bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WICKLIFFE
LAKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

City Council
City of Wickliffe
28730 Ridge Road
Wickliffe

We have reviewed the *Independent Auditor's Report* of the City of Wickliffe, Lake County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2021 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 Wickliffe is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 28, 2023

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For the Year Ended December 31, 2021

INDEPENDENT AUDITOR'S REPORT

City of Wickliffe
Lake County
28730 Ridge Road
Wickliffe, Ohio 44092

To the Members of City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wickliffe, Lake County, Ohio (City), as of and for the years ended December 31, 2022 and 2021, 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, each major fund, and the aggregate remaining fund information of the City of Wickliffe, Lake County, Ohio as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Safety Services, and American Rescue Plan Act Funds for the years then ended in accordance with the 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, 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.

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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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio

June 28, 2023

The discussion and analysis of the City of Wickliffe's financial performance provides an overall review of the City's financial activities for the fiscal 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 notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

- In total, net position increased $2,485,676. Net position of governmental activities increased $2,823,343 from 2021. Net position of business-type activities decreased $337,667 from 2021.
- General revenues accounted for $16.8 million in revenue or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 26% of total revenues of $22.6 million.
- The City had $17.1 million in expenses related to governmental activities; only about $3.4 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $16.8 million were adequate to provide for these programs.
- Among major funds, the general fund had $15.6 million in revenues and $14.3 million in expenditures, including transfers out to other funds. The general fund's fund balance increased $1,301,280 to $10,631,660.
- Net position for enterprise funds decreased by $337,667.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The Statement of Net Position includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net-position (the difference between the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources) are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.

- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's sewer services are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in 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. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. 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 – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2022 and 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	$23,160,522	$19,103,901	$781,335	$731,636	$23,941,857	$19,835,537
Capital assets, Net	75,824,142	76,380,943	2,122,825	2,252,064	77,946,967	78,633,007
Total assets	98,984,664	95,484,844	2,904,160	2,983,700	101,888,824	98,468,544
Deferred outflows of resources	6,213,331	3,847,100	0	0	6,213,331	3,847,100
Net pension liability	13,356,887	14,857,328	0	0	13,356,887	14,857,328
Net OPEB liability	2,060,001	1,920,493	0	0	2,060,001	1,920,493
Other long-term liabilities	2,191,050	2,430,989	0	0	2,191,050	2,430,989
Other liabilities	2,734,854	1,422,599	613,966	355,839	3,348,820	1,778,438
Total liabilities	20,342,792	20,631,409	613,966	355,839	20,956,758	20,987,248
Deferred inflows of resources	11,614,823	8,283,498	0	0	11,614,823	8,283,498
Net position (deficit):						
Net investment in capital assets	75,254,678	75,658,854	2,122,825	2,252,064	77,377,503	77,910,918
Restricted	1,597,455	1,389,454	0	0	1,597,455	1,389,454
Unrestricted	(3,611,753)	(6,631,271)	167,369	375,797	(3,444,384)	(6,255,474)
Total net deficit	$73,240,380	$70,417,037	$2,290,194	$2,627,861	$75,530,574	$73,044,898

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

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

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

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

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

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

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

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

Management's Discussion and Analysis
For the Year Ended December 31, 2022 ***Unaudited***

Changes in Net position – The following table shows the changes in net position for the fiscal year 2022 and 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for Services and Sales	$2,190,020	$2,165,874	$2,471,443	$2,697,447	$4,661,463	$4,863,321
Operating Grants and Contributions	1,060,855	1,115,463	0	0	1,060,855	1,115,463
Capital Grants and Contributions	115,539	50,227	0	0	115,539	50,227
General revenues:						
Property Taxes	3,097,688	2,836,699	0	0	3,097,688	2,836,699
Municipal Income Taxes	9,808,402	9,394,951	0	0	9,808,402	9,394,951
Other Local Taxes	197,024	194,292	0	0	197,024	194,292
Grants and Entitlements	3,332,836	2,335,807	0	0	3,332,836	2,335,807
Investment Earnings	173,394	5,801	1,145	25	174,539	5,826
Miscellaneous	181,636	723,924	0	0	181,636	723,924
Total revenues	20,157,394	18,823,038	2,472,588	2,697,472	22,629,982	21,520,510
Program Expenses:						
Security of Persons and Property	7,832,670	8,294,119	0	0	7,832,670	8,294,119
Public Health and Welfare Services	42,807	53,127	0	0	42,807	53,127
Leisure Time Activities	1,295,799	951,315	0	0	1,295,799	951,315
Community Environment	271,656	247,069	0	0	271,656	247,069
Basic Utility Services	313,189	338,641	0	0	313,189	338,641
Transportation	4,239,157	3,892,112	0	0	4,239,157	3,892,112
General Government	3,131,362	1,761,711	0	0	3,131,362	1,761,711
Interest and Fiscal Charges	17,411	21,573	0	0	17,411	21,573
Sewer	0	0	3,000,255	2,648,339	3,000,255	2,648,339
Total expenses	17,144,051	15,559,667	3,000,255	2,648,339	20,144,306	18,208,006
Excess (deficiency) before Transfers	3,013,343	3,263,371	(527,667)	49,133	2,485,676	3,312,504
Transfers	(190,000)	0	190,000	0	0	0
Total Change in Net Position	2,823,343	3,263,371	(337,667)	49,133	2,485,676	3,312,504
Beginning Net Position, Restated	70,417,037	67,153,666	2,627,861	2,578,728	73,044,898	69,732,394
Ending Net Position	$73,240,380	$70,417,037	$2,290,194	$2,627,861	$75,530,574	$73,044,898

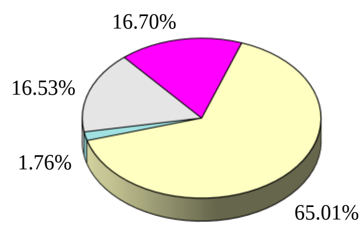
Governmental Activities

Net position of the City's governmental activities increased by $2,823,243. Much of this increase was related to increases in both property and income tax revenue, paired with in and increase in the OPERS Net OPEB asset during the year. The increase in the net OPEB asset is offset against the department expenditures on an entity wide basis and results in a reduction in OPEB expense for the year.

