



CLARK SCHAEFER HACKETT  
BUSINESS ADVISORS

# **CITY OF EAST LIVERPOOL, OHIO**

COLUMBIANA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARReport@ohioauditor.gov  
(800) 282-0370

Members of Council  
City of East Liverpool  
126 West 6th Street  
East Liverpool, Ohio 43920

We have reviewed the *Independent Auditor's Report* of the City of East Liverpool, Columbiana County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2022 through December 31, 2022. 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 East Liverpool is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 30, 2023

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of East Liverpool, Ohio:

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Liverpool, Ohio (the "City ") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Police, Fire, and Street Levy funds 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, 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'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.

### **Auditors' 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 auditors' 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 GAAS 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 GAAS 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'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'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 and other required supplementary information, as identified 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 GAAS, 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'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* (Uniform Guidance) 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 statement themselves, and other additional procedures in accordance with GAAS. 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 June 30, 2023 on our consideration of the City'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'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's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio  
June 30, 2023

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**City of East Liverpool, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*Unaudited*

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The management's discussion and analysis of the City of East Liverpool's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2022 are:

- The City-wide net position increased during 2022 due primarily to decreases in both the net pension and net OPEB liabilities.
- Capital asset additions in 2022 included construction in progress on water and sewer projects, infrastructure, purchases of various equipment and vehicles and the completion of The Elizabeth Street Bridge and 4<sup>th</sup> Street projects.
- The City entered into three new financed purchases. The new financed purchases were used to purchase a new backhoe, a wheel loader, and a track loader. The financed purchase have been recorded as capital assets on the government-wide statement of net position.

**Using This Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of East Liverpool as a financial whole or as an entire operating entity. The statements proceed to provide an increasingly detailed look at our specific financial condition.

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

**Reporting the City of East Liverpool as a Whole**

***Statement of Net Position and Statement of Activities***

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2022?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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*Management's Discussion and Analysis*  
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These two statements report the City's net position and the changes in net position. The changes in net position are important because they tell the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

The *Statement of Net Position* and the *Statement of Activities* are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position
- Program Revenue and Expenses
- General Revenues
- Special Item and Transfers
- Net Position Beginning of Year and Year's End

## **Reporting the City of East Liverpool's Most Significant Funds**

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

The analysis of the City's major funds begins with the discussion of the modified accrual statements. Fund financial statements provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds which account for the multitude of services, facilities and infrastructure provided to City residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of East Liverpool, the major funds are the general, police, fire, street levy, water, sewer and incinerator funds.

### ***Governmental Funds***

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

### ***Proprietary Funds***

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's major enterprise funds are the water, sewer and incinerator funds.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The internal service fund accounts for any unanticipated run-off claims.

**City of East Liverpool, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*Unaudited*

***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 statements 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. The City's fiduciary funds are custodial funds.

**The City as a Whole**

The *Statement of Net Position* looks at the City as a whole. Table 1 provides a summary of the City's net position for 2022 compared to 2021.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and Other Assets	\$7,388,834	\$7,059,080	\$8,515,245	\$8,820,881	\$15,904,079	\$15,879,961
Noncurrent Assets:						
Net Pension Asset	15,860	11,900	18,740	14,058	34,600	25,958
Net OPEB Asset	287,867	167,790	340,210	198,301	628,077	366,091
Capital Assets, Net	16,661,450	17,470,960	10,728,656	10,479,060	27,390,106	27,950,020
<i>Total Assets</i>	24,354,011	24,709,730	19,602,851	19,512,300	43,956,862	44,222,030
<b>Deferred Outflows of Resources</b>						
Pension	1,844,131	1,173,792	423,827	238,375	2,267,958	1,412,167
OPEB	583,005	797,032	0	97,694	583,005	894,726
<i>Total Deferred Outflows of Resources</i>	2,427,136	1,970,824	423,827	336,069	2,850,963	2,306,893
<b>Liabilities</b>						
Current and Other Liabilities	845,952	1,155,232	268,956	273,740	1,114,908	1,428,972
Long-Term Liabilities:						
Due Within One Year	342,988	370,565	555,507	514,671	898,495	885,236
Due in More than One Year						
Net Pension Liability	5,306,270	6,720,839	1,002,295	1,735,752	6,308,565	8,456,591
Net OPEB Liability	782,171	816,289	0	0	782,171	816,289
Other Amounts	1,876,650	2,187,760	2,468,699	2,443,055	4,345,349	4,630,815
<i>Total Liabilities</i>	\$9,154,031	\$11,250,685	\$4,295,457	\$4,967,218	\$13,449,488	\$16,217,903

(continued)

**City of East Liverpool, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*Unaudited*

**Table 1**  
**Net Position (continued)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Deferred Inflows of Resources</b>						
Property Taxes	\$1,575,588	\$1,517,752	\$0	\$0	\$1,575,588	\$1,517,752
Payments in Lieu of Taxes	27,300	27,300	0	0	27,300	27,300
Pension	3,196,814	1,781,154	1,290,545	909,062	4,487,359	2,690,216
OPEB	703,420	969,658	385,613	695,439	1,089,033	1,665,097
<i>Total Deferred Inflows of Resources</i>	<u>5,503,122</u>	<u>4,295,864</u>	<u>1,676,158</u>	<u>1,604,501</u>	<u>7,179,280</u>	<u>5,900,365</u>
<b>Net Position</b>						
Net Investment in Capital Assets	15,058,042	15,519,422	7,762,236	7,592,892	22,820,278	23,112,314
Restricted:						
Capital Projects	881,916	896,838	0	0	881,916	896,838
Debt Service	308,590	341,664	0	0	308,590	341,664
Street Maintenance and Repair	875,922	989,695	0	0	875,922	989,695
Community Development	127,312	107,772	0	0	127,312	107,772
Other Purposes	610,530	794,941	0	0	610,530	794,941
Unclaimed Monies	19,223	18,583	0	0	19,223	18,583
Pension Plans	14,565	11,371	17,216	13,441	31,781	24,812
Unrestricted (Deficit)	(5,772,106)	(7,546,281)	6,275,611	5,670,317	503,505	(1,875,964)
<i>Total Net Position</i>	<u>\$12,123,994</u>	<u>\$11,134,005</u>	<u>\$14,055,063</u>	<u>\$13,276,650</u>	<u>\$26,179,057</u>	<u>\$24,410,655</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2022. 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.

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.

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By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall position of the City has increased when compared with the prior year as evidenced by the increases in net position for governmental and business-type activities.

Total current and other assets for governmental activities increased due mainly to an increase in income tax revenues predicted going forward. This increase can be attributed to a general increase in employer withholdings due to employees returning back to work within the City following the end of the COVID-19 pandemic. Net capital assets for governmental activities decreased due to current year deletions and depreciation exceeding annual additions. The decrease in long-term liabilities can be attributed to reductions in the net pension and net OPEB liabilities as well as to a decrease in outstanding debt resulting from continued annual debt payments.

Total current and other assets for business-type activities decreased mainly due to the decrease in cash and cash equivalents, which was offset by an increase in net pension and net OPEB assets. Net capital assets for business-type activities increased as a result of current year additions exceeding current year deletions and depreciation. The decrease in long-term liabilities for business-type activities was due to a reduction in the net pension liability and a decrease in long-term debt obligations.

Table 2 shows the changes in net position for the years ended December 31, 2022 and December 31, 2021.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services and Assessments	\$844,914	\$1,137,497	\$5,706,428	\$5,882,235	\$6,551,342	\$7,019,732
Operating Grants, Assessments and Contributions	2,065,001	1,186,095	756	0	2,065,757	1,186,095
Capital Grants and Contributions	73,755	2,659,816	86,180	0	159,935	2,659,816
<b>Total Program Revenues</b>	<b>2,983,670</b>	<b>4,983,408</b>	<b>5,793,364</b>	<b>5,882,235</b>	<b>8,777,034</b>	<b>10,865,643</b>
<i>General Revenues:</i>						
Property Taxes	1,517,801	1,506,409	0	0	1,517,801	1,506,409
Income Tax	4,108,119	3,272,558	0	0	4,108,119	3,272,558
Hotel Taxes	1,814	4,435	0	0	1,814	4,435
Grants and Entitlements not Restricted to Specific Programs	303,675	36,243	0	0	303,675	36,243
Payment in Lieu of Taxes	102,166	26,530	0	0	102,166	26,530
Investment Earnings/Interest	37	30	64,783	7,710	64,820	7,740
Unrestricted Contributions	0	300	0	0	0	300
Other	256,454	317,607	57,622	121,614	314,076	439,221
<b>Total General Revenues</b>	<b>6,290,066</b>	<b>5,164,112</b>	<b>122,405</b>	<b>129,324</b>	<b>6,412,471</b>	<b>5,293,436</b>
<b>Total Revenues</b>	<b>\$9,273,736</b>	<b>\$10,147,520</b>	<b>\$5,915,769</b>	<b>\$6,011,559</b>	<b>\$15,189,505</b>	<b>\$16,159,079</b>

(continued)

**City of East Liverpool, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*Unaudited*

**Table 2**  
**Changes in Net Position (continued)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Program Expenses:</b>						
General Government	\$1,638,086	\$961,651	\$0	\$0	\$1,638,086	\$961,651
Security of Persons and Property	3,555,582	3,519,337	0	0	3,555,582	3,519,337
Transportation	1,796,052	1,466,090	0	0	1,796,052	1,466,090
Public Health and Welfare	9,869	12,748	0	0	9,869	12,748
Leisure Time Activities	122,550	113,348	0	0	122,550	113,348
Community and Economic Development	563,807	216,309	0	0	563,807	216,309
Intergovernmental	229,935	166,742	0	0	229,935	166,742
Interest	75,796	78,470	0	0	75,796	78,470
Water	0	0	2,589,331	1,964,319	2,589,331	1,964,319
Sewer	0	0	1,159,110	829,483	1,159,110	829,483
Incinerator	0	0	970,418	763,682	970,418	763,682
Storm Sewer	0	0	362,866	213,660	362,866	213,660
Swimming Pool	0	0	54,244	30,734	54,244	30,734
Off Street Parking	0	0	1,387	1,359	1,387	1,359
<b>Total Program Expenses</b>	<b>7,991,677</b>	<b>6,534,695</b>	<b>5,137,356</b>	<b>3,803,237</b>	<b>13,129,033</b>	<b>10,337,932</b>
<i>Excess Revenues over Expenses</i>	1,282,059	3,612,825	778,413	2,208,322	2,060,472	5,821,147
Special Item - Transfer of Court Operations	(292,070)	0	0	0	(292,070)	0
Special Item - Pier Settlement	0	0	0	2,700,000	0	2,700,000
<b>Change in Net Position</b>	<b>989,989</b>	<b>3,612,825</b>	<b>778,413</b>	<b>2,208,322</b>	<b>1,768,402</b>	<b>8,521,147</b>
<i>Net Position Beginning of Year</i>	11,134,005	7,521,180	13,276,650	11,068,328	24,410,655	18,589,508
<b>Net Position End of Year</b>	<b>\$12,123,994</b>	<b>\$11,134,005</b>	<b>\$14,055,063</b>	<b>\$13,276,650</b>	<b>\$26,179,057</b>	<b>\$24,410,655</b>

**Governmental Activities**

Funding for the governmental activities comes from several different sources, with the most significant being the municipal income tax. Other prominent sources of revenue are property taxes, grants and entitlements, charges for services, operating grants and contributions and capital grants.

The City's income tax rate is 1.5 percent. Both residents of the City and nonresidents who work inside the City are subject to the income tax.

Charges for services program revenue decreased due to the transfer of municipal court operations and a reduction in revenues related to the court's processes. Operating grants and contributions increased as a result of an increase in State and Federal grant monies. Capital grants and contributions decreased due to ODOT grants ending in 2021.

Expenses for general government represent the overhead costs of running the City and the support services provided for the other governmental activities. These include the costs of council, the mayor, administration, law, finance, and the Municipal Court.



**City of East Liverpool, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*Unaudited*

Security of persons and property, which includes police and fire services, represents the largest expense items of the governmental activities. The police department is funded through the police special revenue fund. The department operates full time, 24 hours a day, 365 days a year with 12 officers and a full-time police chief.

The fire department employs 12 employees, including the fire chief. The City is committed to maintaining a very efficient department. Regular meetings, drills and training sessions are held. There is a strong emphasis on equipment with financial planning in place for replacement on a regular basis of worn equipment. The department's functions include firefighting, emergency medical service including paramedic service, fire prevention education and investigation.

Another major expense of the City in 2022 was transportation, or the street maintenance and repair department. The street department employs 6 full time employees who provide the City and its citizens many services which include road salting, leaf and debris pickup, paint striping and alley profiling.

Table 3 presents a summary for governmental activities, the total cost of services and the net cost of providing these services.

**Table 3**  
**Cost of Services**

	Governmental Activities			
	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2022	2021	2022	2021
General Government	\$1,638,086	\$961,651	\$822,958	\$223,300
Security of Persons and Property	3,555,582	3,519,337	2,805,145	3,177,310
Transportation	1,796,052	1,466,090	971,519	(2,201,145)
Public Health and Welfare	9,869	12,748	(6,524)	(474)
Leisure Time Activities	122,550	113,348	90,056	74,348
Community and Economic Development	563,807	216,309	19,122	32,736
Intergovernmental	229,935	166,742	229,935	166,742
Interest	75,796	78,470	75,796	78,470
<b>Total</b>	<b>\$7,991,677</b>	<b>\$6,534,695</b>	<b>\$5,008,007</b>	<b>\$1,551,287</b>

**The City's Funds**

The City of East Liverpool uses fund accounting as mandated by governmental legal requirements. The intent of accounting and reporting using this method is to demonstrate compliance with these finance related requirements. Information about the City's governmental funds begins with the balance sheet.

**Governmental Funds**

The City's funds are accounted for using the modified accrual basis of accounting. The City focuses on its governmental funds to provide a financial picture on activities as they provide information on how the City did over a period of one year as well as where the City's funds stood at December 31, 2022. The information provided is useful to determine the City's available balances.

**City of East Liverpool, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*Unaudited*

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The City's major governmental funds are the general fund, police, fire and street levy special revenue funds. Despite a decrease in cash and cash equivalents, the general fund had an increase in fund balance due mainly to an increase in income tax revenues and receivables. The police special revenue fund had an increase in fund balance due to an increase in intergovernmental revenues and transfers in from the general fund. The fire special revenue fund had an increase in fund balance due to increases in both intergovernmental revenues and transfers in from the general fund covering the operating deficit. The street levy special revenue fund had an increase in fund balance as a result of a slight increase in revenues and decreased road maintenance and improvement expenditures.

