	2.00
Midstream energy infrastructure	5.00	5.90
Real assets	8.00	5.90
Gold	5.00	3.60
Private real estate	12.00	5.30
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

\* levered 2x

\*\* Numbers are net of expected inflation.

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 7.50% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 9,996,285	\$ 7,577,576	\$ 5,566,903



**CITY OF WAPAKONETA, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

See Note 13 for a description of the net OPEB liability.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

**Medicare Retirees** Medicare-eligible with a minimum of 20 years of qualifying service credit

**Non-Medicare Retirees** Non-Medicare retirees qualify based on the following age-and-service criteria:

**Group A** 30 years of qualifying service credit at any age;

**Group B** 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

**Group C** 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$4,798 for 2023. Of this amount, \$70 is reported as intergovernmental payable.

##### *Plan Description - Ohio Police & Fire Pension Fund (OP&F)*

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The City's contractually required contribution to OP&F was \$12,719 for 2023. Of this amount, \$1,215 is reported as intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.0214630%	0.0792184%	
Proportion of the net OPEB liability current measurement date	<u>0.0210480%</u>	<u>0.0797721%</u>	
Change in proportionate share	<u>-0.0004150%</u>	<u>0.0005537%</u>	
Proportionate share of the net OPEB liability	\$ 132,712	\$ 567,954	\$ 700,666
OPEB expense	(221,478)	(28,618)	(250,096)

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**CITY OF WAPAKONETA, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 33,892	\$ 33,892
Net difference between projected and actual earnings on OPEB plan investments	263,572	48,715	312,287
Changes of assumptions	129,623	283,034	412,657
Changes in employer's proportionate percentage/ difference between employer contributions	2,378	15,801	18,179
Contributions subsequent to the measurement date	4,798	12,719	17,517
Total deferred outflows of resources	<u>\$ 400,371</u>	<u>\$ 394,161</u>	<u>\$ 794,532</u>
	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 33,105	\$ 111,989	\$ 145,094
Changes of assumptions	10,666	464,541	475,207
Changes in employer's proportionate percentage/ difference between employer contributions	5,819	147,236	153,055
Total deferred inflows of resources	<u>\$ 49,590</u>	<u>\$ 723,766</u>	<u>\$ 773,356</u>

\$17,517 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2024.

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Year Ending December 31:	OPERS	OP&F	Total
2024	\$ 41,285	\$ (83,505)	\$ (42,220)
2025	95,183	(69,371)	25,812
2026	82,190	(22,293)	59,897
2027	127,325	(10,566)	116,759
2028	-	(45,309)	(45,309)
Thereafter	-	(111,280)	(111,280)
Total	<u>\$ 345,983</u>	<u>\$ (342,324)</u>	<u>\$ 3,659</u>

### *Actuarial Assumptions - OPERS*

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

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# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	2.75 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	100.00 %	

**Discount Rate** - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. 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 the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 451,690	\$ 132,712	\$ (130,498)



# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. 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 the health care 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% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 124,394	\$ 132,712	\$ 142,074

### ***Actuarial Assumptions - OP&F***

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.27%
Prior measurement date	2.84%
Cost of Living Adjustments	2.20% simple per year

#### *Health Mortality*

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

#### *Disabled Mortality*

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

#### *Contingent Annuitant Mortality*

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

#### *Pre-Retirement Mortality*

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

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

**CITY OF WAPAKONETA, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	18.60	4.80
Non-US equity	12.40	5.50
Private markets	10.00	7.90
Core fixed income *	25.00	2.50
High yield fixed income	7.00	4.40
Private credit	5.00	5.90
U.S. inflation linked bonds *	15.00	2.00
Midstream energy infrastructure	5.00	5.90
Real assets	8.00	5.90
Gold	5.00	3.60
Private real estate	12.00	5.30
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

\* levered 2x

\*\* Numbers are net of expected inflation.

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - For 2022, the total OPEB liability was calculated using the discount rate of 4.27%. For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2035 and the Municipal Bond Index Rate of 3.65% was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27%.

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27%), or one percentage point higher (5.27%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 699,382	\$ 567,954	\$ 456,995

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

### NOTE 15 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws.

City employees earn vacation at varying rates depending upon length of service and standard work week. Current policy permits one to two weeks of vacation to be carried forward to the following year. Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by City policy and union contracts. Employees not covered under an applicable bargaining agreement earn sick leave at a rate of four and six-tenths hours for every eighty hours worked. Current policy permits sick leave to be accumulated without limit. Each employee not covered under an applicable bargaining agreement hired prior to January 1, 1988, with ten or more years of service with the City or other political subdivision within the State of Ohio, is paid for one-half of their earned unused sick leave upon retirement. Each employee not covered under an applicable bargaining agreement hired after January 1, 1988, at the time of retirement from active service with the City, is paid 25 percent of their earned unused sick leave up to a maximum of two hundred sixty accrued sick days (sixty-five days total maximum payment).