The City also receives an income tax, which is based on 2% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 15% and 49% respectively of revenues for governmental activities for the City in fiscal year 2022. The City's reliance upon tax revenues is demonstrated by the following graph indicating 65.01% of total revenues from general tax revenues:

Revenue Sources	2022	Percent of Total
General Shared Revenues	$3,332,836	16.53%
Program Revenues	3,366,414	16.70%
General Tax Revenues	13,103,114	65.01%
General Other	355,030	1.76%
Total Revenue	$20,157,394	100.00%



Business-Type Activities

Net position of the business-type activities decreased by $337,667. The only business-type activity the City operates is the Sewer Fund. Most of this decrease can be attributed to the increase in operating expenses during the year as a result of inflation during 2022. A transfer was made into the fund during the year to cover some of these costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $15,164,599, which is an increase from last year's balance of $13,502,818. The schedule below indicates the fund balance and the total change in fund balance by major fund and other governmental funds as of December 31, 2022 and 2021:

	Fund Balance December 31, 2022	Fund Balance December 31, 2021	Increase (Decrease)
General	$10,631,660	$9,318,843	$1,312,817
Safety Services	376,735	336,869	39,866
Debt Service	79,362	70,054	9,308
Captial Projects	1,376,186	1,213,300	162,886
Other Governmental	2,700,656	2,563,752	136,904
Total	$15,164,599	$13,502,818	$1,661,781

General Fund – The City's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2022 Revenues	2021 Revenues	Increase (Decrease)
Taxes	$11,402,255	$10,801,611	$600,644
Intergovernmental Revenue	2,672,316	2,033,698	638,618
Charges for Services	537,555	485,247	52,308
Licenses and Permits	208,659	268,135	(59,476)
Fines and Forfietures	130,135	145,777	(15,642)
Investment Earnings	139,073	4,244	134,829
All Other Revenue	490,899	563,888	(72,989)
Total	$15,580,892	$14,302,600	$1,278,292

General Fund revenues in 2022 increased by 8.9% compared to revenues in fiscal year 2021. The most significant increase was in income tax revenue, intergovernmental revenue and charges for services. The increases in these sources of revenue can be attributed to the ongoing recovery from the global pandemic.

	2022 Expenditures	2021 Expenditures	Increase (Decrease)
Security of Persons and Property	$30,057	$27,266	$2,791
Public Health and Welfare Services	7,227	13,074	(5,847)
Leisure Time Activities	408,326	212,271	196,055
Community Environment	281,510	236,228	45,282
Basic Utility Services	18,853	17,649	1,204
Transportation	1,547,463	1,455,926	91,537
General Government	4,401,176	4,489,146	(87,970)
Total	$6,694,612	$6,451,560	$243,052

General Fund expenditures in 2022 increased 3.8% compared to the prior year. This increase can be attributed to regular everyday business within the City such as adjustment in pay for the cost of living.

GENERAL FUND BUDGET INFORMATION

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2022, the City amended its General Fund budget several times, none significant.

For the General Fund, final budgeted revenue of $14 million did not change from the original budget estimates of $14 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the City had $77,946,967 net of accumulated depreciation invested in land, improvements, infrastructure, buildings and machinery and equipment. Of this total, $75,824,142 was related to governmental activities and $2,122,825 to the business-type activities. The following table shows fiscal year 2022 and 2021 balances:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Land	$19,162,320	$19,162,320	$0
Buildings	11,785,138	11,785,138	0
Improvements Other Than Buildings	4,189,431	4,203,211	(13,780)
Machinery and Equipment	13,225,334	12,642,441	582,893
Infrastructure	80,987,414	80,048,997	938,417
Less: Accumulated Depreciation	(53,525,495)	(51,461,164)	(2,064,331)
Totals	$75,824,142	$76,380,943	($556,801)

	Business-Type Activities		Increase (Decrease)
	2022	2021	
Utility Structures in Service	$11,570,120	$11,570,120	$0
Less: Accumulated Depreciation	(9,447,295)	(9,318,056)	(129,239)
Totals	$2,122,825	$2,252,064	($129,239)

The primary increase occurred in infrastructure. Additional information on the City's capital assets can be found in Note 9.

Debt

The City had $360,000 in general obligation bonds outstanding at December 31, 2022, $180,000 due within one year. The following table summarizes the City's liabilities outstanding as of December 31, 2022 and 2021:

	2022	2021
Governmental Activities:		
General Obligation Bonds	$360,000	$535,000
OPWC Loans Payable	209,464	187,089
Compensated Absences	1,621,586	1,708,900
Net Pension Liability	13,356,887	14,857,328
Net OPEB Liability	2,060,001	1,920,493
Total Governmental Activities	$17,607,938	$19,208,810

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Wickliffe lies, is limited to ten mills. At December 31, 2022, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

At the conclusion of 2022, the City of Wickliffe still maintained a healthy unencumbered General Fund balance of $7 million. However, moving forward, issues such as the future cost of health care is just one example of some large factors that will strongly influence the City's decision making process.