***Business-Type Funds***

As mentioned earlier, the City's major business-type funds are water, sewer and incinerator. The largest sources of operating revenue for these funds in 2022 were charges for services. The water, sewer and incinerator funds all had an increase in net position due to an increase in the net OPEB asset and the decrease in the net pension and net OPEB liabilities.

***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The general fund supports many major activities such as the legislative and executive, judicial, public health and planning activities. Some police, fire, and street activities are also funded with general fund dollars. By ordinance, these funds are transferred from the general fund to the police, fire, and street funds.

For the general fund, actual revenues were higher than the final budgeted revenues due mainly to higher than estimated income taxes and fees, licenses, and permits revenues. There was a decrease in actual expenditures and other financing uses made compared to the final budget. This decrease was due to less transfers needing to be made to other funds.

**Capital Assets and Debt Administration**

***Capital Assets***

Total governmental capital assets decreased due to deletions and depreciation outpacing additions during the year. Business-type capital assets increased as a result of current year additions outpacing deletions and annual depreciation. Current year deletions for governmental and business-type activities included machinery and equipment and infrastructure. For additional information see Note 10 to the basic financial statements.

***Debt***

At December 31, 2022, outstanding debt is composed of installment loans, Ohio Public Works Commission (OPWC) loans, Ohio Water Development Authority (OWDA) loans, State Infrastructure Bank (SIB) loans, financed purchases, leases and police and fire pension liability. For additional information see Note 13 to the basic financial statements.

**City of East Liverpool, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*Unaudited*

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**Current Financial Related Activities**

The City continues to strive to provide the services its citizen's desire while maintaining costs. This is a challenge the City's administration deals with. The City is also continuing to upgrade its capital assets and infrastructure in an effort to make improvements when possible. During 2022, the City performed construction work on various paving and infrastructure improvement projects, purchased various equipment and vehicles, made improvements to buildings and continued to make water and sewer infrastructure improvements.

**Contacting the City's Finance Department**

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends or invests. If you have any questions about this report or need financial information, contact the City Auditor, Marilyn Bosco at 126 West 6<sup>th</sup> Street, East Liverpool, Ohio 43920, by telephone at (330) 385-4224, or by email at [auditormb@gmail.com](mailto:auditormb@gmail.com).

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## Basic Financial Statements

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**City of East Liverpool, Ohio**  
*Statement of Net Position*  
*December 31, 2022*

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,292,033	\$7,602,718	\$10,894,751	\$27,066
Inventory Held for Resale	0	0	0	10,118
Materials and Supplies Inventory	32,748	38,727	71,475	0
Accounts Receivable	413,320	853,498	1,266,818	0
Due from Component Unit	9,936	0	9,936	0
Intergovernmental Receivable	442,174	756	442,930	12,030
Prepaid Items	39,028	19,546	58,574	2,354
Hotel Taxes Receivable	263	0	263	0
Income Taxes Receivable	1,217,924	0	1,217,924	0
Property Taxes Receivable	1,906,063	0	1,906,063	0
Payment in Lieu of Taxes Receivable	27,300	0	27,300	0
Loans Receivable	8,045	0	8,045	0
Net Pension Asset (See Note 12)	15,860	18,740	34,600	1,442
Net OPEB Asset (See Note 13)	287,867	340,210	628,077	26,170
Nondepreciable Capital Assets	1,868,569	567,591	2,436,160	0
Depreciable Capital Assets, Net	14,792,881	10,161,065	24,953,946	14,270
<i>Total Assets</i>	<u>24,354,011</u>	<u>19,602,851</u>	<u>43,956,862</u>	<u>93,450</u>
<b>Deferred Outflows of Resources</b>				
Pension	1,844,131	423,827	2,267,958	32,599
OPEB	583,005	0	583,005	0
<i>Total Deferred Outflows of Resources</i>	<u>2,427,136</u>	<u>423,827</u>	<u>2,850,963</u>	<u>32,599</u>
<b>Liabilities</b>				
Accounts Payable	223,401	75,661	299,062	10,118
Contracts Payable	7,749	0	7,749	0
Accrued Wages	69,740	34,075	103,815	6,302
Due to Primary Government	0	0	0	9,936
Intergovernmental Payable	65,798	27,018	92,816	4,579
Accrued Interest Payable	18,937	39,751	58,688	0
Vacation Benefits Payable	153,442	92,451	245,893	5,860
Judgments Payable	50,000	0	50,000	0
Unearned Revenue	256,885	0	256,885	650
Long-Term Liabilities:				
Due Within One Year	342,988	555,507	898,495	5,623
Due In More Than One Year:				
Net Pension Liability (See Note 12)	5,306,270	1,002,295	6,308,565	77,099
Net OPEB Liability (See Note 13)	782,171	0	782,171	0
Other Amounts	1,876,650	2,468,699	4,345,349	5,958
<i>Total Liabilities</i>	<u>9,154,031</u>	<u>4,295,457</u>	<u>13,449,488</u>	<u>126,125</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	1,575,588	0	1,575,588	0
Payment in Lieu of Taxes	27,300	0	27,300	0
Pension	3,196,814	1,290,545	4,487,359	99,271
OPEB	703,420	385,613	1,089,033	29,664
<i>Total Deferred Inflows of Resources</i>	<u>5,503,122</u>	<u>1,676,158</u>	<u>7,179,280</u>	<u>128,935</u>
<b>Net Position</b>				
Net Investment in Capital Assets	15,058,042	7,762,236	22,820,278	13,063
Restricted for:				
Capital Projects	881,916	0	881,916	0
Debt Service	308,590	0	308,590	0
Street Maintenance and Repair	875,922	0	875,922	0
Community Development	127,312	0	127,312	0
Other Purposes	610,530	0	610,530	26,362
Unclaimed Monies	19,223	0	19,223	0
Pension Plans	14,565	17,216	31,781	1,323
Unrestricted (Deficit)	(5,772,106)	6,275,611	503,505	(169,759)
<i>Total Net Position</i>	<u>\$12,123,994</u>	<u>\$14,055,063</u>	<u>\$26,179,057</u>	<u>(\$129,011)</u>

See accompanying notes to the basic financial statements

**City of East Liverpool, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2022

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants
<b>Governmental Activities:</b>				
General Government	\$1,638,086	\$463,594	\$351,534	\$0
Security of Persons and Property	3,555,582	283,418	467,019	0
Transportation	1,796,052	41,975	716,613	65,945
Public Health and Welfare	9,869	3,188	13,205	0
Leisure Time Activities	122,550	24,684	0	7,810
Community and Economic Development	563,807	28,055	516,630	0
Intergovernmental	229,935	0	0	0
Interest	75,796	0	0	0
<i>Total Governmental Activities</i>	<u>7,991,677</u>	<u>844,914</u>	<u>2,065,001</u>	<u>73,755</u>
<b>Business-Type Activities:</b>				
Water	2,589,331	2,404,744	68	0
Sewer	1,159,110	1,712,170	0	50,000
Incinerator	970,418	1,156,317	0	0
Storm Sewer	362,866	416,858	688	0
Swimming Pool	54,244	16,339	0	36,180
Off Street Parking	1,387	0	0	0
<i>Total Business-Type Activities</i>	<u>5,137,356</u>	<u>5,706,428</u>	<u>756</u>	<u>86,180</u>
<i>Total - Primary Government</i>	<u>\$13,129,033</u>	<u>\$6,551,342</u>	<u>\$2,065,757</u>	<u>\$159,935</u>
<b>Component Unit</b>				
City of East Liverpool Board of Health	<u>\$310,160</u>	<u>\$78,742</u>	<u>\$288,864</u>	<u>\$0</u>

**General Revenues**  
Property Taxes Levied for:  
    General Purposes  
    Fire Department  
    Police Department  
    Street Maintenance and Repair  
    General Obligation Bond Retirement  
    Capital Improvements  
Income Tax Levied for:  
    General Purposes  
    Capital Improvements  
Hotel Taxes  
Grants and Entitlements not Restricted to  
    Specific Programs  
Payment in Lieu of Taxes  
Investment Earnings/Interest  
Other

*Total General Revenues*  
Special Item - Transfer of Court Operations  
*Total General Revenues and Special Item*  
Change in Net Position  
*Net Position Beginning of Year*  
*Net Position End of Year*

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	City of East Liverpool Board of Health
(\$822,958)	\$0	(\$822,958)	\$0
(\$2,805,145)	0	(2,805,145)	0
(\$971,519)	0	(971,519)	0
\$6,524	0	6,524	0
(\$90,056)	0	(90,056)	0
(\$19,122)	0	(19,122)	0
(\$229,935)	0	(229,935)	0
(\$75,796)	0	(75,796)	0
<u>(5,008,007)</u>	<u>0</u>	<u>(5,008,007)</u>	<u>0</u>
0	(184,519)	(184,519)	0
0	603,060	603,060	0
0	185,899	185,899	0
0	54,680	54,680	0
0	(1,725)	(1,725)	0
0	(1,387)	(1,387)	0
<u>0</u>	<u>656,008</u>	<u>656,008</u>	<u>0</u>
<u>(5,008,007)</u>	<u>656,008</u>	<u>(4,351,999)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>57,446</u>
165,859	0	165,859	0
634,172	0	634,172	0
68,313	0	68,313	0
393,564	0	393,564	0
82,895	0	82,895	0
172,998	0	172,998	0
3,800,371	0	3,800,371	0
307,748	0	307,748	0
1,814	0	1,814	0
303,675	0	303,675	0
102,166	0	102,166	0
37	64,783	64,820	0
<u>256,454</u>	<u>57,622</u>	<u>314,076</u>	<u>9,435</u>
<u>6,290,066</u>	<u>122,405</u>	<u>6,412,471</u>	<u>9,435</u>
<u>(292,070)</u>	<u>0</u>	<u>(292,070)</u>	<u>0</u>
<u>5,997,996</u>	<u>122,405</u>	<u>6,120,401</u>	<u>9,435</u>
989,989	778,413	1,768,402	66,881
<u>11,134,005</u>	<u>13,276,650</u>	<u>24,410,655</u>	<u>(195,892)</u>
<u>\$12,123,994</u>	<u>\$14,055,063</u>	<u>\$26,179,057</u>	<u>(\$129,011)</u>

**City of East Liverpool, Ohio**

*Balance Sheet  
Governmental Funds  
December 31, 2022*

	General	Police	Fire	Street Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and						
Cash Equivalents	\$320,492	\$139,372	\$82,653	\$451,861	\$2,073,299	\$3,067,677
Materials and Supplies Inventory	0	0	0	0	32,748	32,748
Accounts Receivable	120,983	0	174,837	0	117,500	413,320
Intergovernmental Receivable	23,633	3,291	38,352	25,764	361,070	452,110
Prepaid Items	9,234	14,025	10,853	0	4,916	39,028
Income Taxes Receivable	1,126,580	0	0	0	91,344	1,217,924
Property Taxes Receivable	228,080	50,522	748,584	486,561	392,316	1,906,063
Hotel Taxes Receivable	197	0	0	0	66	263
Payment in Lieu of Taxes Receivable	0	0	0	0	27,300	27,300
Loans Receivable	0	0	0	0	8,045	8,045
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	130,223	0	61,486	0	0	191,709
<i>Total Assets</i>	<u>\$1,959,422</u>	<u>\$207,210</u>	<u>\$1,116,765</u>	<u>\$964,186</u>	<u>\$3,108,604</u>	<u>\$7,356,187</u>
<b>Liabilities</b>						
Accounts Payable	\$126,696	\$2,828	\$63,949	\$0	\$29,928	\$223,401
Contracts Payable	1,160	138	0	0	0	1,298
Accrued Wages	11,577	28,223	22,886	0	7,054	69,740
Intergovernmental Payable	9,141	24,659	26,835	0	5,163	65,798
Judgments Payable	0	50,000	0	0	0	50,000
Unearned Revenue	0	0	0	0	256,885	256,885
<i>Total Liabilities</i>	<u>148,574</u>	<u>105,848</u>	<u>113,670</u>	<u>0</u>	<u>299,030</u>	<u>667,122</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	191,397	41,632	616,196	400,472	325,891	1,575,588
Payment in Lieu of Taxes	0	0	0	0	27,300	27,300
Unavailable Revenue	687,138	8,890	307,225	111,853	457,561	1,572,667
<i>Total Deferred Inflows of Resources</i>	<u>878,535</u>	<u>50,522</u>	<u>923,421</u>	<u>512,325</u>	<u>810,752</u>	<u>3,175,555</u>
<b>Fund Balances</b>						
Nonspendable	28,457	14,025	10,853	0	37,664	90,999
Restricted	0	36,815	68,821	451,861	1,839,069	2,396,566
Committed	0	0	0	0	112,084	112,084
Assigned	352,371	0	0	0	10,005	362,376
Unassigned	551,485	0	0	0	0	551,485
<i>Total Fund Balances</i>	<u>932,313</u>	<u>50,840</u>	<u>79,674</u>	<u>451,861</u>	<u>1,998,822</u>	<u>3,513,510</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,959,422</u>	<u>\$207,210</u>	<u>\$1,116,765</u>	<u>\$964,186</u>	<u>\$3,108,604</u>	<u>\$7,356,187</u>

See accompanying notes to the basic financial statements



**City of East Liverpool, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2022*

<b>Total Governmental Fund Balances</b>		\$3,513,510
<i>Amounts reported for governmental activities in 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.		16,661,450
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable in the funds:		
Delinquent Property Taxes	330,475	
Income Taxes	572,402	
Intergovernmental	256,470	
Fees, Licenses and Permits	120,983	
Charges for Services	174,837	
Contributions and Donations	117,500	
<b>Total</b>	<b>1,572,667</b>	1,572,667
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		26,196
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(18,937)
Vacation benefits payable are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(153,442)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Installment Loans	(7,359)	
OPWC Loans	(21,443)	
SIB Loans	(1,043,253)	
Financed Purchases Payable	(522,614)	
Leases Payable	(8,739)	
Compensated Absences Payable	(90,675)	
Police and Fire Pension Payable	(525,555)	
<b>Total</b>	<b>(2,219,638)</b>	(2,219,638)
The net pension asset, net pension liability, net OPEB asset, and net OPEB liability are not due and payable in the current period and therefore the assets, liabilities, and related deferred inflows/outflows are not reported in governmental funds:		
Net Pension Asset	15,860	
Net OPEB Asset	287,867	
Deferred Outflows - Pension	1,844,131	
Deferred Outflows - OPEB	583,005	
Net Pension Liability	(5,306,270)	
Net OPEB Liability	(782,171)	
Deferred Inflows - Pension	(3,196,814)	
Deferred Inflows - OPEB	(703,420)	
<b>Total</b>	<b>(7,257,812)</b>	(7,257,812)
<i>Net Position of Governmental Activities</i>		<b>\$12,123,994</b>