Employees covered under the Utility Workers Union of America, APL-CIO, Local No. 565, earn sick leave at a rate of five and seventy-five hundredths of an hour for every hour worked. Current policy permits sick leave to be accumulated without limit. Each employee covered by this union agreement, at the time of retirement from active service with the City, is paid for one-half of their earned unused sick leave up to a maximum of 1,040 accrued sick hours (one hundred thirty days total maximum payment).

Full time Patrol Officers, Lieutenants, and Dispatchers earn sick leave at a rate of four and sixty-two hundredths of an hour for every hour worked. Current policy permits sick leave to be accumulated without limit. Each full time Patrol Officer, Lieutenant, and Dispatcher, at the time of retirement from active service with the City, is paid for one-half of their earned unused sick leave up to a maximum of 1,040 accrued sick hours (one hundred thirty days total maximum payment).

Full time Firefighters and Captains earn sick leave at a rate of five and seventy-five hundredths of an hour for every hour worked. Current policy permits sick leave to be accumulated without limit. Each full time Firefighter and Captain with 15 or more years of service with the City as of January 1, 2014, shall be paid for one-half (fifty percent) of their accrued but unused sick leave up to a maximum of six hundred sixty hours (eighty-two and one-half days total maximum payment). Each full time Firefighter and Captain with less than 15 or years of service with the City as of January 1, 2014, shall be paid for one-fourth (25 percent) of their accrued but unused sick leave up to a maximum of four hundred eighty hours (sixty days total maximum payment).

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 16 - LONG-TERM OBLIGATIONS

The original issue date, interest rate, and issue amount for the City's long-term obligations are as follows:

	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
General Obligation Bonds			
Sewer System Refunding	2019	2.08%	\$ 4,570,000
Sewer System	2019	2.08	655,000
Ohio Water Development Authority Loans			
WTP Design/New Water Treatment Plant	2009	5.25	7,282,354
Well Field and Raw Waterline Improvements	2009	3.7	1,479,259
WTP Iron Filter Expansion	2018	3.27	2,190,669
WTP Lime Softening Project	2019	1.68 - 3.6	22,525,326
Phase 1 South Interceptor Improvements	2013	2.84	7,280,043
South Inceptor Improvements	2013	3.62	4,322,727
WWTP Expansion	2021	0	58,650,228
Capital Loans Payable	2022	4.5	12,005,151
Capital Loans Payable	2023	4.5	11,205,000

The City's long-term obligations activity for the year ended December 31, 2023, was as follows:

	<u>Balance 12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2023</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Net Pension Liability	\$ 5,657,374	\$ 4,321,714	\$ -	\$ 9,979,088	\$ -
Net OPEB Liability	868,302	49,896	(300,348)	617,850	-
Compensated Absences Payable	171,532	63,000	(12,099)	222,433	14,961
Total Governmental Activities	<u>\$ 6,697,208</u>	<u>\$ 4,434,610</u>	<u>\$ (312,447)</u>	<u>\$ 10,819,371</u>	<u>\$ 14,961</u>
<u>Business-Type Activities</u>					
General Obligation Bonds from Direct Placement					
2019 Sewer System Refunding Bonds	\$ 2,045,000	\$ -	\$ (665,000)	\$ 1,380,000	\$ 680,000
2019 Sewer System Bonds	340,000	-	(80,000)	260,000	85,000
Total General Obligation Bonds	<u>2,385,000</u>	<u>-</u>	<u>(745,000)</u>	<u>1,640,000</u>	<u>765,000</u>
Other Long-Term Obligations					
OWDA Loans from Direct Borrowings					
Water	26,326,130	4,972,176	(282,836)	31,015,470	296,253
Sewer	31,679,817	36,530,739	(335,661)	67,874,895	312,507
Net Pension Liability	1,200,167	2,785,765	-	3,985,932	-
Net OPEB Liability	-	82,816	-	82,816	-
Capital Loans Payable from					
Direct Borrowings	12,005,151	11,205,000	(12,005,151)	11,205,000	700,000
Notes Payable-financed purchases	404,974	-	(122,453)	282,521	89,916
Compensated Absences Payable	138,197	79,093	(15,687)	201,603	26,332
Landfill Postclosure Costs	460,067	167,772	(125,568)	502,271	72,327
Total Other Long-Term Obligations	<u>72,214,503</u>	<u>55,823,361</u>	<u>(12,887,356)</u>	<u>115,150,508</u>	<u>1,497,335</u>
Total Business-Type Activities	<u>\$ 74,599,503</u>	<u>\$ 55,823,361</u>	<u>\$ (13,632,356)</u>	<u>\$ 116,790,508</u>	<u>\$ 2,262,335</u>

Net Pension/OPEB Liability - There is no repayment schedule for the net pension/OPEB liability; however, employer pension/OPEB contributions are made from the General Fund, Street Maintenance and Recreation special revenue funds, Electric, Water, Sewer, and Refuse enterprise funds, and the Engineering internal service fund.