In an effort to maintain quality services city leaders are working together to identify new revenue sources and new ways to operate more efficiently. Seeking out grant funding for road improvements and capital equipment purchases has become a vital part of financing City operations. Sharing resources of both manpower and equipment with our neighboring communities also becomes more common as financial challenges increase. Moving into the future the City leaders will continue to scrutinize expenditures in an effort to identify additional cost containment measures that can be taken without jeopardizing the health and safety of the community.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 440-943-7117 or writing to City of Wickliffe Finance Department, 28730 Ridge Road, Wickliffe, Ohio 44092.

Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 14,414,268	$ 339,115	$ 14,753,383
Receivables:			
Taxes	5,539,260	0	5,539,260
Accounts	68,066	692,220	760,286
Intergovernmental	1,089,712	0	1,089,712
Interest	44,901	0	44,901
Leases	862,815	0	862,815
Special Assessments	13,767	0	13,767
Internal Balances	250,000	(250,000)	0
Inventory of Supplies at Cost	111,110	0	111,110
Prepaid Items	137,810	0	137,810
Capital Assets:			
Capital Assets Not Being Depreciated	19,162,320	0	19,162,320
Capital Assets Being Depreciated, Net	56,661,822	2,122,825	58,784,647
Net OPEB Asset	628,813	0	628,813
Total Assets	98,984,664	2,904,160	101,888,824
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt	5,969	0	5,969
Pension	4,925,014	0	4,925,014
OPEB	1,282,348	0	1,282,348
Total Deferred Outflows of Resources	6,213,331	0	6,213,331
Liabilities:			
Accounts Payable	1,031,983	613,966	1,645,949
Accrued Wages and Benefits	361,877	0	361,877
Unearned Revenue	1,340,277	0	1,340,277
Accrued Interest Payable	717	0	717
Long-Term Liabilities:			
Due Within One Year	396,287	0	396,287
Net Pension Liability	13,356,887	0	13,356,887
Net OPEB Liability	2,060,001	0	2,060,001
Due in More Than One Year	1,794,763	0	1,794,763
Total Liabilities	20,342,792	613,966	20,956,758

(Continued)

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,935,077	0	2,935,077
Pension	6,248,350	0	6,248,350
OPEB	1,568,581	0	1,568,581
Deferred Revenue - Lease Revenue	862,815	0	862,815
Total Deferred Inflows of Resources	11,614,823	0	11,614,823
Net Position:			
Net Investment in Capital Assets	75,254,678	2,122,825	77,377,503
Restricted For:			
Debt Service	92,738	0	92,738
Other Purposes	1,504,717	0	1,504,717
Unrestricted (Deficit)	(3,611,753)	167,369	(3,444,384)
Total Net Position	$ 73,240,380	$ 2,290,194	$ 75,530,574

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2022

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	$ 7,832,670	$ 657,945	$ 2,628	$ 0
Public Health and Welfare Services	42,807	10,095	53,061	0
Leisure Time Activities	1,295,799	442,698	133,816	0
Community Environment	271,656	313,352	0	0
Basic Utility Services	313,189	341,131	0	0
Transportation	4,239,157	0	871,350	115,539
General Government	3,131,362	424,799	0	0
Interest and Fiscal Charges	17,411	0	0	0
Total Governmental Activities	17,144,051	2,190,020	1,060,855	115,539
Business-Type Activities:				
Sewer	3,000,255	2,471,443	0	0
Total Business-Type Activities	3,000,255	2,471,443	0	0
Totals	$ 20,144,306	$ 4,661,463	$ 1,060,855	$ 115,539

General Revenues

Property Taxes

Municipal Income Taxes

Other Local Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (7,172,097)	$ 0	$ (7,172,097)
20,349	0	20,349
(719,285)	0	(719,285)
41,696	0	41,696
27,942	0	27,942
(3,252,268)	0	(3,252,268)
(2,706,563)	0	(2,706,563)
(17,411)	0	(17,411)
(13,777,637)	0	(13,777,637)
0	(528,812)	(528,812)
0	(528,812)	(528,812)
(13,777,637)	(528,812)	(14,306,449)
3,097,688	0	3,097,688
9,808,402	0	9,808,402
197,024	0	197,024
3,332,836	0	3,332,836
173,394	1,145	174,539
181,636	0	181,636
(190,000)	190,000	0
16,600,980	191,145	16,792,125
2,823,343	(337,667)	2,485,676
70,417,037	2,627,861	73,044,898
$ 73,240,380	$ 2,290,194	$ 75,530,574

Balance Sheet
Governmental Funds
December 31, 2022

	General	Safety Services	American Rescue Plan
Assets:			
Cash and Cash Equivalents	$ 7,604,416	$ 689,805	$ 1,340,277
Receivables:			
Taxes	3,862,479	804,106	0
Accounts	54,062	14,004	0
Intergovernmental	597,029	10,826	0
Interest	44,901	0	0
Special Assessments	0	0	0
Leases Receivable	862,815	0	0
Interfund Loans Receivables	250,000	0	0
Inventory of Supplies, at Cost	111,110	0	0
Prepaid Items	135,760	2,050	0
Total Assets	$ 13,522,572	$ 1,520,791	$ 1,340,277
Liabilities:			
Accounts Payable	202,619	74,313	0
Accrued Wages and Benefits Payable	98,118	254,811	0
Unearned Revenue	0	0	1,340,277
Total Liabilities	300,737	329,124	1,340,277
Deferred Inflows of Resources:			
Unavailable Amounts	417,617	35,474	0
Deferred Revenue - Lease Revenue	862,815	0	0
Property Tax for Next Fiscal Year	1,309,743	779,458	0
Total Deferred Inflows of Resources	2,590,175	814,932	0
Fund Balances:			
Nonspendable	246,870	2,050	0
Restricted	0	374,685	0
Committed	0	0	0
Assigned	2,749,061	0	0
Unassigned	7,635,729	0	0
Total Fund Balances	10,631,660	376,735	0
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 13,522,572	$ 1,520,791	$ 1,340,277