**City of East Liverpool, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2022*

	General	Police	Fire	Street Levy	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$173,475	\$42,134	\$626,853	\$407,642	\$314,697	\$1,564,801
Income Taxes	3,554,460	0	0	0	287,809	3,842,269
Hotel Taxes	1,360	0	0	0	454	1,814
Payment in Lieu of Taxes	0	0	0	0	102,166	102,166
Special Assessments	0	0	0	0	1,531	1,531
Intergovernmental	303,505	168,505	326,430	52,485	1,626,298	2,477,223
Investment Earnings/Interest	37	0	0	0	0	37
Fees, Licenses and Permits	284,783	0	0	0	75,408	360,191
Fines and Forfeitures	63,237	8,119	0	0	130,297	201,653
Opioid Settlements	0	0	0	0	3,188	3,188
Charges for Services	6,465	67,439	44,809	0	6,590	125,303
Contributions and Donations	0	0	3,000	0	88,736	91,736
Other	61,765	7,222	84,889	0	16,906	170,782
<i>Total Revenues</i>	<u>4,449,087</u>	<u>293,419</u>	<u>1,085,981</u>	<u>460,127</u>	<u>2,654,080</u>	<u>8,942,694</u>
<b>Expenditures</b>						
Current:						
General Government	1,396,109	0	0	0	555,623	1,951,732
Security of Persons and Property	0	1,972,291	1,606,790	0	70,149	3,649,230
Transportation	0	0	0	399,392	822,289	1,221,681
Public Health and Welfare	0	0	0	0	9,870	9,870
Leisure Time Activities	113,933	0	0	0	0	113,933
Community and Economic Development	98,896	0	0	0	508,117	607,013
Intergovernmental	210,202	0	0	0	19,733	229,935
Capital Outlay	9,222	0	0	0	189,248	198,470
Debt Service:						
Principal Retirement	27,683	21,800	20,695	20,190	235,964	326,332
Interest	3,410	9,458	15,364	4,865	45,098	78,195
<i>Total Expenditures</i>	<u>1,859,455</u>	<u>2,003,549</u>	<u>1,642,849</u>	<u>424,447</u>	<u>2,456,091</u>	<u>8,386,391</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,589,632</u>	<u>(1,710,130)</u>	<u>(556,868)</u>	<u>35,680</u>	<u>197,989</u>	<u>556,303</u>
<b>Other Financing Sources (Uses)</b>						
Inception of Leases	9,222	0	0	0	0	9,222
Transfers In	0	1,730,000	600,000	0	34,200	2,364,200
Transfers Out	(2,364,200)	0	0	0	0	(2,364,200)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,354,978)</u>	<u>1,730,000</u>	<u>600,000</u>	<u>0</u>	<u>34,200</u>	<u>9,222</u>
<b>Special Item</b>						
Transfer of Court Operations	0	0	0	0	(292,070)	(292,070)
<i>Net Change in Fund Balances</i>	234,654	19,870	43,132	35,680	(59,881)	273,455
<i>Fund Balances Beginning of Year</i>	<u>697,659</u>	<u>30,970</u>	<u>36,542</u>	<u>416,181</u>	<u>2,058,703</u>	<u>3,240,055</u>
<i>Fund Balances End of Year</i>	<u>\$932,313</u>	<u>\$50,840</u>	<u>\$79,674</u>	<u>\$451,861</u>	<u>\$1,998,822</u>	<u>\$3,513,510</u>

See accompanying notes to the basic financial statements

**City of East Liverpool, 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, 2022*

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**Net Change in Fund Balances - Total Governmental Funds** \$273,455

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

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

Capital Asset Additions	452,637	
Current Year Depreciation	(1,251,749)	
Total	(799,112)	(799,112)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (10,398)

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

Delinquent Property Taxes	(47,000)	
Income Taxes	265,850	
Intergovernmental	(76,528)	
Fees, Licenses and Permits	(6,107)	
Fines and Forfeitures	(740)	
Charges for Services	159,895	
Contributions and Donations	(50,000)	
Total	245,370	245,370

Other financing sources, such as inception of leases, in the governmental funds increase long-term liabilities in the statement of net position: (9,222)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 326,332

Some expenses reported in the statement of activities, such as accrued interest, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 2,399

Some expenses require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences	21,577	
Vacation Benefits Payable	36,505	
Total	58,082	58,082

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

Pension	588,034	
OPEB	8,958	
Total	596,992	596,992

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

Pension	85,174	
OPEB	197,448	
Total	282,622	282,622

The internal service fund used by management to charge the individual funds is reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. 23,469

*Net Position of Governmental Activities* \$989,989

**City of East Liverpool, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$167,310	\$167,310	\$173,475	\$6,165
Income Taxes	2,871,082	3,176,082	3,259,797	83,715
Hotel Taxes	2,700	2,700	1,163	(1,537)
Intergovernmental	240,600	290,325	289,876	(449)
Investment Earnings/Interest	50,126	0	29	29
Fees, Licenses and Permits	340,513	266,513	292,783	26,270
Fines and Forfeitures	97,000	97,000	70,161	(26,839)
Charges for Services	10,000	10,000	6,465	(3,535)
Other	72,928	47,928	61,765	13,837
<i>Total Revenues</i>	3,852,259	4,057,858	4,155,514	97,656
<b>Expenditures</b>				
Current:				
General Government	1,484,479	1,449,881	1,488,146	(38,265)
Leisure Time Activities	117,398	119,220	117,086	2,134
Community and Economic Development	104,218	103,464	100,882	2,582
Intergovernmental	65,107	223,022	217,105	5,917
Debt Service:				
Principal Retirement	23,189	28,069	28,778	(709)
Interest	2,865	3,305	3,548	(243)
<i>Total Expenditures</i>	1,797,256	1,926,961	1,955,545	(28,584)
<i>Excess of Revenues Over Expenditures</i>	2,055,003	2,130,897	2,199,969	69,072
<b>Other Financing Uses</b>				
Transfers Out	(2,160,668)	(2,440,782)	(2,364,700)	76,082
<i>Net Change in Fund Balance</i>	(105,665)	(309,885)	(164,731)	145,154
<i>Fund Balance Beginning of Year</i>	480,412	480,412	480,412	0
Prior Year Encumbrances Appropriated	73,142	73,142	73,142	0
<i>Fund Balance End of Year</i>	\$447,889	\$243,669	\$388,823	\$145,154

See accompanying notes to the basic financial statements

**City of East Liverpool, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Fund*  
*For the Year Ended December 31, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$42,045	\$42,045	\$42,134	\$89
Intergovernmental	162,465	162,465	165,214	2,749
Fines and Forfeitures	7,000	7,000	8,678	1,678
Charges for Services	63,658	63,658	67,439	3,781
Other	5,000	5,000	7,222	2,222
<i>Total Revenues</i>	280,168	280,168	290,687	10,519
<b>Expenditures</b>				
Current:				
Security of Persons and Property	1,900,063	2,075,063	1,999,023	76,040
Debt Service:				
Principal Retirement	21,800	21,800	21,800	0
Interest	9,458	9,458	9,458	0
<i>Total Expenditures</i>	1,931,321	2,106,321	2,030,281	76,040
<i>Excess of Revenues Under Expenditures</i>	(1,651,153)	(1,826,153)	(1,739,594)	86,559
<b>Other Financing Sources</b>				
Transfers In	1,640,000	1,785,000	1,730,000	(55,000)
<i>Net Change in Fund Balance</i>	(11,153)	(41,153)	(9,594)	31,559
<i>Fund Balance Beginning of Year</i>	29,967	29,967	29,967	0
Prior Year Encumbrances Appropriated	14,122	14,122	14,122	0
<i>Fund Balance End of Year</i>	\$32,936	\$2,936	\$34,495	\$31,559

See accompanying notes to the basic financial statements

**City of East Liverpool, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Fund*  
*For the Year Ended December 31, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$603,375	\$603,375	\$626,853	\$23,478
Intergovernmental	292,000	292,000	288,078	(3,922)
Charges for Services	159,000	159,000	59,568	(99,432)
Contributions and Donations	200	2,700	3,000	300
Other	11,050	11,050	84,889	73,839
<i>Total Revenues</i>	<u>1,065,625</u>	<u>1,068,125</u>	<u>1,062,388</u>	<u>(5,737)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	1,572,914	1,650,414	1,580,429	69,985
Debt Service:				
Principal Retirement	20,659	20,695	20,695	0
Interest	15,364	15,364	15,364	0
<i>Total Expenditures</i>	<u>1,608,937</u>	<u>1,686,473</u>	<u>1,616,488</u>	<u>69,985</u>
<i>Excess of Revenues Under Expenditures</i>	(543,312)	(618,348)	(554,100)	64,248
<b>Other Financing Sources</b>				
Transfers In	500,000	600,000	600,000	0
<i>Net Change in Fund Balance</i>	(43,312)	(18,348)	45,900	64,248
<i>Fund Balance Beginning of Year</i>	32,964	32,964	32,964	0
Prior Year Encumbrances Appropriated	16,260	16,260	16,260	0
<i>Fund Balance End of Year</i>	<u>\$5,912</u>	<u>\$30,876</u>	<u>\$95,124</u>	<u>\$64,248</u>

See accompanying notes to the basic financial statements

**City of East Liverpool, Ohio**  
*Statement of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Street Levy Fund  
 For the Year Ended December 31, 2022*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$403,100	\$403,100	\$407,642	\$4,542
Intergovernmental	44,100	44,100	52,485	8,385
<i>Total Revenues</i>	<u>447,200</u>	<u>447,200</u>	<u>460,127</u>	<u>12,927</u>
<b>Expenditures</b>				
Current:				
Transportation	452,459	502,459	443,989	58,470
Debt Service:				
Principal Retirement	19,819	20,190	20,190	0
Interest	5,236	4,865	4,865	0
<i>Total Expenditures</i>	<u>477,514</u>	<u>527,514</u>	<u>469,044</u>	<u>58,470</u>
<i>Net Change in Fund Balance</i>	(30,314)	(80,314)	(8,917)	71,397
<i>Fund Balance Beginning of Year</i>	383,431	383,431	383,431	0
Prior Year Encumbrances Appropriated	36,034	36,034	36,034	0
<i>Fund Balance End of Year</i>	<u>\$389,151</u>	<u>\$339,151</u>	<u>\$410,548</u>	<u>\$71,397</u>

See accompanying notes to the basic financial statement:

**City of East Liverpool, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2022*

	Enterprise					Internal Service
	Water	Sewer	Incinerator	Other Enterprise Funds	Total	
<b>Assets</b>						
<i>Current Assets</i>						
Equity in Pooled Cash and Cash Equivalents	\$4,114,230	\$2,037,386	\$760,142	\$690,960	\$7,602,718	\$32,647
Accounts Receivable	339,253	268,184	168,763	77,298	853,498	0
Intergovernmental Receivable	68	0	0	688	756	0
Materials and Supplies Inventory	32,554	6,173	0	0	38,727	0
Prepaid Items	10,464	5,334	3,311	437	19,546	0
<i>Total Current Assets</i>	<u>4,496,569</u>	<u>2,317,077</u>	<u>932,216</u>	<u>769,383</u>	<u>8,515,245</u>	<u>32,647</u>
<i>Non-Current Assets</i>						
Restricted Assets:						
Net Pension Asset	11,172	5,046	2,522	0	18,740	0
Net OPEB Asset	202,817	91,597	45,796	0	340,210	0
Nondepreciable Capital Assets	193,798	373,793	0	0	567,591	0
Depreciable Capital Assets, Net	7,699,481	1,312,629	812,142	336,813	10,161,065	0
<i>Total Non-Current Assets</i>	<u>8,107,268</u>	<u>1,783,065</u>	<u>860,460</u>	<u>336,813</u>	<u>11,087,606</u>	<u>0</u>
<i>Total Assets</i>	<u>12,603,837</u>	<u>4,100,142</u>	<u>1,792,676</u>	<u>1,106,196</u>	<u>19,602,851</u>	<u>32,647</u>
<b>Deferred Outflows of Resources</b>						
Pension	252,666	114,106	57,055	0	423,827	0
<b>Liabilities</b>						
<i>Current Liabilities</i>						
Accounts Payable	31,872	13,361	21,830	8,598	75,661	0
Contracts Payable	0	0	0	0	0	6,451
Accrued Wages	16,659	11,773	5,643	0	34,075	0
Intergovernmental Payable	12,476	9,586	4,634	322	27,018	0
Accrued Interest Payable	25,702	6,030	6,940	1,079	39,751	0
Vacation Benefits Payable	39,491	35,515	14,192	3,253	92,451	0
OWDA Loans Payable	303,338	9,588	0	0	312,926	0
Financed Purchases Payable	10,107	50,956	96,628	43,729	201,420	0
Compensated Absences Payable	19,590	10,110	9,363	2,098	41,161	0
<i>Total Current Liabilities</i>	<u>459,235</u>	<u>146,919</u>	<u>159,230</u>	<u>59,079</u>	<u>824,463</u>	<u>6,451</u>
<i>Long-Term Liabilities (net of current portion)</i>						
OWDA Loans Payable	1,582,259	426,127	0	0	2,008,386	0
Financed Purchases Payable	43,232	81,217	184,760	134,479	443,688	0
Compensated Absences Payable	12,722	3,903	0	0	16,625	0
Net Pension Liability	597,523	269,848	134,924	0	1,002,295	0
<i>Total Long-Term Liabilities</i>	<u>2,235,736</u>	<u>781,095</u>	<u>319,684</u>	<u>134,479</u>	<u>3,470,994</u>	<u>0</u>
<i>Total Liabilities</i>	<u>2,694,971</u>	<u>928,014</u>	<u>478,914</u>	<u>193,558</u>	<u>4,295,457</u>	<u>6,451</u>
<b>Deferred Inflows of Resources</b>						
Pension	769,365	347,453	173,727	0	1,290,545	0
OPEB	229,884	103,820	51,909	0	385,613	0
<i>Total Deferred Inflows of Resources</i>	<u>999,249</u>	<u>451,273</u>	<u>225,636</u>	<u>0</u>	<u>1,676,158</u>	<u>0</u>
<b>Net Position</b>						
Net Investment in Capital Assets	5,954,343	1,118,534	530,754	158,605	7,762,236	0
Restricted for Pension Plans	10,262	4,635	2,319	0	17,216	0
Unrestricted	3,197,678	1,711,792	612,108	754,033	6,275,611	26,196
<i>Total Net Position</i>	<u>\$9,162,283</u>	<u>\$2,834,961</u>	<u>\$1,145,181</u>	<u>\$912,638</u>	<u>\$14,055,063</u>	<u>\$26,196</u>

See accompanying notes to the basic financial statements.