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences Payable - The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, Street Maintenance and Recreation special revenue funds, Electric, Water, Sewer, and Refuse enterprise funds, and the Engineering internal service fund.

General Obligation Bonds - General obligation bonds are supported by the full faith and credit of the City and are payable from unvoted property tax revenues to the extent that other resources are not available to meet annual principal and interest payments.

2019 Sewer System General Obligation Bonds - On June 18, 2019, the City issued bonds through direct placement, in the amount of \$5,225,000; \$4,570,000 to currently refund bonds previously issued in 2006 (with additional resources provided by the City), and \$655,000 in new resources for sewer system improvements. The bonds were issued for a seven year period, with final maturity in 2026. The bonds are being retired through the Sewer enterprise fund.

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 765,000
2025	785,000

The remaining principal, in the amount of \$90,000, will be paid at stated maturity on December 1, 2026.

OWDA Loans - OWDA loans from direct borrowings consist of money owed to the Ohio Water Development Authority for a new water treatment plant, a wellfield and raw water line improvements, a water treatment plant iron filter expansion project, a water treatment lime softening project, the phase 1 south interceptor improvements project, south inceptor improvements, and wastewater treatment plant extension. OWDA loans will be paid from the Water and Sewer enterprise funds. Of the total loan amounts, \$201,529 and \$147,670, in the Water and Sewer Funds, respectively, was not capitalized.

The OWDA loans will be paid from the gross revenues of the Water and Sewer enterprise funds after provisions for reasonable operating and maintenance expenses. Annual principal and interest payments on the loans are expected to require 36.69 percent of water net revenues and 19.82 percent of sewer net revenues. Principal and interest paid on the loans during 2023 was \$612,520 from the Water enterprise fund and \$632,239 from the Sewer enterprise fund. Total net revenues for the Water and Sewer enterprise funds were \$1,669,498 and \$3,189,421 respectively. The OWDA loans are payable through 2050 from the Water enterprise fund and through 2045 from the Sewer enterprise fund.

The outstanding 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 City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

Capital Loans Payable - In 2018, the City obtained a loan from a direct borrowing from American Municipal Power (AMP), Inc., in an amount up to \$12,000,000, for electric system upgrades, a new 138kw/69kw substation, a new dual 25MVA substation, and other related improvements. During 2019, the loan was increased to an amount up to \$17,000,000. Of the total loan amount, \$2,191,985 was not capitalized in the Electric enterprise fund. The loan will be retired with net revenues from the Electric enterprise fund. For 2023, total net revenues for the Electric enterprise fund was \$2,035,611.

On June 23, 2022 the City issued bond anticipation notes of \$11,905,000 to finance the repayment of the AMP loan. The notes are a direct borrowing because they are negotiated directly between the City and the lender and are not offered for public sale. The notes carried an interest rate of 1.00% and matured in June 2022. On June 22, 2023 the City issued bond anticipation notes of \$11,205,000 to refinance the 2022 notes. The notes carry an interest rate of 4.50% and mature on June 21, 2024.

# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

Notes Payable – Financed Purchases – The notes payable will be paid from the fund that maintains custody of the related asset. See Note 17 for further detail.

Due to AMP-Ohio - The City is a member of American Municipal Power (AMP) and a participant in the American Municipal Power Generating Station Project (AMPGS). This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share of the project was 5,000 kW of a total capacity of 771,281 kW, giving the City a .65 percent share of the project.

The AMPGS project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS project due to projected escalating costs. These costs were, therefore, deemed impaired and participants were obligated to pay costs already incurred. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability.

The City's estimated share of the impaired costs at March 31, 2014, was \$860,980. The City received a credit of \$283,700 related to its participation in the AMP Fremont Energy Center (AFEC) project and another credit of \$226,124 related to the AMPGS costs deemed to have future benefit for the project participants leaving a net impaired cost estimate of \$351,156. The City had reported a liability of \$541,378 for its estimated share of the impaired costs at December 31, 2012, which the City paid during 2013. Since 2013, the City has paid an additional \$4,275 in various costs and received \$8,376 in credits. As a result of the payment in excess of the final impaired cost estimate plus additional charges and credits, the City is reporting Cash and Cash Equivalents with Fiscal Agent on the statement of net position in the Electric enterprise fund for the amount still being held on account with AMP. This amount was \$214,326 at December 31, 2023.

Any additional costs or amounts received related to the project may result in a future liability to the City. These amounts will be recorded as they become estimable.

The City's legal debt margin was \$21,357,533 at December 31, 2023.