See accompanying notes to the basic financial statements

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 79,362	$ 1,839,675	$ 2,860,733	$ 14,414,268
140,753	563,014	168,908	5,539,260
0	0	0	68,066
9,768	39,071	433,018	1,089,712
0	0	0	44,901
0	0	13,767	13,767
0	0	0	862,815
0	0	0	250,000
0	0	0	111,110
0	0	0	137,810
$ 229,883	$ 2,441,760	$ 3,476,426	$ 22,531,709
0	463,489	291,562	1,031,983
0	0	8,948	361,877
0	0	0	1,340,277
0	463,489	300,510	2,734,137
14,090	56,360	311,540	835,081
0	0	0	862,815
136,431	545,725	163,720	2,935,077
150,521	602,085	475,260	4,632,973
0	0	0	248,920
79,362	0	2,063,286	2,517,333
0	1,376,186	637,370	2,013,556
0	0	0	2,749,061
0	0	0	7,635,729
79,362	1,376,186	2,700,656	15,164,599
$ 229,883	$ 2,441,760	$ 3,476,426	$ 22,531,709

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2022

Total Governmental Fund Balances		$ 15,164,599
Amounts reported for governmental activities in the statement of net position are different because		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		75,824,142
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	92,941	
Special Assessments	13,767	
Intergovernmental	728,373	835,081
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	628,813	
Deferred Outflows - Pension	4,925,014	
Deferred Inflows - Pension	(6,248,350)	
Deferred Outflows - OPEB	1,282,348	
Deferred Inflows - OPEB	(1,568,581)	
Net Pension Liability	(13,356,887)	
Net OEPB Liability	(2,060,001)	(16,397,644)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.		(717)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(360,000)	
Ohio Public Works Commission Loan Payable	(209,464)	
Deferred Loss on Debt Refunding	5,969	
Compensated Absences Payable	(1,621,586)	(2,185,081)
Net Position of Governmental Activities		$ 73,240,380

See accompanying notes to the basic financial statements

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Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Safety Services	Debt Service
Revenues:			
Property Taxes	$ 1,395,538	$ 820,388	$ 174,442
Municipal Income Tax	9,808,402	0	0
Other Local Taxes	198,315	0	0
State Levied Shared Taxes	2,455,952	0	0
Intergovernmental Revenues	216,364	47,311	23,655
Charges for Services	537,555	51,524	0
Licenses and Permits	208,659	0	0
Investment Earnings	139,073	3,372	987
Special Assessments	0	0	0
Fines and Forfeitures	130,135	0	0
All Other Revenue	490,899	0	0
Total Revenue	15,580,892	922,595	199,084
Expenditures:			
Current:			
Security of Persons and Property	30,057	7,682,729	0
Public Health and Welfare Services	7,227	0	0
Leisure Time Activities	408,326	0	0
Community Environment	281,510	0	0
Basic Utility Services	18,853	0	0
Transportation	1,547,463	0	0
General Government	4,401,176	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	175,000
Interest & Fiscal Charges	0	0	14,776
Total Expenditures	6,694,612	7,682,729	189,776
Excess (Deficiency) of Revenues			
Over Expenditures	8,886,280	(6,760,134)	9,308
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	0
OPWC Loans Issued	0	0	0
Transfers In	0	6,800,000	0
Transfers Out	(7,585,000)	0	0
Total Other Financing Sources (Uses)	(7,585,000)	6,800,000	0
Net Change in Fund Balances	1,301,280	39,866	9,308
Fund Balances at Beginning of Year	9,318,843	336,869	70,054
Increase in Inventory Reserve	11,537	0	0
Fund Balances End of Year	$ 10,631,660	$ 376,735	$ 79,362

See accompanying notes to the basic financial statements

Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 581,474	$ 174,444	$ 3,146,286
0	0	9,808,402
0	0	198,315
0	871,409	3,327,361
761,345	146,984	1,195,659
0	335,351	924,430
0	0	208,659
11,791	18,171	173,394
0	396,775	396,775
0	0	130,135
93,564	104,349	688,812
1,448,174	2,047,483	20,198,228
0	168,992	7,881,778
0	35,580	42,807
0	689,830	1,098,156
0	0	281,510
0	303,355	322,208
0	858,834	2,406,297
0	64,713	4,465,889
1,714,638	0	1,714,638
24,041	0	199,041
0	0	14,776
1,738,679	2,121,304	18,427,100
(290,505)	(73,821)	1,771,128
21,975	725	22,700
46,416	0	46,416
385,000	210,000	7,395,000
0	0	(7,585,000)
453,391	210,725	(120,884)
162,886	136,904	1,650,244
1,213,300	2,563,752	13,502,818
0	0	11,537
$ 1,376,186	$ 2,700,656	$ 15,164,599

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

Net Change in Fund Balances - Total Governmental Funds		$ 1,650,244
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 Outlay	2,206,591	
Depreciation	(2,750,204)	(543,613)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.		(13,188)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Other Local Taxes	(1,291)	
Property Taxes	(48,598)	
Special Assessments	145	
Intergovernmental	(13,790)	(63,534)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,413,909	
OPEB	24,419	1,438,328
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	(299,475)	
OPEB	405,741	106,266
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
OPWC Loan Principal	24,041	
OPWC Loan Issued	(46,416)	
General Obligation Bonds Principal	175,000	
Amortization of Deferred Loss on Debt Refunding	(2,984)	149,641