**City of East Liverpool, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended December 31, 2022*

	Enterprise					Internal Service
	Water	Sewer	Incinerator	Other Enterprise Funds	Total	
<b>Operating Revenues</b>						
Charges for Services	\$2,404,744	\$1,712,170	\$1,156,317	\$433,197	\$5,706,428	\$0
Intergovernmental	68	0	0	688	756	0
Other	53,667	3,250	435	270	57,622	85,672
<i>Total Operating Revenues</i>	<u>2,458,479</u>	<u>1,715,420</u>	<u>1,156,752</u>	<u>434,155</u>	<u>5,764,806</u>	<u>85,672</u>
<b>Operating Expenses</b>						
Personal Services	764,384	591,120	435,748	127,979	1,919,231	62,203
Contractual Services	752,369	252,734	258,075	236,335	1,499,513	0
Materials and Supplies	574,371	98,865	126,032	14,576	813,844	0
Depreciation	414,618	166,188	127,156	23,713	731,675	0
Other	26,077	42,343	13,297	13,388	95,105	0
<i>Total Operating Expenses</i>	<u>2,531,819</u>	<u>1,151,250</u>	<u>960,308</u>	<u>415,991</u>	<u>5,059,368</u>	<u>62,203</u>
<i>Operating Income (Loss)</i>	<u>(73,340)</u>	<u>564,170</u>	<u>196,444</u>	<u>18,164</u>	<u>705,438</u>	<u>23,469</u>
<b>Non-Operating Revenues (Expenses)</b>						
Capital Grants	0	50,000	0	36,180	86,180	0
Investment Earnings/Interest	64,783	0	0	0	64,783	0
Loss on Disposal of Capital Assets	(2,784)	0	0	0	(2,784)	0
Interest	(54,728)	(7,860)	(10,110)	(2,506)	(75,204)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>7,271</u>	<u>42,140</u>	<u>(10,110)</u>	<u>33,674</u>	<u>72,975</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	<u>(66,069)</u>	<u>606,310</u>	<u>186,334</u>	<u>51,838</u>	<u>778,413</u>	<u>23,469</u>
Transfers In	189,917	14,433	0	0	204,350	0
Transfers Out	(14,433)	(171,617)	(18,300)	0	(204,350)	0
<i>Change in Net Position</i>	<u>109,415</u>	<u>449,126</u>	<u>168,034</u>	<u>51,838</u>	<u>778,413</u>	<u>23,469</u>
<i>Net Position Beginning of Year</i>	<u>9,052,868</u>	<u>2,385,835</u>	<u>977,147</u>	<u>860,800</u>	<u>13,276,650</u>	<u>2,727</u>
<i>Net Position End of Year</i>	<u>\$9,162,283</u>	<u>\$2,834,961</u>	<u>\$1,145,181</u>	<u>\$912,638</u>	<u>\$14,055,063</u>	<u>\$26,196</u>

See accompanying notes to the basic financial statements.

**City of East Liverpool, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2022**

	Enterprise					Internal Service
	Water	Sewer	Incinerator	Other Enterprise Funds	Total	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>						
<b>Cash Flows from Operating Activities</b>						
Cash Received from Customers	\$2,404,000	\$1,696,889	\$1,153,488	\$431,623	\$5,686,000	\$0
Other Cash Receipts	53,667	3,250	435	270	57,622	85,672
Cash Payments to Employees for Services	(1,329,075)	(820,057)	(557,412)	(127,308)	(2,833,852)	(55,752)
Cash Payments for Goods and Services	(1,340,999)	(336,582)	(364,590)	(242,510)	(2,284,681)	0
Other Cash Payments	(25,917)	(46,033)	(13,297)	(13,388)	(98,635)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	(238,324)	497,467	218,624	48,687	526,454	29,920
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers In	189,917	0	0	0	189,917	0
Transfers Out	0	(171,617)	(18,300)	0	(189,917)	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	189,917	(171,617)	(18,300)	0	0	0
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from OWDA Loans	0	292,910	0	0	292,910	0
Principal Paid on OWDA Loans	(334,025)	(19,297)	0	0	(353,322)	0
Interest Paid on OWDA Loans	(57,301)	(3,463)	0	0	(60,764)	0
Principal Paid on Financed Purchases	(9,976)	(52,150)	(95,578)	(49,339)	(207,043)	0
Interest Paid on Financed Purchases	(1,572)	(3,579)	(12,056)	(1,572)	(18,779)	0
Cash Received from Capital Grants	0	50,000	0	36,180	86,180	0
Payments for Capital Acquisitions	(132,956)	(415,355)	(60,583)	(27,454)	(636,348)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	(535,830)	(150,934)	(168,217)	(42,185)	(897,166)	0
<b>Cash Flows from Investing Activities</b>						
Investment Earnings/Interest	64,783	0	0	0	64,783	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(519,454)	174,916	32,107	6,502	(305,929)	29,920
<i>Cash and Cash Equivalents Beginning of Year</i>	4,633,684	1,862,470	728,035	684,458	7,908,647	2,727
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,114,230</u>	<u>\$2,037,386</u>	<u>\$760,142</u>	<u>\$690,960</u>	<u>\$7,602,718</u>	<u>\$32,647</u>

See accompanying notes to the basic financial statements.

(continued)

**City of East Liverpool, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
*For the Year Ended December 31, 2022*

	Enterprise					Internal Service
	Water	Sewer	Incinerator	Other Enterprise Funds	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>						
Operating Income (Loss)	(\$73,340)	\$564,170	\$196,444	\$18,164	\$705,438	\$23,469
Adjustments:						
Depreciation	414,618	166,188	127,156	23,713	731,675	0
<i>(Increase) Decrease in Assets:</i>						
Accounts Receivable	(743)	(15,281)	(2,829)	(1,574)	(20,427)	0
Intergovernmental Receivable	(68)	0	0	(688)	(756)	0
Materials and Supplies Inventory	(5,273)	(5,136)	0	0	(10,409)	0
Prepaid Items	10,912	12,670	7,631	86	31,299	0
Net Pension Asset	(1,276)	(575)	(288)	0	(2,139)	0
Net OPEB Asset	2,939	1,326	663	0	4,928	0
<i>Decrease in Deferred Outflows:</i>						
Pension	189,047	85,374	42,689	0	317,110	0
OPEB	76,336	34,473	17,236	0	128,045	0
<i>Increase (Decrease) in Liabilities:</i>						
Accounts Payable	(21,606)	2,578	11,233	8,401	606	0
Contracts Payable	0	0	0	0	0	6,451
Accrued Wages	329	2,726	(723)	(807)	1,525	0
Intergovernmental Payable	338	3,352	147	(284)	3,553	0
Vacation Leave Payable	(12,380)	3,575	1,843	833	(6,129)	0
Compensated Absences Payable	(16,872)	3,899	(1,642)	843	(13,772)	0
Net Pension Liability	(34,329)	(15,503)	(7,753)	0	(57,585)	0
<i>Decrease in Deferred Inflows:</i>						
Pension	(476,621)	(215,250)	(107,623)	0	(799,494)	0
OPEB	(290,335)	(131,119)	(65,560)	0	(487,014)	0
<i>Total Adjustments</i>	<u>(164,984)</u>	<u>(66,703)</u>	<u>22,180</u>	<u>30,523</u>	<u>(178,984)</u>	<u>6,451</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$238,324)</u>	<u>\$497,467</u>	<u>\$218,624</u>	<u>\$48,687</u>	<u>\$526,454</u>	<u>\$29,920</u>

**Noncash Capital Financing Activities**

During 2022, the Sewer fund issued \$111,744 for the financed purchase of a Backhoe.

During 2022, the Incinerator fund issued \$71,732 for the financed purchase of a Wheel Loader shared with the Storm Sewer fund.

During 2022, the Storm Sewer fund issued \$71,731 for the financed purchase of a Wheel Loader shared with the Incinerator fund, the Storm Sewer fund also issued \$92,500 for the financed purchase of a Track Loader.

During 2022, the Water fund transferred a Loader Backhoe with a book value of \$14,433 to the Sewer fund. This amount is included in transfers.

See accompanying notes to the basic financial statements.

**City of East Liverpool, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Custodial Funds*  
*For the Year Ended December 31, 2022*

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<b>Additions</b>	
Fines and Forfeitures for Other Governments	\$259,104
Miscellaneous	480
	<hr/>
<i>Total Additions</i>	<i>259,584</i>
	<hr/>
<b>Deductions</b>	
Fines and Forfeitures Distributions to Other Governments	243,758
Miscellaneous	980
	<hr/>
<i>Total Deductions</i>	<i>244,738</i>
	<hr/>
Special Item - Transfer of Court Operations	15,787
<i>Net Decrease in Fiduciary Net Position</i>	<i>(941)</i>
<i>Net Position Beginning of Year</i>	<i>941</i>
	<hr/>
<i>Net Position End of Year</i>	<i>\$0</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements

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**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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**Note 1 – Description of the City and Reporting Entity**

The City of East Liverpool, Ohio, (the City) is a body politic, incorporated as a municipal corporation under the laws of the State of Ohio established for the purpose of exercising the rights and privileges conveyed to it by the laws of the State of Ohio. The City is located in Columbiana County in Eastern Ohio on the Ohio River. The City is the second largest city in Columbiana County and was established in 1934.

The City operates under a Council-Mayor form of government. Legislative power is vested in an eight member Council, each elected for two-year terms, and other elected officials including a Mayor, Auditor, Treasurer and Law Director. The Mayor is elected to a four-year term. The Mayor appoints the department directors and public members of various boards and commissions.

***Reporting Entity***

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of East Liverpool, this includes police and fire protection, emergency medical, recreation (including parks), planning, zoning, street maintenance and repair, water and water pollution control, sanitation, and general administrative services.

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

Discretely Presented Component Units – The component unit columns in the financial statements identifies the financial data of the City's component unit, the City of East Liverpool Board of Health. It is reported separately to emphasize that it is legally separate from the City. Information for the component unit is presented in Note 22.

***City of East Liverpool Board of Health*** – The City of East Liverpool Board of Health was created as a legally separate organization under chapter 3709 of the Ohio Revised Code. Among its various duties, the Board provides for the prompt diagnosis and control of communicable diseases. The Board may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The Board is operated by a board with all members being appointed by the City. The City provides funding to the Board, thus the City can impose will on the Board, and the Board imposes a financial burden to the City. Therefore, the Board is considered a discretely presented component unit of the City of East Liverpool. Separately issued financial statements can be obtained from The City of East Liverpool Board of Health at 126W. 6<sup>th</sup> Street, East Liverpool, Ohio 43920.

The City is involved with the Columbiana Metropolitan Housing Authority and the Ohio Mid-Eastern Governments Association, which are defined as jointly governed organizations. These organizations are presented in Note 15 to the basic financial statements.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies**

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

***Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues 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 business segment or governmental program is self-financing or draws from the general revenues of the City.

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

***Fund Accounting***

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City's funds are classified as either governmental, proprietary, or fiduciary.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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

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

**Police Fund** The police fund accounts for and reports restricted property taxes levied for the operation of its police department.

**Fire Fund** The fire fund accounts for and reports restricted property taxes levied for the operation of its fire department.

**Street Levy Fund** The street levy special revenue fund accounts for and reports restricted property taxes levied for the maintenance, repair, reconstruction, and improvement of roads within the City.

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

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The following are the City's major proprietary funds:

**Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has three major enterprise funds.

**Water Fund** The water fund accounts for the provision of water service to the residents and commercial users located within the City.

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

**Incinerator Fund** The incinerator fund accounts for the provision of trash disposal for the residents and commercial users located within the City.

Other enterprise funds include the swimming pool fund which accounts for concession sales and user charges, the off street parking fund which accounts for monies from parking tickets, permits and meter collections and the storm sewer fund which accounts for the provision of storm sewer service to the residents and commercial users located within the City.

**Internal Service Funds** Internal service funds account for and report the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund accounts for any unanticipated run-off claims.



**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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***Fiduciary Fund Types***

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following 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 arrangement that has certain characteristics. The City does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's fiduciary funds are custodial funds. The City's custodial funds account for amounts collected and distributed on behalf of another government or organization.

***Measurement Focus***

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

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

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

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

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

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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***Basis of Accounting***

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 6) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported in the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include payments in lieu of taxes, property taxes, pension, OPEB and unavailable revenue. Payments in lieu of taxes and property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, fees, licenses and permits, fines and forfeitures, charges for services, intergovernmental monies and contributions and donations. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

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

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

***Pensions/Other Postemployment Benefits (OPEB)***

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

***Cash and Cash Equivalents***

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

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during 2022 amounted to \$37, which includes \$0 assigned from other City funds.

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

***Inventory***

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

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies, fire deposits and foreclosure bonds. Restricted assets in the enterprise funds represents amounts held in trust by the pension and OPEB plans for future benefits.

***Capital Assets***

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

All capital assets (except for intangible right to use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Buildings and Improvements	10-50 years	20-50 years
Improvements Other than Buildings	7-25 years	N/A
Machinery and Equipment	5-15 years	5-10 years
Infrastructure	10-30 years	7-50 years
Water and Sewer Lines	N/A	50 years
Intangible Right to Use - Equipment	10	N/A

The City is reporting intangible right to use assets related to leased equipment. The lease asset is initially measures as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

The City's infrastructure consists of streets, sidewalks, curbs and culverts and includes infrastructure acquired prior to December 31, 1980.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the City's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for union employees after ten years of service and for all non-union employees.

***Accrued Liabilities and Long-term Obligations***

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

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

***Fund Balance***

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

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

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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enforceability means that the City can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by Council. In the general fund, assigned amounts represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance for recreation. City Council also assigned fund balance to cover a gap between estimated revenues and appropriations in 2023's budget.