The water treatment lime softening project and wastewater treatment plant expansion project funded by OWDA loans, and the electric system upgrade funded by a capital loan have not been completed. An amortization schedule for the repayment of the loans will not be available until the projects are completed and, therefore, are not included in the following schedule.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2023, from the enterprise funds were as follows:

Year Ending December 31,	From Direct Placement			From Direct Borrowing		
	General Obligation Bonds			OWDA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 765,000	\$ 34,112	\$ 799,112	\$ 608,760	\$ 605,778	\$ 1,214,538
2025	785,000	18,200	803,200	632,652	584,464	1,217,116
2026	90,000	1,872	91,872	657,547	562,284	1,219,831
2027	-	-	-	683,491	539,199	1,222,690
2028	-	-	-	710,528	515,172	1,225,700
2029 - 2033	-	-	-	4,000,087	2,179,482	6,179,569
2034 - 2038	-	-	-	4,871,377	1,411,460	6,282,837
2039 - 2043	-	-	-	4,136,887	555,903	4,692,790
2044 - 2048	-	-	-	1,192,286	101,759	1,294,045
2049 - 2050	-	-	-	221,196	9,116	230,312
Total	<u>\$ 1,640,000</u>	<u>\$ 54,184</u>	<u>\$ 1,694,184</u>	<u>\$ 17,714,811</u>	<u>\$ 7,064,617</u>	<u>\$ 24,779,428</u>

## CITY OF WAPAKONETA, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 17 – NOTES PAYABLE – FINANCED PURCHASES

In prior years, the City entered into notes payable - financed purchase agreements for the purpose of acquiring new equipment and vehicles. These are direct borrowings collateralized by the various assets. Principal payments in 2023 were \$122,453 made from the Refuse enterprise fund.

The following is a schedule of the future minimum payments as of December 31, 2023.

Year Ending December 31,	Principal	Interest	Total
2024	\$ 89,916	\$ 11,713	\$ 101,629
2025	93,755	7,874	101,629
2026	48,476	3,871	52,347
2027	50,374	1,973	52,347
Total	<u>\$ 282,521</u>	<u>\$ 25,431</u>	<u>\$ 307,952</u>

#### NOTE 18 - LANDFILL POSTCLOSURE COSTS

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City stopped accepting waste at its landfill in 1994. The Ohio EPA approved the final closure and postclosure plan in July 1998. The \$502,271 reported as landfill postclosure costs at December 31, 2023, represents the costs of maintenance and monitoring through 2028. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. A fee of \$3 per month was imposed on commercial and residential refuse users, to finance the postclosure costs, which generates approximately \$155,000 annually.

The City is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. The City has passed the financial accountability test proving the ability to self-fund these future costs.

#### NOTE 19 - CONTINGENT LIABILITIES

##### A. Litigation

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

##### B. Federal and State Grants

For the period January 1, 2023, to December 31, 2023, the City received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

#### NOTE 20 - INSURANCE POOL

The City participates in the Ohio Plan Risk Management (Plan), an insurance purchasing pool consisting of various entities in the State of Ohio. The intent of the Plan is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Plan. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the plan based on the types and limits of coverage and deductibles selected by the participant. Membership in the Plan is by written application subject to the approval of the Plan Manager. Financial information may be obtained from the Ohio Plan Risk Management, 1505 Jefferson Avenue, Toledo, Ohio 43603.



# CITY OF WAPAKONETA, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 21 - FUND BALANCE

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

Fund balance	General	Street and Sewer Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 13,204	\$ -	\$ 5,723	\$ 18,927
Prepayments	37,529	-	9,098	46,627
Unclaimed monies	36,841	-	-	36,841
Total nonspendable	<u>87,574</u>	<u>-</u>	<u>14,821</u>	<u>102,395</u>
Restricted:				
Ambulance operations	6,250	-	-	6,250
Debt retirement	-	-	1,160	1,160
Economic development	-	-	27,276	27,276
Police operations	10,066	-	30,721	40,787
Recreation	-	-	115,680	115,680
Public health and welfare	-	-	4,305	4,305
Street construction and maintenance	-	3,140,827	911,262	4,052,089
Total restricted	<u>16,316</u>	<u>3,140,827</u>	<u>1,090,404</u>	<u>4,247,547</u>
Assigned:				
Debt retirement	-	-	43,156	43,156
Police and Fire Department operations	65,174	-	732,182	797,356
Projected budget shortage	2,524,324	-	-	2,524,324
Community development and improvement	3,519	-	-	3,519
Public health and welfare	226,911	-	-	226,911
Total assigned	<u>2,819,928</u>	<u>-</u>	<u>775,338</u>	<u>3,595,266</u>
Unassigned	<u>152,045</u>	<u>-</u>	<u>-</u>	<u>152,045</u>
Total fund balances	<u>\$ 3,075,863</u>	<u>\$ 3,140,827</u>	<u>\$ 1,880,563</u>	<u>\$ 8,097,253</u>

### NOTE 22 – INTERFUND TRANSFERS

The general fund made transfers \$1,263,233 to the street and sewer improvement fund, and \$600,000 and \$341,404 to nonmajor governmental funds to provide resources for recreation and capital emergency, respectively.