(Continued)

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.		
Accrued Interest Payable		349
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in Supplies Inventory	11,537	
Decrease in Compensated Absences Payable	87,313	98,850
Change in Net Position of Governmental Activities		$ 2,823,343

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 1,326,934	$ 1,326,934	$ 1,395,538	$ 68,604
Municipal Income Tax	9,230,363	9,230,363	9,542,411	312,048
Other Local Taxes	185,000	185,000	199,103	14,103
State Levied Shared Taxes	1,683,850	1,683,850	2,446,007	762,157
Intergovernmental Revenue	228,459	228,459	216,364	(12,095)
Charges for Services	401,500	401,500	526,997	125,497
Licenses and Permits	267,000	267,000	208,659	(58,341)
Investment Earnings	4,600	4,600	94,752	90,152
Fines and Forfeitures	131,000	131,000	132,271	1,271
All Other Revenues	566,500	566,500	497,970	(68,530)
Total Revenues	14,025,206	14,025,206	15,260,072	1,234,866
Expenditures:				
Current:				
Security of Persons and Property	34,869	41,367	38,667	2,700
Public Health and Welfare Services	16,000	17,400	8,272	9,128
Leisure Time Activities	487,892	497,164	437,562	59,602
Community Environment	417,588	473,830	362,391	111,439
Basic Utility Services	25,500	29,554	21,881	7,673
Transportation	1,759,503	1,814,002	1,618,049	195,953
General Government	4,984,644	5,106,531	4,697,857	408,674
Total Expenditures	7,725,996	7,979,848	7,184,679	795,169
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,299,210	6,045,358	8,075,393	2,030,035
Other Financing Sources (Uses):				
Transfers Out	(7,585,000)	(7,585,000)	(7,585,000)	0
Advances In	50,000	50,000	0	(50,000)
Total Other Financing Sources (Uses)	(7,535,000)	(7,535,000)	(7,585,000)	(50,000)
Net Change In Fund Balance	(1,235,790)	(1,489,642)	490,393	1,980,035
Fund Balance at Beginning of Year	6,319,838	6,319,838	6,319,838	0
Prior Year Encumbrances	253,852	253,852	253,852	0
Fund Balance at End of Year	$ 5,337,900	$ 5,084,048	$ 7,064,083	$ 1,980,035

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund - Safety Services Fund For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 769,745	$ 769,745	$ 820,388	$ 50,643
Intergovernmental Revenue	32,000	32,000	47,311	15,311
Charges for Services	54,755	54,755	37,520	(17,235)
Investment Earnings	160	160	3,372	3,212
Total Revenues	856,660	856,660	908,591	51,931
Expenditures:				
Current:				
Security of Persons and Property	8,129,221	8,273,450	7,753,928	519,522
Total Expenditures	8,129,221	8,273,450	7,753,928	519,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,272,561)	(7,416,790)	(6,845,337)	571,453
Other Financing Sources (Uses):				
Transfers In	6,801,000	6,801,000	6,800,000	(1,000)
Total Other Financing Sources (Uses):	6,801,000	6,801,000	6,800,000	(1,000)
Net Change In Fund Balance	(471,561)	(615,790)	(45,337)	570,453
Fund Balance at Beginning of Year	471,788	471,788	471,788	0
Prior Year Encumbrances	144,430	144,430	144,430	0
Fund Balance at End of Year	$ 144,657	$ 428	$ 570,881	$ 570,453

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund – American Rescue Plan Fund For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	667,474	667,474	672,803	5,329
Total Revenues	667,474	667,474	672,803	5,329
Expenditures:				
Current:				
General Government	1,334,948	1,334,948	415,587	919,361
Total Expenditures	1,334,948	1,334,948	415,587	919,361
Excess (Deficiency) of Revenues Over (Under) Expenditures	(667,474)	(667,474)	257,216	924,690
Fund Balance at Beginning of Year	667,474	667,474	667,474	0
Fund Balance at End of Year	$ 0	$ 0	$ 924,690	$ 924,690

See accompanying notes to the basic financial statements

Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-Type Activities Enterprise Fund
	Sewer
Assets:	
Current Assets:	
Cash and Cash Equivalents	$ 339,115
Receivables:	
Accounts	692,220
Total Current Assets	1,031,335
Non Current Assets:	
Capital Assets, Net	2,122,825
Total Assets	3,154,160
Liabilities:	
Current Liabilities:	
Accounts Payable	613,966
Interfund Loans Payable	250,000
Total Liabilities	863,966
Net Position:	
Net Investment in Capital Assets	2,122,825
Unrestricted	167,369
Total Net Position	$ 2,290,194

See accompanying notes to the basic financial statements

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

	Business-Type Activities Enterprise Funds Sewer
Operating Revenues:	
Charges for Services	$ 2,471,443
Total Operating Revenues	2,471,443
Operating Expenses:	
Personal Services	75,412
Contractual Services	2,795,604
Depreciation	129,239
Total Operating Expenses	3,000,255
Operating Loss	(528,812)
Nonoperating Revenue:	
Investment Earnings	1,145
Total Nonoperating Revenues	1,145
Loss Before Transfers	(527,667)
Transfers in	190,000
Change in Net Position	(337,667)
Net Position Beginning of Year	2,627,861
Net Position End of Year	$ 2,290,194