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

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

***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for drug law enforcement, police law enforcement, enforcement and education programs, and fire prevention. Restricted net position for Pension plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the City, these revenues are charges for services for water, sewer, incinerator, swimming pool, and parking services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

***Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

***Unearned Revenue***

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

***Estimates***

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

***Budgetary Process***

All funds, except custodial funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department in the general fund and at the object level for all other funds. Budgetary modifications may only be made by ordinance of the City Council at the legal level of control.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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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 Council.

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

***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that within the control of the City Administration and that are either unusual or infrequent in occurrence. During 2022, the City recognized a loss of \$292,070 on the statement of revenues, expenditures, and changes in fund balance and the statement of activities, for the transfer of operations for the municipal court. See Note 21 for additional information on the special item.

***OneOhio Opioid Settlement Monies***

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Although the settlement has been reached, uncertainties remain relate the measurement. As a participating subdivision, the City received the first of eighteen distributions in 2022. This distribution of \$3,188 is reflected as opioid settlements revenue in the opioid treatment special revenue fund in the accompanying financial statements.

***Leases***

The City serves as a lessee in two noncancellable leases. These leases are accounted for as follows:

***Lessee*** At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Note 3 – Fund Balances**

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



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Fund Balances	General	Police	Fire	Street Levy	Other Governmental Funds	Total
<u>Nonspendable:</u>						
Inventory	\$0	\$0	\$0	\$0	\$32,748	\$32,748
Prepays	9,234	14,025	10,853	0	4,916	39,028
Unclaimed Monies	19,223	0	0	0	0	19,223
<i>Total Nonspendable</i>	<u>28,457</u>	<u>14,025</u>	<u>10,853</u>	<u>0</u>	<u>37,664</u>	<u>90,999</u>
<u>Restricted:</u>						
Transportation	0	0	0	451,861	645,844	1,097,705
Public Health and Safety	0	36,815	68,821	0	71,235	176,871
Police Pension	0	0	0	0	7,037	7,037
Fire Pension	0	0	0	0	7,513	7,513
Economic Development	0	0	0	0	127,371	127,371
Debt Service	0	0	0	0	191,719	191,719
Capital Improvements	0	0	0	0	788,350	788,350
<i>Total Restricted</i>	<u>0</u>	<u>36,815</u>	<u>68,821</u>	<u>451,861</u>	<u>1,839,069</u>	<u>2,396,566</u>
<u>Committed:</u>						
Economic Development	0	0	0	0	112,084	112,084
<u>Assigned:</u>						
Recreation	2,310	0	0	0	10,005	12,315
2023 Budget	294,823	0	0	0	0	294,823
Purchases on Order:						
Contractual Services	55,238	0	0	0	0	55,238
<i>Total Assigned</i>	<u>352,371</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,005</u>	<u>362,376</u>
Unassigned	551,485	0	0	0	0	551,485
<b>Total Fund Balance</b>	<u><b>\$932,313</b></u>	<u><b>\$50,840</b></u>	<u><b>\$79,674</b></u>	<u><b>\$451,861</b></u>	<u><b>\$1,998,822</b></u>	<u><b>\$3,513,510</b></u>

**Note 4 – Budgetary Basis of Accounting**

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

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

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Unrecorded cash represents amounts received and/or spent but not included as revenue and/or expenditure on the budgetary statements, but is reported on the operating statements prepared using GAAP).

**City of East Liverpool, Ohio**  
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3. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
4. Budgetary revenues and expenditures of the playground fund are reclassified to the general fund for GAAP reporting.
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed, or assigned of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

Net Change in Fund Balance

	General	Police	Fire	Street Levy
GAAP Basis	\$234,654	\$19,870	\$43,132	\$35,680
Adjustment for Revenue Accruals	(302,287)	(2,732)	(23,593)	0
Beginning Unrecorded Cash	4	0	0	0
Ending Unrecorded Cash	(12)	0	0	0
Adjustment for Expenditure Accruals	(27,084)	78,145	75,376	(3,284)
Perspective Difference:				
Playground Fund	(500)	0	0	0
Adjustment for Encumbrances	(69,506)	(104,877)	(49,015)	(41,313)
Budget Basis	(\$164,731)	(\$9,594)	\$45,900	(\$8,917)

**Note 5 – Deposits and Investments**

Monies held by the City are classified by State statute into three categories.

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

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

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

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

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

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

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

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

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
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The City has passed an ordinance allowing the City to invest monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

**Note 6 – Receivables**

Receivables at December 31, 2022, consisted primarily of municipal income taxes, property taxes, hotel taxes, accounts, loans, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables except for delinquent property taxes and loans receivable are expected to be collected in one year. Property taxes, although ultimately collectible, include some portions of delinquencies that will not be collected within one year.

Loans receivable presented in the other governmental funds represents a low interest loan for development projects and home improvements granted to eligible City residents under Federal Grant programs. The loan bears interest at an annual rate of five percent. The loan is to be repaid over fifteen years. Loans expected to be collected in more than one year are \$8,045.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes were levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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

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

The full tax rate for all City operations for the year ended December 31, 2022, was \$19.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2022 property tax receipts were based are as follows:

**City of East Liverpool, Ohio**  
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	<u>Assessed Value</u>
Real Estate:	
Residential/Agricultural	\$62,692,250
Commercial/Industrial	23,857,570
Public Utility Personal Property	<u>13,126,430</u>
Total	<u><u>\$99,676,250</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2022, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2022 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***Municipal Income Taxes***

The City levies a municipal income tax of one and one half percent on all income earned within the City as well as on income of residents earned outside of the City. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a declaration annually.

Additional increases in the City’s income tax rate would require voter approval. The income tax, by ordinance, was allocated, after expenditures for collections, 7.5 percent to the capital improvements fund and the remainder to the general fund.

***Payments in Lieu of Taxes***

According to State law, the City has established tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if the property had not been declared exempt. The property owners’ contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners.

**City of East Liverpool, Ohio**  
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***Intergovernmental Receivable***

A summary of the governmental activities' principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Gasoline Tax	\$228,645
Homestead and Rollback	93,208
Permissive Tax	91,075
Vehicle Registration	26,342
Due from Component Unit	9,936
Other Amounts	2,904
Total Intergovernmental Receivables	\$452,110

**Note 7 – 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 2022, the City contracted with U.S. Specialty Insurance Company for its property and liability insurance. Minor Insurance serves as the City's agent.

During 2022, the City purchased the following insurance coverage:

Coverage	Limit
Building and Contents	\$8,633,549
Inland Marine	2,491,597
Automobile Liability	1,000,000
Crime Insurance	30,000
Employee Dishonesty	50,000
Excess Liability	5,000,000
Wrongful Acts Liability	1,000,000
Employee Benefits Liability:	
Per Employee	1,000,000
Aggregate	3,000,000
General Liability:	
Per Occurrence	1,000,000
Aggregate	3,000,000
Law Enforcement Liability	1,000,000

Settled claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in commercial coverage in the past year.

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.

***Employee Insurance Benefits***

Through December 2020, the City provided medical insurance through a self-insured medical insurance program. During 2022 the City elected to provide medical insurance to employees through a health reimbursement account (HRA) program. The City funds the HRA program by contributing \$2,000 for single and \$4,000 for family after employee deductibles are met during the year.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 8 – Contingencies**

***Grants***

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experiences, management believes such refunds, if any, would not be material.

***Litigation***

Several claims and lawsuits are pending against the City. The amount of the liability, if any, cannot be reasonably estimated at this time; however, in the opinion of management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2022.

**Note 9 – Other Employee Benefits**

***Compensated Absences***

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn vacation and sick leave at different rates depending upon length of service and type of employment. Vacation leave benefits are lost at year end if employees do not use these balances during the year unless prior approval has been obtained from the department head. Upon retirement or death, employees are paid to a maximum of 480 hours for accumulated unused sick leave.

***Insurance***

The City provides life insurance and accidental death and dismemberment insurance to all union employees as well as all non-union employees, including elected officials. The amount of the life insurance policy for the union employees is \$2,000 plus an amount paid by the employees' union to equal the employees' annual salary. Non-union employees' life insurance is based on their annual salary. The police and fire employees receive a \$25,000 policy.

The City contracts with United Health for medical, prescription, dental, and vision insurances for all employees and elected officials. The City pays monthly premiums up to a maximum amount, per union agreements. The additional premium costs are paid by the employee. City premiums are paid from the same funds that pay the employees' salaries.

***Deferred Compensation***

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 456 and is considered an other employee benefit plan. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**City of East Liverpool, Ohio**  
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**Note 10 – Capital Assets**

Capital asset activity for governmental activities for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated</i>				
Land	\$1,868,569	\$0	\$0	\$1,868,569
Construction in Progress	1,561,339	62,461	(1,623,800)	0
<i>Total Capital Assets, not being depreciated</i>	<u>3,429,908</u>	<u>62,461</u>	<u>(1,623,800)</u>	<u>1,868,569</u>
<i>Capital Assets, being depreciated/amortized</i>				
Buildings and Improvements	469,075	0	0	469,075
Improvements Other than Buildings	345,756	0	0	345,756
Machinery and Equipment	5,375,881	150,476	(20,950)	5,505,407
Infrastructure	18,376,639	1,854,278	0	20,230,917
Intangible Right to Use - Equipment**	785	9,222	0	10,007
<i>Total Capital Assets, being depreciated/amortized</i>	<u>24,568,136</u>	<u>2,013,976</u>	<u>(20,950)</u>	<u>26,561,162</u>
<i>Less Accumulated Depreciation/Amortization:</i>				
Buildings and Improvements	(313,020)	(7,019)	0	(320,039)
Improvements Other than Buildings	(275,178)	(7,889)	0	(283,067)
Machinery and Equipment	(3,383,850)	(339,460)	10,552	(3,712,758)
Infrastructure	(6,555,036)	(895,974)	0	(7,451,010)
Intangible Right to Use - Equipment**	0	(1,407)	0	(1,407)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(10,527,084)</u>	<u>(1,251,749) *</u>	<u>10,552</u>	<u>(11,768,281)</u>
<i>Total Capital Assets being depreciated/amortized, Net</i>	<u>14,041,052</u>	<u>762,227</u>	<u>(10,398)</u>	<u>14,792,881</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$17,470,960</u>	<u>\$824,688</u>	<u>(\$1,634,198)</u>	<u>\$16,661,450</u>

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

General Government	\$43,192
Security of Persons and Property	153,758
Transportation	1,003,334
Leisure Time Activities	39,248
Community and Economic Development	12,217
Total Depreciation Expense	<u>\$1,251,749</u>



**City of East Liverpool, Ohio**  
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\*\* Of the current year depreciation total of \$1,251,749, \$1,407 is presented as general government expense on the statement of activities related to the City's intangible asset of a postage machine, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Capital asset activity for business-type activities for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022
<b>Business-Type Activities</b>				
<i>Capital Assets, not being depreciated</i>				
Land	\$25,771	\$0	\$0	\$25,771
Construction in Progress	234,100	307,720	0	541,820
<i>Total Capital Assets, not being depreciated</i>	<u>259,871</u>	<u>307,720</u>	<u>0</u>	<u>567,591</u>
<i>Capital Assets, being depreciated</i>				
Buildings and Improvements	5,393,760	62,838	0	5,456,598
Machinery and Equipment	6,353,943	586,137	0	6,940,080
Infrastructure	9,253,477	15,230	(8,871)	9,259,836
Water Lines	3,417,115	12,130	0	3,429,245
Sewer Lines	2,923,362	0	0	2,923,362
<i>Total Capital Assets, being depreciated</i>	<u>27,341,657</u>	<u>676,335</u>	<u>(8,871)</u>	<u>28,009,121</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(3,670,237)	(107,221)	0	(3,777,458)
Machinery and Equipment	(4,322,513)	(368,819)	0	(4,691,332)
Infrastructure	(5,396,302)	(182,503)	6,087	(5,572,718)
Water Lines	(1,266,611)	(49,449)	0	(1,316,060)
Sewer Lines	(2,466,805)	(23,683)	0	(2,490,488)
<i>Total Accumulated Depreciation</i>	<u>(17,122,468)</u>	<u>(731,675) *</u>	<u>6,087</u>	<u>(17,848,056)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>10,219,189</u>	<u>(55,340)</u>	<u>(2,784)</u>	<u>10,161,065</u>
<i>Business-Type Activities Capital Assets, Net</i>	<u>\$10,479,060</u>	<u>\$252,380</u>	<u>(\$2,784)</u>	<u>\$10,728,656</u>

\* Depreciation expense was charged to business-type activities as follows:

Water	\$414,618
Sewer	166,188
Incinerator	127,156
Off Street Parking	1,174
Storm Sewer	<u>22,539</u>
Total	<u>\$731,675</u>

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 11 – Defined Benefit Pension Plans**

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

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

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

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable*. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

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

**City of East Liverpool, Ohio**  
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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.

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 previously for additional information, including requirements for reduced and unreduced benefits):

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

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

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

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adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring 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 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each 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.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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

	State and Local
<b>2022 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2022 Actual Contribution Rates</b>	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

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

For 2022, the City's contractually required contribution was \$447,961 for the traditional plan and \$5,816 for the combined plan. Of these amounts, \$38,659 is reported as an intergovernmental payable for the traditional plan and \$502 for the combined plan.

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

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

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries under optional plans, and statutory survivors. 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 3.0 percent 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 3.0 percent 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.