### NOTE 23 - SUBSEQUENT EVENT

On March 27, 2024, the City issued \$3,905,000 in General Obligation Bonds for the purpose of constructing a fire station extension and fire station improvements.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WAPAKONETA, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY/NET PENSION ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

	LAST TEN YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.021623%	0.021935%	0.021651%	0.021128%
City's proportionate share of the net pension liability	\$ 6,387,444	\$ 1,908,434	\$ 3,206,042	\$ 4,176,093
City's covered payroll	\$ 3,342,700	\$ 3,208,379	\$ 3,049,393	\$ 2,972,729
City's proportionate share of the net pension liability as a percentage of its covered payroll	191.09%	59.48%	105.14%	140.48%
Plan fiduciary net position as a percentage of the total pension liability	75.74%	96.62%	86.88%	82.17%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.024310%	0.033192%	0.038567%	0.040106%
City's proportionate share of the net pension asset	\$ 57,296	\$ 130,778	\$ 111,329	\$ 83,631
City's covered payroll	\$ 112,893	\$ 151,321	\$ 169,964	\$ 178,536
City's proportionate share of the net pension asset as a percentage of its covered payroll	50.75%	86.42%	65.50%	46.84%
Plan fiduciary net position as a percentage of the total pension asset	137.14%	169.88%	157.67%	145.28%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.005650%	0.001942%		
City's proportionate share of the net pension asset	\$ 442	\$ 353		
City's covered payroll	\$ 38,350	\$ -		
City's proportionate share of the net pension asset as a percentage of its covered payroll	1.15%	0.00%		
Plan fiduciary net position as a percentage of the total pension asset	126.74%	171.84%		

Note: The schedule is intended to show information for 10 years. Information for the Combined Plan prior to 2018 and for the member directed plan prior to 2022 is not available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.021671%	0.023228%	0.022728%	0.023065%	0.023014%	0.023014%
\$ 5,935,248	\$ 3,644,023	\$ 5,161,143	\$ 3,995,150	\$ 2,775,746	\$ 2,713,051
\$ 2,927,029	\$ 3,069,654	\$ 2,938,075	\$ 2,870,693	\$ 2,821,592	\$ 2,703,873
202.77%	118.71%	175.66%	139.17%	98.38%	100.34%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
0.033880%	0.017412%				
\$ 37,885	\$ 23,703				
\$ 144,900	\$ 71,308				
26.15%	33.24%				
126.64%	137.28%				

**CITY OF WAPAKONETA, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

	LAST TEN YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability	0.07977210%	0.07921840%	0.07774430%	0.07829910%
City's proportionate share of the net pension liability	\$ 7,577,576	\$ 4,949,107	\$ 5,299,899	\$ 5,274,645
City's covered payroll	\$ 2,156,655	\$ 2,015,292	\$ 1,885,775	\$ 1,844,283
City's proportionate share of the net pension liability as a percentage of its covered payroll	351.36%	245.58%	281.05%	286.00%
Plan fiduciary net position as a percentage of the total pension liability	62.90%	75.03%	70.65%	69.89%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.07770800%	0.07983100%	0.08979200%	0.08560800%	0.08273130%	0.08273130%
\$ 6,343,027	\$ 4,899,588	\$ 5,687,335	\$ 5,507,223	\$ 4,285,826	\$ 4,029,274
\$ 1,746,328	\$ 1,962,825	\$ 1,681,070	\$ 1,716,519	\$ 1,618,630	\$ 1,779,275
363.22%	249.62%	338.32%	320.84%	264.78%	226.46%
63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

**CITY OF WAPAKONETA, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

	LAST TEN YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 469,651	\$ 467,978	\$ 449,173	\$ 426,915
Contributions in relation to the contractually required contribution	<u>(469,651)</u>	<u>(467,978)</u>	<u>(449,173)</u>	<u>(426,915)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,354,650	\$ 3,342,700	\$ 3,208,379	\$ 3,049,393
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 14,541	\$ 15,805	\$ 21,185	\$ 23,795
Contributions in relation to the contractually required contribution	<u>(14,541)</u>	<u>(15,805)</u>	<u>(21,185)</u>	<u>(23,795)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 121,175	\$ 112,893	\$ 151,321	\$ 169,964
Contributions as a percentage of covered payroll	12.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 5,934	\$ 3,835		
Contributions in relation to the contractually required contribution	<u>(5,934)</u>	<u>(3,835)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
City's covered payroll	\$ 59,340	\$ 38,350		
Contributions as a percentage of covered payroll	10.00%	10.00%		