See accompanying notes to the basic financial statements

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities Enterprise Funds
	Sewer
Cash Flows from Operating Activities:	
Cash Received from Customers	$2,692,768
Cash Payments for Goods and Services	(2,612,889)
Net Cash Provided by Operating Activities	79,879
Cash Flows from Noncapital Financing Activities:	
Transfers In from Other Funds	190,000
Net Cash Provided by Noncapital Financing Activities	190,000
Cash Flows from Investing Activities:	
Receipts of Interest	1,145
Net Cash Provided by Investing Activities	1,145
Net Increase in Cash and Cash Equivalents	271,024
Cash and Cash Equivalents at Beginning of Year	68,091
Cash and Cash Equivalents at End of Year	$339,115
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	($528,812)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation Expense	129,239
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	221,325
Increase in Accounts Payable	259,778
Decrease in Accrued Wages and Benefits	(1,651)
Total Adjustments	608,691
Net Cash Used for Operating Activities	$79,879

See accompanying notes to the basic financial statements

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wickliffe, Ohio (the City) is a home-rule municipal corporation created under the laws of the State of Ohio. The current Charter, which provides for a Council-Mayor form of government was adopted on July 17, 1951, and has subsequently been amended.

The accompanying basic financial statements of the City are presented as of December 31, 2022 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity,*" as amended by GASB Statement No. 61 *"The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,*" in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and maintains the wastewater collection system which is reported as an enterprise fund. Wastewater treatment services are provided to the City of Wickliffe by the City of Euclid, Ohio, which owns and operates the wastewater treatment facilities.

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity and natural gas on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Wickliffe did not contribute to NOPEC during 2022. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The following fund types are used by the City:

Governmental Funds

The governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

Safety Services Fund - This fund is used to account for financial resources to be used for safety services within the City.

American Rescue Plan Fund - This fund is used to account for Coronavirus State and Local Fiscal Recovery funds received as part of the American Rescue Plan Act.

Debt Service Fund - This fund is used to account for financial resources to be used for the principal and interest payments on the City's debt.

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that 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 balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise fund is:

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

C. Basis of Presentation – Financial Statements

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 activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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 City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this 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 net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

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. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2022, but which are not intended to finance 2022 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. For the City, deferred outflows related to pension/OPEB are explained in notes 10 and 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 10 and 11)

F. Budgetary Process

The annual budgetary process is prescribed by Charter and by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only certain major governmental funds are required to be reported. The primary level of budgetary control for all funds involving operations is at the object level within each department. Certain funds are appropriated at the minimum level of budgetary control (personal services) as required by Ohio Revised Code section 5705.38 (c) due to the restricted nature of the use of these funds. Budgetary modifications may only be made by ordinance of the City Council.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

1. Tax Budget

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the first and final amended official certificate of estimated resources issued during 2022.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the object level within each department for all funds involving operations. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among funds at the object level within each department may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual (Non-GAAP Budgetary Basis —General Fund and Safety Services Fund " is provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues are recorded when received in cash and expenditures are recorded when paid or encumbered. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund and Safety Services Fund:

Net Change In Fund Balance

	General Fund	Safety Services Fund	American Rescue Plan Fund
GAAP Basis (as reported)	$1,301,280	$39,866	$0
Increase (Decrease):			
Accrued Revenues at December 31, 2022 received during 2023	(3,081,111)	(14,004)	1,340,277
Accrued Revenues at December 31, 2021 received during 2022	2,759,831	0	(667,474)
Accrued Expenditures at December 31, 2022 paid during 2023	300,737	329,124	0
Accrued Expenditures at December 31, 2021 paid during 2022	(237,783)	(279,349)	0
2021 Prepaids for 2022	123,532	0	0
2022 Prepaids for 2023	(135,760)	(2,050)	0
Encumbrances Outstanding	(540,333)	(118,924)	(415,587)
Budget Basis	$490,393	($45,337)	$257,216

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, The State Treasury Asset Reserve (STAR Ohio) and short-term certificates of deposit with an original maturity of three months or less. Certificates of deposit meeting the previously noted maturity limit and STAR Ohio are considered cash equivalents because they are highly liquid investments.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary fund considers its share of equity in pooled certificates of deposit with original maturities of three months or less and STAR Ohio to be cash equivalents. See Note 4, "Pooled Cash, Cash Equivalents and Investments."

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. Certificates of deposit with original maturities of more than three months are reported as investments in the basic financial statements. In accordance with GASB Statement No. 31, *“Accounting and Financial Reporting for Certain Investments and for External Investment Pools,”* the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. See Note 4 “Pooled Cash, Cash Equivalents and Investments.” The City allocates all interest on pooled investments to the General Fund.

During 2022, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

During the year, the City invested in repurchase agreements, but at year end the City was not invested in any repurchase agreements.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary fund. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and expenses in the proprietary fund when used.

J. 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. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than $2,000. The accounting and reporting treatment applied to capital assets is determined by their ultimate use:

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*", has been reported.

2. Property, Plant and Equipment – Business Type Activities

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	15 - 40
Improvements other than Buildings	65
Infrastructure	10 - 50
Machinery, Equipment, Furniture and Fixtures	5 - 10

L. Long-Term Obligations

Long-Term obligations are being repaid from the following funds:

Obligation	Fund
Compensated Absences	General Fund
Pension/OPEB Liabilities	General Fund
General Obligation Bonds	Debt Service Fund
OPWC Loans	Capital Projects Fund

M. Compensated Absences

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation, sick time and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. <u>Net Position</u>

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflow of resources. 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 of improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. <u>Fund Balances</u>

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. 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 (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

P. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

Q. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

R. Estimates

The preparation of 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

T. 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 are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2022.

U. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases.”

GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of this Statement had no effect on beginning net position/fund balance. The effect on the financial statements was to add new loan receivables, leased capital assets and lease liabilities to the entity-wide financial statements associated with this activity.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 3 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned 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 constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Safety Services Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Supplies Inventory	$111,110	$0	$0	$0	$0	$111,110
Prepaid Items	135,760	2,050	0	0	0	137,810
Total Nonspendable	246,870	2,050	0	0	0	248,920
Restricted:						
Debt Service Payments	0	0	79,362	0	0	79,362
State Highway Improvements	0	0	0	0	156,014	156,014
City Highway Improvements	0	0	0	0	1,473,946	1,473,946
Weed Control	0	0	0	0	195,921	195,921
Street Lighting	0	0	0	0	130,437	130,437
Police Pension	0	0	0	0	20,147	20,147
Fire Pension	0	0	0	0	20,147	20,147
Law Enforcement Trust	0	0	0	0	61,979	61,979
Opioid Settlement	0	0	0	0	4,695	4,695
Safety Services	0	374,685	0	0	0	374,685
Total Restricted	0	374,685	79,362	0	2,063,286	2,517,333
Committed:						
Senior Center	0	0	0	0	63,779	63,779
Laketran	0	0	0	0	172	172
Insurance	0	0	0	0	369	369
Swimming Pool	0	0	0	0	93,044	93,044
Golf Course	0	0	0	0	395,108	395,108
Capital Projects	0	0	0	1,376,186	0	1,376,186
Police, Fire and Disaster	0	0	0	0	2,650	2,650
Deposits	0	0	0	0	82,248	82,248
Total Committed	0	0	0	1,376,186	637,370	2,013,556
Assigned	2,749,061	0	0	0	0	2,749,061
Unassigned	7,635,729	0	0	0	0	7,635,729
Total Fund Balances	$10,631,660	$376,735	$79,362	$1,376,186	$2,700,656	$15,164,599

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and cash equivalents. Each fund's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents."

Ohio law requires the classification of funds held by the City into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, 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;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City's deposits was $2,169,414 and the bank balance was $1,757,875. Federal depository insurance covered $250,000 of the bank balance and $1,507,875 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

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NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2022 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years) less than 1	1-3
STAR Ohio	$12,583,969	AAAm[1]	N/A	$12,583,969	0

[1] Standard & Poor's

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Credit Risk – The City's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

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

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

C. Reconciliation of Cash, Cash Equivalents and Investments

A reconciliation between classifications of cash and investments on the combined financial statements is as follows:

	Cash and Cash Equivalents	Investments
Per Financial Statements	$14,753,383	$0
Investments:		
STAR Ohio	(12,583,969)	12,583,969
Per Footnote	$2,169,414	$12,583,969

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 2022 were levied after October 1, 2021 on assessed values as of January 1, 2021, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2021. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 25 percent of its true value and public utility real property is assessed at 35 percent of appraised market value. Public utility property taxes are payable on the same dates as real property described previously.

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

The full tax rate for all City operations for the year ended December 31, 2022, was $11.04 per $1,000 of assessed value. The assessed value upon which the 2022 property tax receipts were based was $329,488,230. This amount constitutes $315,552,800 in real property assessed value and $13,935,430 in public utility assessed value.

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NOTE 5 – TAXES (Continued)

A. <u>Property Taxes</u> (Continued)

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .1104% (11.04 mills) of assessed value.

B. <u>Income Tax</u>

The City levies a tax of 2% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on the income of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees compensation 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 quarterly and file a declaration annually.

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NOTE 6 – TAX ABATEMENT DISCLOSURE

Income Tax Abatement

As of December 31, 2022, the City provides income tax incentives under an income tax incentive grant with Parker Hannifin Corporation.

The purpose of the grant is to maintain Wickliffe's competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code Chapter 718 and City ordinance, the City provides an incentive to Parker Hannifin Corporation the company based upon the company's gross annual payroll, the amount of income tax generated annually by the business. The abatement is administered by the City paying Parker Hannifin, through non-tax revenues, a sum equal to 40% of the City payroll withholding taxes in excess of the base withholding. This amount will be paid on an annual basis on or before June 30 of the succeeding year for the preceding calendar year in which payroll withholding taxes were paid and received.

Below is the information relevant to the disclosure of this program for the year ended December 31, 2022.

Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2022 In Actual Dollars)
Parker Hannifin Corporation (2013 - 2022)	
- Gross Dollar amount of taxes abated during 2022	$9,475

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NOTE 7 - RECEIVABLES

Receivables at December 31, 2022, consisted of taxes, interest, accounts receivable, interfund and intergovernmental receivables arising from shared revenues.

NOTE 8 - TRANSFERS

The following is a summary of transfers for all funds for 2022:

	Transfers Out:
Transfers In:	General Fund
Safety Services Fund	$6,800,000
Capital Projects Fund	385,000
Sewer Fund	190,000
Other Governmental Funds	210,000
	$7,585,000

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2022:

Historical Cost:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Capital assets not being depreciated:				
Land	$19,162,320	$0	$0	$19,162,320
Capital assets being depreciated:				
Buildings	11,785,138	0	0	11,785,138
Improvements Other Than Buildings	4,203,211	0	(13,780)	4,189,431
Machinery and Equipment	12,642,441	736,891	(153,998)	13,225,334
Infrastructure	80,048,997	1,469,700	(531,283)	80,987,414
Total Cost	$127,842,107	$2,206,591	($699,061)	$129,349,637

Accumulated Depreciation:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Buildings	($5,187,652)	($261,503)	$0	($5,449,155)
Improvements Other Than Buildings	(2,971,921)	(83,731)	7,579	(3,048,073)
Machinery and Equipment	(10,526,678)	(594,472)	147,011	(10,974,139)
Infrastructure	(32,774,913)	(1,810,498)	531,283	(34,054,128)
Total Depreciation	($51,461,164)	($2,750,204)	$685,873	($53,525,495)
Net Value:	$76,380,943			$75,824,142