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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>2022 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2022 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 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$380,053 for 2022. Of this amount, \$44,706 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2022, the specific liability of the City was \$525,555 payable in semi-annual payments through the year 2035.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F’s total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City’s defined benefit pension plans:

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.02126784%	0.00878112%	0.07136030%	
Prior Measurement Date	<u>0.02164032%</u>	<u>0.00899232%</u>	<u>0.07704360%</u>	
Change in Proportionate Share	<u>-0.00037248%</u>	<u>-0.0002112%</u>	<u>-0.0056833%</u>	
Proportionate Share of the:				
Net Pension Liability	\$1,850,387	\$0	\$4,458,178	\$6,308,565
Net Pension Asset	0	(34,600)	0	(34,600)
Pension Expense	(545,880)	(1,153)	165,547	(381,486)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$94,329	\$215	\$128,548	\$223,092
Changes of assumptions	231,388	1,739	814,763	1,047,890
Changes in proportion and differences between City contributions and proportionate share of contributions	0	998	162,148	163,146
City contributions subsequent to the measurement date	<u>447,961</u>	<u>5,816</u>	<u>380,053</u>	<u>833,830</u>
Total Deferred Outflows of Resources	<u>\$773,678</u>	<u>\$8,768</u>	<u>\$1,485,512</u>	<u>\$2,267,958</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$40,582	\$3,870	\$231,764	\$276,216
Net difference between projected and actual earnings on pension plan investments	2,200,970	7,418	1,168,866	3,377,254
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>129,408</u>	<u>299</u>	<u>704,182</u>	<u>833,889</u>
Total Deferred Inflows of Resources	<u>\$2,370,960</u>	<u>\$11,587</u>	<u>\$2,104,812</u>	<u>\$4,487,359</u>

\$833,830 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
2023	(\$407,293)	(\$2,144)	(\$81,307)	(\$490,744)
2024	(770,289)	(3,013)	(454,485)	(1,227,787)
2025	(517,536)	(1,931)	(291,271)	(810,738)
2026	(350,125)	(1,392)	(217,751)	(569,268)
2027	0	(105)	45,461	45,356
Thereafter	0	(50)	0	(50)
Total	<u>(\$2,045,243)</u>	<u>(\$8,635)</u>	<u>(\$999,353)</u>	<u>(\$3,053,231)</u>

***Actuarial Assumptions – OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented follows:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age



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Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented as follows:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA:	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent 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 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 these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the previously described tables.

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent for 2021.

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The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized as follows:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00%	4.21%

**Discount Rate** The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
<b>City's proportionate share of the net pension liability (asset):</b>			
OPERS Traditional Plan	\$4,878,630	\$1,850,387	(\$669,512)
OPERS Combined Plan	(25,816)	(34,600)	(41,447)

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**Actuarial Assumptions – OP&F**

OP&F’s total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, are presented as follows:

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	125.00 %	

Note: Assumptions are geometric.

\* levered 2x

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

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**Discount Rate** For 2021, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$6,611,417	\$4,458,178	\$2,665,063

**Note 12 – Defined Benefit OPEB Plans**

See Note 11 for a description of the net OPEB liability (asset).

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced as follows for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contributions or related payables for 2022.

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

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.

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$8,958 for 2022. Of this amount, \$1,050 is reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.02005248%	0.07136030%	
Prior Measurement Date	<u>0.02054880%</u>	<u>0.07704360%</u>	
Change in Proportionate Share	<u>-0.00049632%</u>	<u>-0.00568330%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$0	\$782,171	\$782,171
Net OPEB Asset	(\$628,077)	\$0	(\$628,077)
OPEB Expense	(\$653,603)	\$102,114	(\$551,489)



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At December 31, 2022, 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	\$0	\$35,582	\$35,582
Changes of assumptions	0	346,213	346,213
Changes in proportion and differences between City contributions and proportionate share of contributions	0	192,252	192,252
City contributions subsequent to the measurement date	<u>0</u>	<u>8,958</u>	<u>8,958</u>
Total Deferred Outflows of Resources	<u>\$0</u>	<u>\$583,005</u>	<u>\$583,005</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$95,270	\$103,375	\$198,645
Changes of assumptions	254,239	90,844	345,083
Net difference between projected and actual earnings on OPEB plan investments	299,422	70,656	370,078
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>62,970</u>	<u>112,257</u>	<u>175,227</u>
Total Deferred Inflows of Resources	<u>\$711,901</u>	<u>\$377,132</u>	<u>\$1,089,033</u>

\$8,958 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2023	(\$461,424)	\$70,342	(\$391,082)
2024	(142,052)	59,853	(82,199)
2025	(65,422)	65,094	(328)
2026	(43,003)	(1,580)	(44,583)
2027	0	3,926	3,926
Thereafter	<u>0</u>	<u>(720)</u>	<u>(720)</u>
Total	<u>(\$711,901)</u>	<u>\$196,915</u>	<u>(\$514,986)</u>

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***Actuarial Assumptions – OPERS***

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

Projections of 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. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent 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.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables.

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future 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 rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric 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, 2021, 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%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
<b>Total</b>	<b>100.00%</b>	<b>3.45%</b>

**Discount Rate** A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). 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 2121. As a result, the

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actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

***Sensitivity of the City’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate*** The following table presents the City’s proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$369,367)	(\$628,077)	(\$842,806)

***Sensitivity of the City’s Proportionate Share of the Net OPEB Asset 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 asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$634,862)	(\$628,077)	(\$620,023)

***Actuarial Assumptions – OP&F***

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, 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.

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented as follows:

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	2.84 percent
Prior measurement date	2.96 percent
Cost of Living Adjustments	2.2 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	125.00 %	

Note: Assumptions are geometric.

\* levered 2x

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**Discount Rate** For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021, and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.5 percent for 2021 and 8 percent for 2020, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	\$983,205	\$782,171	\$616,919

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**Note 13 – Long-Term Obligations**

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

	Balance 12/31/2021	Issued	Retired	Balance 12/31/2022	Amounts Due In One Year
<b>Governmental Activities</b>					
Installment Loans from Direct Borrowings:					
2018 Ambulance - 9.15%	\$28,141	\$0	(\$20,782)	\$7,359	\$7,359
Ohio Public Works Commission Loans from Direct Borrowings:					
2003 State Route 39 Improvement Loan - 0.00%	35,697	0	(23,798)	11,899	11,899
2012 St. Clair Avenue Improvement Loan - 0.00%	19,089	0	(9,545)	9,544	9,544
<i>Total Ohio Public Works Commission Loans from Direct Borrowings</i>	<u>54,786</u>	<u>0</u>	<u>(33,343)</u>	<u>21,443</u>	<u>21,443</u>
State Infrastructure Bank Loans from					
Direct Placements:					
2015 River Road Improvement Loan - 3.00%	778,416	0	(81,687)	696,729	84,157
2017 Road Improvement Loan - 3.00%	236,022	0	(36,467)	199,555	37,570
2020 U.S.30/S.R.39 Safety Improvements Loan - 3.00%	167,159	0	(20,190)	146,969	20,801
<i>Total State Infrastructure Bank Loans</i>	<u>1,181,597</u>	<u>0</u>	<u>(138,344)</u>	<u>1,043,253</u>	<u>142,528</u>
Financed Purchases from Direct Placements:					
2017 Bush Hog Mower - 3.46%	4,905	0	(4,905)	0	0
2017 Wing Mower - 3.45%	3,311	0	(3,311)	0	0
2017 Tractor - 3.46%	8,990	0	(8,990)	0	0
2018 Fire Truck - 3.00%	373,572	0	(36,718)	336,854	37,835
2021 Phone System - 2.99%	232,990	0	(47,230)	185,760	48,662
<i>Total Financed Purchases from Direct Placements</i>	<u>623,768</u>	<u>0</u>	<u>(101,154)</u>	<u>522,614</u>	<u>86,497</u>
Leases:					
2017 Auditor Copier - 9.78%	785	0	(785)	0	0
2022 Auditor Copier - 9.97%	0	9,222	(483)	8,739	1,548
<i>Total Leases</i>	<u>785</u>	<u>9,222</u>	<u>(1,268)</u>	<u>8,739</u>	<u>1,548</u>
Net Pension Liability:					
OPERS	1,468,709	0	(620,617)	848,092	0
OP&F	5,252,130	0	(793,952)	4,458,178	0
<i>Total Net Pension Liability</i>	<u>6,720,839</u>	<u>0</u>	<u>(1,414,569)</u>	<u>5,306,270</u>	<u>0</u>
Net OPEB Liability:					
OP&F	816,289	0	(34,118)	782,171	0
Compensated Absences	112,252	23,138	(44,715)	90,675	50,820
Police and Fire Pension	556,996	0	(31,441)	525,555	32,792
<b>Total Governmental Activities</b>	<u>\$10,095,453</u>	<u>\$32,360</u>	<u>(\$1,819,734)</u>	<u>\$8,308,079</u>	<u>\$342,987</u>



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	Balance 12/31/2021	Issued	Retired	Balance 12/31/2022	Amounts Due In One Year
<b>Business-Type Activities</b>					
Ohio Water Development Authority Loans from Direct Borrowings:					
2004 Project #4181 Water Loan - 3.35%	\$970,321	\$0	(\$230,629)	\$739,692	\$238,419
2013 Project #6489 Water Loan - 2.00%	336,810	0	(25,098)	311,712	25,603
2013 Project #6488 Sewer Loan - 2.59%	136,008	0	(9,344)	126,664	9,588
2018 Project #8041 Water Loan - 2.90%	812,280	0	(36,219)	776,061	37,277
2018 Project #8266 Water Loan - 0.00%	94,094	0	(40,040)	54,054	0
2018 Project #7975 Water Loan - 0.00%	6,118	0	(2,039)	4,079	2,039
2021 Project #9210 Sewer Loan - 1.68%	1,407	99,032	(9,953)	90,486	0
2021 Project #9431 Sewer Loan - 0.66%	24,686	193,878	0	218,564	0
<i>Total Ohio Water Development Authority Loans</i>	<u>2,381,724</u>	<u>292,910</u>	<u>(353,322)</u>	<u>2,321,312</u>	<u>312,926</u>
Financed Purchases from Direct Placements:					
2019 Rear Load Packer 4.99%	74,247	0	(23,554)	50,693	24,730
2019 Roll on Roll off 4.99%	104,355	0	(33,106)	71,249	34,758
2019 Sewer Dump Truck 4.93%	72,579	0	(23,038)	49,541	24,174
2021 Street Sweeper 2.70%	253,263	0	(39,903)	213,360	40,429
2022 Sewer Backhoe 4.21%	0	111,744	(29,112)	82,632	26,782
2022 Wheel Loader 3.87%	0	143,463	(37,934)	105,529	33,850
2022 Track Loader 5.13%	0	92,500	(20,396)	72,104	16,697
<i>Total Financed Purchases from Direct Placements</i>	<u>504,444</u>	<u>347,707</u>	<u>(207,043)</u>	<u>645,108</u>	<u>201,420</u>
Net Pension Liability - OPERS:					
Water	1,034,776	0	(437,253)	597,523	0
Sewer	467,317	0	(197,469)	269,848	0
Incinerator	233,659	0	(98,735)	134,924	0
<i>Total Net Pension Liability - OPERS</i>	<u>1,735,752</u>	<u>0</u>	<u>(733,457)</u>	<u>1,002,295</u>	<u>0</u>
Compensated Absences	71,558	37,930	(51,702)	57,786	41,161
<b>Total Business-Type Activities</b>	<u><u>\$4,693,478</u></u>	<u><u>\$678,547</u></u>	<u><u>(\$1,345,524)</u></u>	<u><u>\$4,026,501</u></u>	<u><u>\$555,507</u></u>

Within governmental activities, the City has outstanding installment loans, financed purchases, leases, OPWC loans and SIB loans. These loans are to finance various projects and equipment purchases. The installment loans from direct borrowings are being paid from the capital improvements fund and the street levy fund. The OPWC loans are being paid from the capital improvements fund and the debt service fund. The SIB loans from direct placements are being paid from the capital improvements and street improvements capital project funds, the street levy special revenue fund and the debt service fund. The financed purchases are being paid from the capital improvements fund. The leases are being paid from the general fund.

The City has an outstanding agreement to lease a copier. Due to the implementation of GASB Statement 87, these leases have met the criteria of leases thus requiring them to be recorded by the City. The future lease payments were discounted based on the interest rate implicit in the lease or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining lease is as follows:

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Year	Principal	Interest
2023	\$1,548	\$733
2024	1,710	640
2025	1,888	500
2026	2,085	265
2027	1,508	57
	\$8,739	\$2,195

Within business-type activities, the City has outstanding OWDA loans. These loans are to finance various projects and equipment purchases. The OWDA loans are being paid from the water and sewer funds.

In 2018, the City was approved for a \$200,202 Ohio Water Development Authority loan for the raw water intake improvements project. In 2021, the City was also approved by Ohio Water Development Authority for a \$398,109 loan for wastewater treatment plant improvements and a \$282,424 loan for the wastewater lift station generator replacement. These loans have not been finalized and therefore the repayment schedules are not included in the schedule of debt service payments. The balance of these of loans is as follows:

<i>Business-type Activities:</i>	<u>Loan Balance</u>
2018 Project #8266 Water Loan - 0.00%	\$54,054
2021 Project #9210 Sewer Loan - 1.68%	90,486
2021 Project #7975 Sewer Loan - 0.66%	218,564
Total	\$363,104

The City's outstanding OPWC loans from direct borrowings related to governmental activities of \$21,443 contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

The City's outstanding OWDA loans from direct borrowings of \$2,321,312 related to business-type activities contain provisions that in the 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 30 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 the OWDA, and (3) for each additional 30 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.

The City has pledged future revenues, net of operating expenses, to repay OWDA loans in the City of East Liverpool water fund. The debt is payable solely from net revenues and are payable through 2039. Annual principal and interest payments on the debt issues are expected to require less than 100 percent of net revenues. In 2022, principal and interest payments on the loans were less than net revenues. The total principal and interest remaining to be paid on the debt is \$1,885,597. Principal and interest paid for the current year and total net revenues were \$391,326 and \$406,061, respectively.

**City of East Liverpool, Ohio**  
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The City has pledged future revenues, net of operating expenses, to repay OWDA loans in the City of East Liverpool sewer fund. The debt is payable solely from net revenues and are payable through 2034. Annual principal and interest payments on the debt issues are expected to require less than 3 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$435,715. Principal and interest paid for the current year and total net revenues were \$22,760 and \$780,358, respectively.

The City also has twelve outstanding financed purchases at December 31, 2022. The bush hog mower, wing mower, tractor and fire truck financed purchases will be paid from the capital improvements capital projects fund. The phone system will be paid from the general fund and the police fund following the dissolution of the municipal court (see Note 21 for more information). The rear load packer and roll on roll off business-type activities' will be paid from the incinerator fund. The dump truck will be paid from the sewer fund. The street sweeper will be paid from the incinerator, storm sewer and water funds. The backhoe will be paid from the sewer fund. The wheel loader will be paid from the incinerator and storm sewer fund. The track loader will be paid from the storm sewer fund.

The compensated absences liability will be paid from the general, police, fire, street, water, sewer, incinerator and storm sewer funds. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: the general, police, fire, street, water, sewer and incinerator funds. For additional information related to the net pension and net OPEB liabilities see Notes 11 and 12.