Note: The schedule is intended to show information for 10 years. Information for the member directed plan prior to 2022 is not available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 416,182	\$ 409,784	\$ 399,055	\$ 352,569	\$ 344,483	\$ 338,591
<u>(416,182)</u>	<u>(409,784)</u>	<u>(399,055)</u>	<u>(352,569)</u>	<u>(344,483)</u>	<u>(338,591)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,972,729	\$ 2,927,029	\$ 3,069,654	\$ 2,938,075	\$ 2,870,692	\$ 2,821,592
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 24,995	\$ 20,286	\$ 9,270	\$ 7,860	\$ 7,961	\$ 7,804
<u>(24,995)</u>	<u>(20,286)</u>	<u>(9,270)</u>	<u>(7,860)</u>	<u>(7,961)</u>	<u>(7,804)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 178,536	\$ 144,900	\$ 71,308	\$ 65,500	\$ 66,342	\$ 65,033
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%



**CITY OF WAPAKONETA, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CITY PENSION CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND**

	<b>LAST TEN YEARS</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Contractually required contribution	\$ 544,046	\$ 461,880	\$ 430,379	\$ 403,079
Contributions in relation to the contractually required contribution	<u>(544,046)</u>	<u>(461,880)</u>	<u>(430,379)</u>	<u>(403,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,543,879	\$ 2,156,655	\$ 2,015,292	\$ 1,885,775
Contributions as a percentage of covered payroll	21.39%	21.42%	21.36%	21.37%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 393,451	\$ 371,562	\$ 422,858	\$ 358,081	\$ 367,289	\$ 346,225
<u>(393,451)</u>	<u>(371,562)</u>	<u>(422,858)</u>	<u>(358,081)</u>	<u>(367,289)</u>	<u>(346,225)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,844,283	\$ 1,746,328	\$ 1,962,825	\$ 1,681,070	\$ 1,716,519	\$ 1,618,630
21.33%	21.28%	21.54%	21.30%	21.40%	21.39%

**CITY OF WAPAKONETA, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/ NET OPEB ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SEVEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net OPEB liability/asset	0.021048%	0.021463%	0.021307%	0.020864%
City's proportionate share of the net OPEB liability/(asset)	\$ 132,712	\$ (672,254)	\$ (379,601)	\$ 2,881,859
City's covered payroll	\$ 3,493,943	\$ 3,359,700	\$ 3,222,432	\$ 3,152,140
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	3.80%	20.01%	11.78%	91.43%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	94.79%	128.23%	115.57%	47.80%

Note: The schedule is intended to show information for 10 years. Information prior to 2017 is not available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.021180%	0.022220%	0.021770%
\$ 2,761,372	\$ 2,412,929	\$ 2,198,844
\$ 3,072,154	\$ 3,146,712	\$ 3,008,950
89.88%	76.68%	73.08%
46.33%	54.14%	54.05%

**CITY OF WAPAKONETA, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST SEVEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net OPEB liability	0.07977210%	0.07921840%	0.07774430%	0.07829910%
City's proportionate share of the net OPEB liability	\$ 567,954	\$ 868,302	\$ 823,714	\$ 773,417
City's covered payroll	\$ 2,156,655	\$ 2,015,292	\$ 1,885,775	\$ 1,844,283
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	26.33%	43.09%	43.68%	41.94%
Plan fiduciary net position as a percentage of the total OPEB liability	52.59%	46.86%	45.42%	47.08%

Note: The schedule is intended to show information for 10 years. Information prior to 2017 is not available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.07770800%	0.07983100%	0.08979200%
\$ 707,650	\$ 4,523,113	\$ 4,262,224
\$ 1,746,328	\$ 1,962,825	\$ 1,681,070
40.52%	230.44%	253.54%
46.57%	14.13%	15.96%

**CITY OF WAPAKONETA, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CITY OPEB CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

**LAST EIGHT YEARS**

	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>
Contractually required contribution	\$ 4,798	\$ 1,534	\$ -	\$ 123
Contributions in relation to the contractually required contribution	<u>(4,798)</u>	<u>(1,534)</u>	<u>-</u>	<u>(123)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
City's covered payroll	\$ 3,535,165	\$ 3,493,943	\$ 3,359,700	\$ 3,219,357
Contributions as a percentage of covered payroll	0.14%	0.04%	0.00%	0.00%

Note: The schedule is intended to show information for 10 years. Information prior to 2016 is not available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 35	\$ 9	\$ 31,640	\$ 60,287
<u>(35)</u>	<u>(9)</u>	<u>(31,640)</u>	<u>(60,287)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,151,265	\$ 3,071,929	\$ 3,140,962	\$ 3,003,575
0.00%	0.00%	1.01%	2.01%



**CITY OF WAPAKONETA, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 12,719	\$ 10,784	\$ 10,077	\$ 9,429
Contributions in relation to the contractually required contribution	<u>(12,719)</u>	<u>(10,784)</u>	<u>(10,077)</u>	<u>(9,429)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,543,879	\$ 2,156,655	\$ 2,015,292	\$ 1,885,775
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 9,222	\$ 8,732	\$ 9,814	\$ 8,406	\$ 8,582	\$ 8,093
<u>(9,222)</u>	<u>(8,732)</u>	<u>(9,814)</u>	<u>(8,406)</u>	<u>(8,582)</u>	<u>(8,093)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,844,283	\$ 1,746,328	\$ 1,962,825	\$ 1,681,070	\$ 1,716,519	\$ 1,618,630
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

**CITY OF WAPAKONETA, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**PENSION**

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*Changes in assumptions :*

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 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.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- There were no changes in assumptions for 2023.

(Continued)

**CITY OF WAPAKONETA, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**PENSION**

---

***OHIO POLICE AND FIRE (OP&F) PENSION FUND***

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*Changes in assumptions :*

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, 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 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.

(Continued)

CITY OF WAPAKONETA, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-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 non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*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 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, 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 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

(Continued)

**CITY OF WAPAKONETA, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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*OHIO POLICE AND FIRE (OP&F) PENSION FUND*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*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) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- 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 3.24% up to 4.66%.
- 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 4.66% up to 3.56%.
- For 2021, 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 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.
- For 2023, 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 changed from 2.84% to 4.27% and (b) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.

## **SUPPLEMENTARY INFORMATION**

CITY OF WAPAKONETA  
AUGLAIZE COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	ASSISTANCE LISTING NUMBER	TOTAL FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction AUG CR 25A 3.29	108711	20.205	\$ 69,461
<b>Total U.S. Department of Transportation</b>			<u>69,461</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - First Responder Retention Incentive - Fire-EMS	COVID-19, AFRR-183-RET	21.027	56,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - First Responder Retention Incentive - Police	COVID-19, AFRR-316-RET	21.027	71,204
<i>Direct</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	COVID-19	21.027	30,848
<b>Total Coronavirus State and Local Fiscal Recovery Funds and U.S. Department of Treasury</b>			<u>158,052</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Passed Through Ohio Environmental Protection Agency</i>			
<i>Drinking Water State Revolving Fund Cluster</i>			
Capitalization Grants for Drinking Water State Revolving Funds	FS390954-0002	66.468	4,613,088
<b>Total Drinking Water State Revolving Fund Cluster and U.S. Environmental Protection Agency</b>			<u>4,613,088</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 4,840,601</u>

The accompanying notes are an integral part of this schedule.



**CITY OF WAPAKONETA  
AUGLAIZE COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR § 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Wapakoneta (the “City”) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

**NOTE 2 – DE MINIMIS INDIRECT COST RATE**

The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 – MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

City of Wapakoneta  
Auglaize County  
701 Parlette Court  
P.O. Box 269  
Wapakoneta, Ohio 45985

To the Members of the City Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wapakoneta, Auglaize County, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Wapakoneta's basic financial statements, and have issued our report thereon dated September 12, 2025.

**Report on Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Wapakoneta's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2023-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as items 2023-001 and 2023-003 to be significant deficiencies.

City of Wapakoneta

Auglaize County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **Report on Compliance and Other Matters**

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

### **City of Wapakoneta's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Wapakoneta's responses to the findings identified in our audit and described in the accompanying schedule of findings and corrective action plan. The City of Wapakoneta's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Wapakoneta's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Wapakoneta's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

September 12, 2025

**Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

City of Wapakoneta  
Auglaize County  
701 Parlette Court  
P.O. Box 269  
Wapakoneta, Ohio 45895

To the Members of the City Council and Mayor:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Wapakoneta's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Wapakoneta's major federal programs for the year ended December 31, 2023. The City of Wapakoneta's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the City of Wapakoneta complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City of Wapakoneta and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Wapakoneta's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Wapakoneta's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Wapakoneta's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Wapakoneta's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Wapakoneta's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Wapakoneta's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Wapakoneta's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

City of Wapakoneta  
Auglaize County  
Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
September 12, 2025

**CITY OF WAPAKONETA  
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2023**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None Reported
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR § 200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program(s) (listed):</i>	Drinking Water State Revolving Fund Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee 2 CFR § 200.520?</i>	No

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2023-001

**Significant Deficiency – Billing for Service Provided by the City**

During a previous audit, the City installed sewer lines for a new City residential area but did not bill for the work performed. Also, the City installing sewer lines is not consistent with the City's past operations for new developments built within the City; instead, developers of the project install and pay for the installation of sewer lines.

The City provided and incurred costs in providing those services that were not reimbursed. The installation of sewer lines was not consistent with City operations and the City failed to bill for the costs incurred.