As of December 31, 2022, the City's overall legal debt margin was \$9,579,213 and the unvoted legal debt margin was \$4,595,401. Principal and interest requirements to retire the outstanding debt at December 31, 2022, are as follows:

	Governmental Activities						
	From Direct Borrowings			From Direct Placements			
	Installment Loans		OPWC Loans	SIB Loans		Financed Purchases	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2023	\$7,359	\$141	\$21,443	\$142,528	\$30,236	\$86,497	\$15,136
2024	0	0	0	146,835	25,928	89,122	12,510
2025	0	0	0	151,274	21,490	91,828	9,804
2026	0	0	0	155,846	16,920	76,697	7,084
2027	0	0	0	160,557	12,209	42,652	5,428
2028-2030	0	0	0	286,213	12,449	135,818	8,342
Totals	<u>\$7,359</u>	<u>\$141</u>	<u>\$21,443</u>	<u>\$1,043,253</u>	<u>\$119,232</u>	<u>\$522,614</u>	<u>\$58,304</u>

	Business-Type Activities			
	From Direct Borrowings		From Direct Placements	
	OWDA Loans		Financed Purchases	
	Principal	Interest	Principal	Interest
2023	\$312,926	\$51,981	\$201,420	\$24,402
2024	322,833	42,914	209,592	16,227
2025	331,022	33,556	125,929	7,701
2026	78,174	25,855	63,193	3,392
2027	80,178	23,852	44,974	1,214
2028-2032	432,841	87,312	0	0
2033-2037	313,490	35,002	0	0
2038-2039	86,744	2,528	0	0
Totals	<u>\$1,958,208</u>	<u>\$303,000</u>	<u>\$645,108</u>	<u>\$52,936</u>

**City of East Liverpool, Ohio**  
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**Note 14 – Interfund Transfers**

Interfund transfers for the year ended December 31, 2022, consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>				
	General	Water	Sewer	Incinerator	Total
Police	\$1,730,000	\$0	\$0	\$0	\$1,730,000
Fire	600,000	0	0	0	600,000
Other Governmental Funds	34,200	0	0	0	34,200
Water	0	0	171,617	18,300	189,917
Sewer	0	14,433	0	0	14,433
Grand Total	<u>\$2,364,200</u>	<u>\$14,433</u>	<u>\$171,617</u>	<u>\$18,300</u>	<u>\$2,568,550</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

The transfers from the general fund were to subsidize police, fire, and capital improvements within the City. The transfers from the sewer and incinerator funds to the water enterprise funds were for billing reimbursements. The water fund transferred a load backhoe to the sewer fund with a net book value of \$14,433.

**Note 15 – Jointly Governed Organizations**

***Columbiana Metropolitan Housing Authority (the Authority)***

The Authority is a non-profit organization established to provide adequate public housing for low income individuals and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a five member board of commissioners. Two members are appointed by the Mayor of East Liverpool, one member is appointed by the Columbiana County Commissioners, one member is appointed by the judge of the probate court, and one member is appointed by the judge of the court of common pleas. The board exercises total control over the Authority's operations including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the board. The City did not contribute any amounts to the Authority during 2022. Information can be obtained from 325 Moore Street, East Liverpool, Ohio 43920.

***Ohio Mid-Eastern Governments Association (OMEGA)***

OMEGA is a ten county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum and Tuscarawas counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a seventeen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. A county commissioner serves as the County's representative on the board. The board has total control over budgeting, personnel and financial

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matters. Each member's degree of control is limited to its representation on the board. Each member currently pays a per capita membership fee based on the most recent United States census. During 2022, OMEGA received \$1,560 from the City of East Liverpool for an annual fee. Information can be obtained from 326 Highland Avenue, PO Box 130, Cambridge, Ohio 43725.

**Note 16 – Significant Commitments**

***Contractual Commitments***

As of December 31, 2022, the City had the following contractual construction commitments outstanding:

<u>Vendor Name</u>	<u>Contract Amount</u>	<u>Amount Paid to Date</u>	<u>Remaining Contract</u>
Dallas Dawson	\$111,684	\$60,285	\$51,399
OWR Engineering	400,823	129,105	271,718
Total	<u>\$512,507</u>	<u>\$189,390</u>	<u>\$323,117</u>

Remaining commitment amounts were encumbered at year-end.

***Encumbrances***

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

<i>Governmental Funds:</i>		<i>Proprietary Funds:</i>	
General	\$69,506	Water	\$3,226,932
Police	104,877	Sewer	416,147
Fire	49,015	Incinerator	224,997
Street Levy	41,313	Other Proprietary Funds	346,074
Other Governmental Funds	<u>702,950</u>	Total Proprietary	<u>\$4,214,150</u>
Total Governmental	<u>\$967,661</u>		

**Note 17 – Closure and Post-closure Care Cost**

In 1993, the City agreed to sell the East Liverpool City Landfill to the East Liverpool Landfill, Inc. The landfill and all contractual obligations were subsequently acquired by USA Waste Service, Inc. (USA). USA is in the process of closing the landfill. Under the original sales agreement, the City indemnified the purchaser for all cost incurred with regard to the activities or operations of the landfill prior to 1990.

USA has assured the City that they are closing the landfill at their sole cost and expense. USA has posted all required closure and post-closure bonds with the Environmental Protection Agency (EPA). The City's post-closure liability relating to the pre-1990 operations, if any, cannot be determined.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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**Note 18 – Asset Retirement Obligations**

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their waste water treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

**Note 19 – Changes in Accounting Principles**

For fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*. The City also implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and *Implementation Guide No. 2020-1*

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB 92 addresses a variety of topics including reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers and references to nonrecurring fair value measurements of assets or liabilities in authoritative literature. These changes did not impact the City's financial statements.

GASB 97, among other items, requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan.

The changes for GASB 87, GASB 91, and GASB 97 were incorporated in the City's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

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**Note 20 – Compliance**

Contrary to Ohio Revised Code Section 5705.41(B), the general fund had expenditures plus encumbrances in excess of final appropriations as of December 31, 2022:

	Final	Actual	Variance
<b>General Fund:</b>			
General Government	\$1,449,881	\$1,488,146	(\$38,265)
Debt Service:			
Principal Retirement	28,069	28,778	(709)
Interest	3,305	3,548	(243)

Although the budgetary violation was not corrected by year end, management has indicated that this will be closely monitored to ensure no future violations.

**Note 21 – Transfer of Operations**

During 2022, the State of Ohio ordered the dissolution of the City’s municipal court following the death of the sitting judge. Upon the dissolution of the municipal court, the operations of the municipal court were transferred to the Columbiana County Court. Four of ten of the City’s municipal court related employees were hired by the County following the transfer. The judgement for the dissolution was entered on September 15, 2022 . For 2022, the City is reporting a special item of \$292,070 for the transfer of operations.

The revenues and expenses recognized prior to the transfer for the disposed operations were as follows:

	Revenues	Expenses
Indigent Drivers Fund	\$2,711	\$3,774
CLR Fund	4,946	6,143
Probation MTN Fund	39,342	59,790
SOS Addiction Recovery Fund	33,433	104,839
Municipal Court Capital Improvement Fund	16,563	19,775
Maintenance Fee Fund	65,600	41,416

**Note 22 – The City of East Liverpool Board of Health**

***Description of the Entity***

The constitution and laws of the State of Ohio establish the rights and privileges of the City of East Liverpool Board of Health (the Board) as a body corporate and politic. A five-member Board and a Health Commissioner govern the Board. Consistent with the provisions of Ohio Revised Code Section 3709.36, the Board is a legally separate organization. The Mayor appoints the Board. Among its various duties, the Board provides for the prompt diagnosis and control of communicable diseases. The Board may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The Board is operated by a board with all members being appointed by the City. The City provides funding to the Board, thus the City can impose will on the Board, and the Board imposes a financial burden to the City. Therefore, the Board is considered a discretely presented component unit of the City of East Liverpool.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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***Summary of Significant Accounting Policies***

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

***Basis of Presentation of Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the Board as a whole. The statement of net position presents the financial condition of the Board at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Board's 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. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental program is self-financing or draws from the general revenues of the Board.

***Measurement Focus of Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the Board are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

***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.

***Revenues – Exchange and Non-exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the Board of Health receives value without directly giving equal value in return, includes grants and donations. Revenue from grants 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 Board of Health must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board of Health on a reimbursement basis.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources 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. For the Board of Health, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Board of Health, deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position.



**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
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**Expenses** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**Prepaid Items** Payments made to vendors for services that will benefit periods beyond December 31, 2022, 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.

**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.

**Leases**

The Board serves as a lessee in two noncancellable leases. These leases are accounted for as follows:

**Lessee** At the commencement of a lease, the Board initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Capital Assets** All of the Board's capital assets are general capital assets generally resulting from expenditures in governmental funds. These 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.

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 Board maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets (except for intangible right to use lease assets which are discussed below) are depreciated, except land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Machinery and Equipment	10 years
Intangible Right to Use Lease - Equipment	10 years

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
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The Board is reporting intangible right to use assets related to leased equipment. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

***Compensated Absences*** Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the Board will compensate the employees for the benefits through paid time off or some other means. The Board records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the Board's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Board has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the Board's termination policy. The Board records a liability for accumulated unused sick leave for all employees.

***Accrued Liabilities and Long-Term Obligations*** 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 that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Leases are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

***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. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Board'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. Restricted net position for pension plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

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

***Deposits and Investments***

The City of East Liverpool Auditor is custodian for the Board's deposits. The City's deposit and investment pool holds the Board's assets, valued at the City Auditor's reported carrying amount.

***Receivables***

Receivables at December 31, 2022, consisted solely of intergovernmental receivables arising from grants.

**City of East Liverpool, Ohio**  
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A summary of the principal items of intergovernmental receivables is as follows:

	<u>Amount</u>
Workforce Development Grant	\$11,869
Workers' Compensation Refund	161
Total	<u>\$12,030</u>

***Capital Assets***

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Balance 12/31/2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2022</u>
<b><i>Capital Assets being Depreciated/Amortized</i></b>				
Machinery and Equipment	\$12,435	\$4,312	\$0	\$16,747
Intangible Right to Use Lease - Equipment	2,489	0	0	2,489
<i>Total Capital Assets being Depreciated/Amortized</i>	14,924	4,312	0	19,236
<b><i>Less: Accumulated Depreciation/Amortization</i></b>				
Machinery and Equipment	(3,400)	(1,234)	0	(4,634)
Intangible Right to Use Lease - Equipment	0	(332)	0	(332)
<i>Total Accumulated Depreciation/Amortization, Net</i>	(3,400)	(1,566) *	0	(4,966)
<i>Total Capital Assets, Net</i>	<u>\$11,524</u>	<u>\$2,746</u>	<u>\$0</u>	<u>\$14,270</u>

\* Of the current year depreciation total of \$1,566, \$332 is presented as public health services expense on the statement of activities related to the Board's intangible asset of a copier, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

***Risk Management***

The Board of Health is located in the City of East Liverpool's municipal building. The City contracts with U.S. Specialty Insurance Company for its property and liability insurance. In 2022, the building and contents were insured for a value of \$8,633,549. The City does not charge the Board for a portion of the building property insurance.

The Board 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.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

***Other Employee Benefits***

***Compensated Absences*** The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn vacation and sick leave at different rates depending upon length of service and type of employment. Vacation leave benefits are lost at year end if employees do not use these balances during the year unless prior approval has been obtained from the department head. Upon retirement or death, employees are paid to a maximum of 480 hours for accumulated unused sick leave.

***Employee Insurance Benefits*** For 2022, employees of the Board received medical insurance benefits through the City of East Liverpool’s health reimbursement account (HRA) medical program.

***Deferred Compensation*** Board employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 456 and is considered an other employee benefit plan. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

***Grants*** Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow; however, based on prior experience, management believes any refunds would be immaterial.

***Litigation*** Management is not aware of any pending litigation.

***Long-Term Obligations***

A schedule of changes in bonds and other long-term obligations of the Board during 2022 follows:

	Amount Outstanding 12/31/2021	Additions	Deletions	Amount Outstanding 12/31/2022	Amounts Due In One Year
<b>Other Long-term Obligations</b>					
Net Pension Liability:					
OPERS	\$133,518	\$0	(\$56,419)	\$77,099	\$0
Lease Payable	1,916	0	(709)	1,207	825
Compensated Absences	9,488	6,353	(5,467)	10,374	4,798
<b>Total Long-term Obligations</b>	<b>\$144,922</b>	<b>\$6,353</b>	<b>(\$62,595)</b>	<b>\$88,680</b>	<b>\$5,623</b>

***Defined Benefit Pension Plans***

Plan descriptions and actuarial information for the Board of Health’s defined benefit pension plans are the same as the City’s (see Note 11).

For 2022, the Board’s contractually required contribution was \$18,665 for the traditional plan and \$242 for the combined plan. Of these amounts, \$3,581 is reported as an intergovernmental payable for the traditional plan and \$46 for the combined plan.

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2022

The net pension liability (asset) for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability (asset) was based on the Board's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the Board's defined benefit pension plans:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.00088616%	0.00036588%	
Prior Measurement Date	0.00090168%	0.00037468%	
Change in Proportionate Share	<u>-0.00001552%</u>	<u>-0.00000880%</u>	
Proportionate Share of the:			
Net Pension Liability	\$77,099	\$0	\$77,099
Net Pension Asset	0	(1,442)	(1,442)
Pension Expense	(22,745)	(48)	(22,793)

At December 31, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$3,930	\$9	\$3,939
Changes of assumptions	9,641	72	9,713
Changes in proportion and differences between Board contributions and proportionate share of contributions	0	40	40
Board contributions subsequent to the measurement date	<u>18,665</u>	<u>242</u>	<u>18,907</u>
Total Deferred Outflows of Resources	<u>\$32,236</u>	<u>\$363</u>	<u>\$32,599</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$1,691	\$161	\$1,852
Net difference between projected and actual earnings on pension plan investments	91,707	309	92,016
Changes in proportion and differences between Board contributions and proportionate share of contributions	<u>5,391</u>	<u>12</u>	<u>5,403</u>
Total Deferred Inflows of Resources	<u>\$98,789</u>	<u>\$482</u>	<u>\$99,271</u>

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

\$18,907 reported as deferred outflows of resources related to pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Year Ending December 31:			
2023	(\$16,968)	(\$88)	(\$17,056)
2024	(32,096)	(125)	(32,221)
2025	(21,564)	(79)	(21,643)
2026	(14,590)	(61)	(14,651)
2027	0	(5)	(5)
Thereafter	0	(3)	(3)
Total	(\$85,218)	(\$361)	(\$85,579)

***Sensitivity of the Board's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate*** The following table presents the Board's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the Board's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
<b>Board's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$203,276	\$77,099	(\$27,896)
OPERS Combined Plan	(1,076)	(1,442)	(1,727)

***Defined Benefit OPEB Plan***

Plan descriptions and actuarial information for the Board of Health's defined benefit OPEB plan are the same as the City's (see Note 12).