We recommend that the City follow the procedures in place for the building of new developments within the City and that the City bill for all services provided in a timely manner. Sewer line installation costs incurred by the City are under review by legal counsel of the City.

**Officials Response:** See Corrective Action Plan.

**CITY OF WAPAKONETA  
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2023**

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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Finding Number	2023-002
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Material Weakness - Bank Reconciliation

Bank reconciliations are a critical internal control for any entity. Timely bank reconciliations are to be formed shortly after each month end. During this process any long outstanding reconciling items (outstanding checks and outstanding deposits in transit) should be reviewed. Additionally, reconciliations and all supporting documents should be presented to the governing board for review and approval. A reconciliation is a monitoring control that ensures accountability for all expenditures and payments.

At December 31, 2023, the City's bank reconciliation consisted of a reconciling difference in the amount of \$435,899, where the City's book balance is less than the bank balance. Of this amount, \$430,715, relates to an expense that was inadvertently double booked and \$5,184, being unidentified by the City Auditor.

The lack of timely, clear, and concise completed bank reconciliations could lead to errors existing in receipts, disbursements, and fund balances. The lack of review by the governing board of completed bank reconciliations could lead to the governing board making decisions based on over or under inflated numbers.

We recommend the City develop additional internal controls over the monthly bank reconciliation process and seek outside assistance if necessary. Outside assistance should be obtained as soon as an unidentified amount has been identified. Additional internal controls could consist of an outstanding check policy, and required timely review by the governing body of the completed reconciliation and all supporting documentation. This policy should include a deadline when the monthly reconciliation should be completed and presented for review. These policies may greatly enhance the checks and balances necessary for strong controls over cash. We recommend review and approval of the monthly bank reconciliations be evidenced by signatures on the bank reconciliation by a majority of the governing board members.

**Officials Response:** See Corrective Action Plan.

Finding Number	2023-003
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Significant Deficiency - Financial Statement Presentation

In our engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal controls relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

It was necessary to record the following adjustments:

- On the Balance Sheet – Governmental Funds, in the Street and Sewer Improvement Fund, deferred inflows of resources-Income tax revenue not available was increased by \$256,062, and deferred inflows of resources-Special assessments revenue not available was decreased by \$256,062, to properly state the revenues not available within their appropriate classification. The corresponding amounts on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities and the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities have also been adjusted for this change.
- On the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund, Public health expenditures, in the Actual column, were decreased by \$189,259, to properly report encumbrances associated with the department/function.



**CITY OF WAPAKONETA  
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2023**

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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Finding Number	2023-003 (Continued)
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- On the Statement of Cash Flows – Proprietary Funds, in the Electric Fund, Principal paid on debt and Loan proceeds were both increased by \$11,205,000, to properly reflect a bond anticipation note renewal that occurred in 2023.
- On the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds: General Fund: Municipal Income Tax Revenues were increased and Transfers Out were increased \$263,233 and in the Street and Sewer Improvement Fund: Municipal Income Tax revenues were decreased and Transfers In revenues were increased \$263,233. These adjustments were necessary to properly include the required levy percentage allocation to the appropriate revenue financial statement revenue line item.

Sound financial reporting is the responsibility of management and the Members of Council and is essential to ensure information provided to readers of the financial statements is complete and accurate. A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to a misrepresentation of the City's activity. We recommend the City implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements prior to filing them in the Hinkle system.

**Officials Response:** See Corrective Action Plan.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR § 200.511(b)**  
**DECEMBER 31, 2023**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2022-001	2020	<u>Significant Deficiency – Billing for Service Provided by the City:</u> The City installed sewer lines for a new residential area, which is inconsistent with the City's past operating practices, and additionally the City did not bill for the work performed. The City did not have adequate policies and procedures in place to seek reimbursement after services were provided.	Not Corrected	Reissued as Finding 2023-001; Management has not provided a resolve and is evaluating.
2022-002	2022	<u>Material Weakness/Noncompliance – Other:</u> Subsequent to the original issuance of the 2022 audit report, it was determined that the City omitted a federally funded program under the Highway Planning and Construction Cluster and its expenditures in the amount of \$1,484,064 from the original Schedule of Federal Expenditures.	Partially Corrected	Moved to Management Letter. The City did not omit any programs, however they overstated the expenditures in 2023 by \$550,436.





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**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**DECEMBER 31, 2023**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	The City will evaluate once all appeals have been exhausted and a conclusion is obtained.	Unknown	Paula Anderson, City Auditor
2023-002	The City will reconcile 2024 and current to a zero unidentified amount in a timely manner.	2025	Paula Anderson, City Auditor
2023-003	The City will take a more active role in reviewing the financial statements prior to filing in the HINKLE system.	2026	Paula Anderson, City Auditor



701 Parlette Court

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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF WAPAKONETA**

**AUGLAIZE COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/19/2026**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)