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's had no contributions or related payables for 2022.

The net OPEB (asset) liability and total OPEB (asset) liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Board's proportion of the net OPEB liability was based on the Board's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

	OPERS
Proportion of the Net OPEB Asset/Liability:	
Current Measurement Date	0.00083552%
Prior Measurement Date	0.00085620%
Change in Proportionate Share	-0.00002068%
Proportionate Share of the:	
Net OPEB Asset	(\$26,170)
OPEB Expense	(\$27,232)

At December 31, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
<b>Deferred Outflows of Resources</b>	<b>\$0</b>
<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$3,970
Changes of assumptions	10,593
Net difference between projected and actual earnings on OPEB plan investments	12,476
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,625
Total Deferred Inflows of Resources	\$29,664

\$0 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2023	(\$19,228)
2024	(5,919)
2025	(2,726)
2026	(1,791)
Total	(\$29,664)

**City of East Liverpool, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

***Sensitivity of the Board's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Discount Rate*** The following table presents the Board's proportionate share of the net OPEB (asset) liability calculated using the single discount rate of 6.00 percent, as well as what the Board's proportionate share of the net OPEB (asset) liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Board's proportionate share of the net OPEB liability (asset)	(\$15,390)	(\$26,170)	(\$35,117)

***Sensitivity of the Board's Proportionate Share of the Net OPEB Liability (Asset) 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 (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Board's proportionate share of the net OPEB liability (asset)	(\$26,453)	(\$26,170)	(\$25,834)



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## Required Supplementary Information

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

	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.02126784%	0.02164032%	0.02343744%	0.02425920%
City's Proportionate Share of the Net Pension Liability	\$1,850,387	\$3,204,461	\$4,632,571	\$6,644,106
City's Covered Payroll	\$3,086,557	\$3,047,914	\$3,297,557	\$3,413,121
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	105.14%	140.48%	194.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%

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

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

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014
0.02484100%	0.02542200%	0.02568700%	0.02613100%	0.02613100%
\$3,897,071	\$5,772,904	\$4,449,312	\$3,151,688	\$3,080,502
\$3,282,754	\$3,291,092	\$3,192,129	\$3,203,675	\$3,104,947
118.71%	175.41%	139.38%	98.38%	99.21%
84.66%	77.25%	81.08%	86.45%	86.36%

**City of East Liverpool, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the*  
*Net Pension Asset*  
*Ohio Public Employees Retirement System - Combined Plan*  
*Last Five Years (1)*

	2022	2021	2020	2019	2018
City's Proportion of the Net Pension Asset	0.00878112%	0.00899232%	0.00873792%	0.00896064%	0.00983500%
City's Proportionate Share of the Net Pension Asset	\$34,600	\$25,958	\$18,222	\$10,021	\$13,389
City's Covered Payroll	\$40,029	\$39,629	\$38,893	\$39,921	\$40,277
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	86.44%	65.50%	46.85%	25.10%	33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	169.88%	157.67%	145.28%	126.64%	137.28%

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

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

See accompanying notes to the required supplementary information.

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**City of East Liverpool, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the*  
*Net OPEB (Asset) Liability*  
*Ohio Public Employees Retirement System - OPEB Plan*  
*Last Six Years (1)*

	2022	2021	2020	2019
City's Proportion of the Net OPEB (Asset) Liability	0.02005248%	0.02054880%	0.02221728%	0.02301504%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$628,077)	(\$366,091)	\$3,068,786	\$3,000,617
City's Covered Payroll	\$3,126,986	\$3,107,668	\$3,356,575	\$3,477,367
City's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-20.09%	-11.78%	91.43%	86.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%	46.33%

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

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

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>
0.02362000%	0.02441000%
\$2,564,959	\$2,465,494
\$3,345,981	\$3,378,667
76.66%	72.97%
54.14%	54.04%

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

	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.07136030%	0.07704360%	0.08504090%	0.08329300%
City's Proportionate Share of the Net Pension Liability	\$4,458,178	\$5,252,130	\$5,728,809	\$6,798,911
City's Covered Payroll	\$1,820,445	\$1,897,762	\$2,055,253	\$1,933,886
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	244.89%	276.75%	278.74%	351.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%	63.07%

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

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

See accompanying notes to the required supplementary information.



2018	2017	2016	2015	2014
0.07505600%	0.07632500%	0.08334700%	0.08364510%	0.08364510%
\$4,606,525	\$4,834,350	\$5,361,771	\$4,333,165	\$4,073,779
\$1,668,585	\$1,636,526	\$1,684,876	\$1,679,505	\$1,630,431
276.07%	295.40%	318.23%	258.00%	249.86%
70.91%	68.36%	66.77%	71.71%	73.00%

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

	2022	2021	2020	2019
City's Proportion of the Net OPEB Liability	0.07136030%	0.07704360%	0.08504090%	0.08329300%
City's Proportionate Share of the Net OPEB Liability	\$782,171	\$816,289	\$840,012	\$758,509
City's Covered Payroll	\$1,820,445	\$1,897,762	\$2,055,253	\$1,933,886
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.97%	43.01%	40.87%	39.22%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.90%	45.40%	47.08%	46.57%

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

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

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>
0.07505600%	0.07632500%
\$4,252,568	\$3,622,976
\$1,668,585	\$1,636,526
254.86%	221.38%
14.13%	15.96%

**City of East Liverpool, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Public Employees Retirement System*  
*Last Ten Years*

	2022	2021	2020	2019
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$447,961	\$432,118	\$426,708	\$461,658
Contributions in Relation to the Contractually Required Contribution	(447,961)	(432,118)	(426,708)	(461,658)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
City Covered Payroll	\$3,199,721	\$3,086,557	\$3,047,914	\$3,297,557
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net Pension Asset - Combined Plan</b>				
Contractually Required Contribution	\$5,816	\$5,604	\$5,548	\$5,445
Contributions in Relation to the Contractually Required Contribution	(5,816)	(5,604)	(5,548)	(5,445)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
City Covered Payroll	\$41,543	\$40,029	\$39,629	\$38,893
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net OPEB Asset/Liability - OPEB Plan (1)</b>				
Contractually Required Contribution	\$0	\$16	\$805	\$805
Contributions in Relation to the Contractually Required Contribution	0	(16)	(805)	(805)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
City Covered Payroll (2)	\$3,241,264	\$3,126,986	\$3,107,668	\$3,356,575
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.03%	0.02%

(1) Information prior to 2016 is not available for the OPEB plan.

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

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
\$477,837	\$426,758	\$394,932	\$383,055	\$384,441	\$403,643
(477,837)	(426,758)	(394,932)	(383,055)	(384,441)	(403,643)
\$0	\$0	\$0	\$0	\$0	\$0
\$3,413,121	\$3,282,754	\$3,291,092	\$3,192,129	\$3,203,675	\$3,104,947
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$5,589	\$5,236	\$4,989	\$4,720	\$6,010	\$4,741
(5,589)	(5,236)	(4,989)	(4,720)	(6,010)	(4,741)
\$0	\$0	\$0	\$0	\$0	\$0
\$39,921	\$40,277	\$41,575	\$39,333	\$50,083	\$36,469
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$973	\$34,148	\$68,493			
(973)	(34,148)	(68,493)			
\$0	\$0	\$0			
\$3,477,367	\$3,345,981	\$3,378,667			
0.03%	1.02%	2.03%			

**City of East Liverpool, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	2022	2021	2020	2019
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$380,053	\$385,099	\$399,302	\$427,070
Contributions in Relation to the Contractually Required Contribution	<u>(380,053)</u>	<u>(385,099)</u>	<u>(399,302)</u>	<u>(427,070)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$1,791,648	\$1,820,445	\$1,897,762	\$2,055,253
Pension Contributions as a Percentage of Covered Payroll	<u>21.21%</u>	<u>21.15%</u>	<u>21.04%</u>	<u>20.78%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$8,958	\$9,102	\$9,489	\$10,277
Contributions in Relation to the Contractually Required Contribution	<u>(8,958)</u>	<u>(9,102)</u>	<u>(9,489)</u>	<u>(10,277)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$1,791,648	\$1,820,445	\$1,897,762	\$2,055,253
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.71%</u>	<u>21.65%</u>	<u>21.54%</u>	<u>21.28%</u>

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

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013	2012
\$398,411	\$343,665	\$339,721	\$351,147	\$350,049	\$289,044	\$240,727
(398,411)	(343,665)	(339,721)	(351,147)	(350,049)	(289,044)	(240,727)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$1,933,886	\$1,668,585	\$1,636,526	\$1,684,876	\$1,679,505	\$1,630,431	\$1,647,502
20.60%	20.60%	20.76%	20.84%	20.84%	17.73%	14.61%
\$9,669	\$8,343	\$8,183	\$8,425	\$8,397	\$58,967	\$111,207
(9,669)	(8,343)	(8,183)	(8,425)	(8,397)	(58,967)	(111,207)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$1,933,886	\$1,668,585	\$1,636,526	\$1,684,876	\$1,679,505	\$1,630,431	\$1,647,502
0.50%	0.50%	0.50%	0.50%	0.50%	3.62%	6.75%
21.10%	21.10%	21.26%	21.34%	21.34%	21.35%	21.36%

**City of East Liverpool, Ohio**  
*Notes to the Required Supplementary Information*  
For the Year Ended December 31, 2022

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

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented as follows:

	2022	2019	2018 and 2017	2016 and prior
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

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

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

2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple 5.50 to 5.00 percent

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent 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 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 these tables.

Amounts reported beginning in 2017 use pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled



**City of East Liverpool, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2022*

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

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

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

	2022	2019	2018
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

For 2022, 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

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

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

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

**City of East Liverpool, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2022*

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For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022.

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

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

Amounts reported beginning in 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck/Conduent Modified 2016 Improvement Scale.

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

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

**City of East Liverpool, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2022*

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**Changes in Assumptions – OPERS OPEB**

Wage Inflation:	
2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

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

Blended Discount Rate:	
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022.

**City of East Liverpool, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2022*

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**Changes in Benefit Terms – OPERS OPEB**

On January 15, 2020, 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 2021.

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

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

CITY OF EAST LIVERPOOL, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTER/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH OHIO DEVELOPMENT SERVICES AGENCY OFFICE OF COMMUNITY DEVELOPMENT</b>				
HOME Investment Partnerships Program	14.239	2BH	\$ -	\$ 56,630
<b>Total U.S. Department of Housing and Urban Development</b>			<b>-</b>	<b>56,630</b>
<b>U.S. DEPARTMENT OF JUSTICE PASSED THROUGH OHIO ATTORNEY GENERAL</b>				
Crime Victim Assistance	16.575	2022-VOCA-134716842	-	32,063
<b>Total U.S. Department of Justice</b>			<b>-</b>	<b>32,063</b>
<b>U.S DEPARTMENT OF TRANSPORTATION PASSED THROUGH OHIO DEPARTMENT OF TRANSPORTATION</b>				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	CN17W	-	59,838
<b>Total Highway Planning and Construction Cluster</b>			<b>-</b>	<b>59,838</b>
<b>Total U.S. Department of Transportation</b>			<b>-</b>	<b>59,838</b>
<b>U.S. DEPARTMENT OF TREASURY</b>				
COVID-19 - State and Local Fiscal Recovery Funds	21.027	N/A		858,225
<b>Total U.S. Department of Treasury</b>			<b>-</b>	<b>858,225</b>
<b>Total Federal Expenditures</b>			<b>\$ -</b>	<b>\$ 1,006,756</b>

See notes to Schedule of Expenditures of Federal Awards

**CITY OF EAST LIVERPOOL  
COLUMBIANA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of East Liverpool (the City) under programs of the federal government for the year ended December 31, 2022. 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.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - 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.

**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****INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of East Liverpool, Ohio:

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Liverpool, Ohio (the "City") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item number 2022-001 that we consider to be a material weakness.

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

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 or other matters that are required to be reported under *Government Auditing Standards*.

## **City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio  
June 30, 2023



## **REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

### **INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of East Liverpool, Ohio:

#### **Report on Compliance for the Major Federal Program**

##### **Opinion on Each Major Program**

We have audited the City of East Liverpool, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2022. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

##### ***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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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'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's federal programs.

## ***Auditors' 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'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'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'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'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'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 Auditors' 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.

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.

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio  
June 30, 2023

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued :	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	yes
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

**Federal Awards**

Internal Control over major program:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major programs:	
<i>ALN 21.027– COVID-19 – Coronavirus State and Fiscal Recovery Funds</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	yes

**Section II - Financial Statement Findings**

**2022-001 Financial Reporting**

During the course of our audit, we identified misstatements in the financial statements for the year ended December 31, 2022, that were not initially identified by the City's internal control over financial reporting. A deficiency in internal control exists when the design of 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. In this case, the internal controls over the preparation and review of the City's financial statements did not operate as designed.

The City contracts with a third-party consultant to prepare its year-end GAAP financial statements and while the City relies on the third-party consultant for, City management is ultimately responsible for internal control over financial reporting.

Audit adjustments were necessary to correct errors related to intergovernmental revenue, charges for service revenue, and deferred inflows- unavailable revenue in the Street Levy fund and Fire fund.

We recommend the City continue to enhance its internal control over financial reporting including review of the third-party GAAP converter workpapers and financial statements.

***Views of Responsible Officials:*** See Corrective Action Plan.

**Section III – Federal Award Findings and Questioned Costs**

**None**

**Section IV –Schedule of Prior Audit Findings**

**None**

**MARILYN BOSCO  
CITY AUDITOR**



Melissa Faulkner, Deputy Auditor

City of East Liverpool  
126 West Sixth Street  
East Liverpool, Ohio 43920

Phone: (330) 385-4224  
Fax: (330) 386-7402

**CORRECTIVE ACTION PLAN**

**December 31, 2022**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2022-001	We will implement stronger controls over the GAAP financial statements in the future.	May 31, 2023	Marilyn Bosco, City Auditor

Sincerely,

Marilyn Bosco  
County Auditor

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF EAST LIVERPOOL**

**COLUMBIANA 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 9/12/2023**

88 East Broad 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)