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NOTE 9 - CAPITAL ASSETS (continued)

A. <u>Governmental Activities Capital Assets</u> (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$422,254
Leisure Time Activities	222,567
Transportation	1,981,521
General Government	123,862
Total Depreciation Expense	$2,750,204

B. <u>Business-Type Activities Capital Assets</u>

Summary by Category at December 31, 2022:

Historical Cost:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Capital assets being depreciated:				
Utility Structures in Service	$11,570,120	$0	$0	$11,570,120
Total Cost	$11,570,120	$0	$0	$11,570,120

Accumulated Depreciation:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Utility Structures in Service	($9,318,056)	($129,239)	$0	($9,447,295)
Total Depreciation	($9,318,056)	($129,239)	$0	($9,447,295)
Net Value:	$2,252,064			$2,122,825

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NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

Ohio Revised Code limits the 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.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. 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% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit. For additional information, see the Plan Statement in the OPERS Annual Comprehensive Financial Report.

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $397,231 for 2022.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF 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 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 above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF 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 and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	Police	Firefighters
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
2022 Actual Contribution Rates		
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 OPF was $1,016,678 for 2022.

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

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

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	$1,615,395	$11,741,492	$13,356,887
Proportion of the Net Pension Liability-2022	0.018567%	0.187941%	
Proportion of the Net Pension Liability-2021	0.016887%	0.181261%	
Percentage Change	0.001680%	0.006680%	
Pension Expense	($367,653)	$667,129	$299,476

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$82,351	$0	$82,351
Changes in assumptions	202,004	2,145,833	2,347,837
Differences between expected and actual experience	0	338,558	338,558
Change in proportionate share	207,885	534,474	742,359
City contributions subsequent to the measurement date	397,231	1,016,678	1,413,909
Total Deferred Outflows of Resources	$889,471	$4,035,543	$4,925,014
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$1,921,475	$3,078,438	$4,999,913
Differences between expected and actual experience	35,429	610,395	645,824
Change in proportionate share	116,643	485,970	602,613
Total Deferred Inflows of Resources	$2,073,547	$4,174,803	$6,248,350

$1,413,909 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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	OP&F	Total
Year Ending December 31:			
2023	($222,523)	($9,297)	($231,820)
2024	(601,298)	(853,898)	(1,455,196)
2025	(451,812)	(359,170)	(810,982)
2026	(305,674)	(218,336)	(524,010)
2027	0	284,763	284,763
Total	($1,581,307)	($1,155,938)	($2,737,245)

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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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 in the December 31, 2021 and December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2021
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2022. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

	December 31, 2020
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	0.5 percent simple through 2021. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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 was 6.9 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability 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 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%)
City's proportionate share of the net pension liability	$4,259,084	$1,615,395	($584,489)

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF'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 OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, compared with January 1, 2020, are presented below.

	January 1, 2021	January 1, 2020
Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

For the January 1, 2021 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 Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2021 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 Modified 2016 Improvement Scale.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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 expectation. 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 OPF's target asset allocation as of December 31, 2021 are summarized below:

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 %	

* levered 2.5x
Note: Assumptions are geometric

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2021, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2020 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 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	$17,412,469	$11,741,492	$7,018,968

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NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

Effective January 1, 2022, OPERS will discontinue 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. These changes are reflected in the December 31, 2020, measurement date health care valuation.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Current retirees eligible (or who become 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 will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

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.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. 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's contractually required contribution was $0 for 2022.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 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 and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was $24,419 for 2022.

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:

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability (Asset)	($628,813)	$2,060,001	$1,431,188
Proportion of the Net OPEB Liability (Asset) -2022	0.020076%	0.187941%	
Proportion of the Net OPEB Liability (Asset) -2021	0.018435%	0.181261%	
Percentage Change	0.001641%	0.006680%	
OPEB Expense	($633,461)	$200,111	($433,350)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	$0	$911,824	$911,824
Differences between expected and actual experience	0	93,711	93,711
Change in proportionate share	0	252,394	252,394
City contributions subsequent to the measurement date	0	24,419	24,419
Total Deferred Outflows of Resources	$0	$1,282,348	$1,282,348
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	$299,773	$186,084	$485,857
Changes in assumptions	254,535	239,259	493,794
Differences between expected and actual experience	95,382	272,258	367,640
Change in proportionate share	72,380	148,910	221,290
Total Deferred Inflows of Resources	$722,070	$846,511	$1,568,581

$24,419 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:

	OPERS	OP&F	Total
Year Ending December 31:			
2023	($474,176)	$117,215	($356,961)
2024	(139,342)	89,589	(49,753)
2025	(65,498)	70,301	4,803
2026	(43,054)	24,915	(18,139)
2027	0	51,987	51,987
2028	0	35,700	35,700
2029	0	21,711	21,711
Total	($722,070)	$411,418	($310,652)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	1.84 percent
Prior measurement date	2.00 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2034
Prior measurement date	8.5 percent initial, 3.5 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. Best estimates of arithmetic rates of return were provided by OPERS 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 (Arithmetic)
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
Total	100.00 %	3.45 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. 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").

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 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 Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (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 (asset) 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)	($369,800)	($628,813)	($843,794)

Sensitivity of the City'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 liability (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 in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	($635,606)	($628,813)	($620,750)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	2.84 percent	2.96 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

The 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 below:

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NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 %	

* levered 2.5x
Note: Assumptions are geometric

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

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 7.50 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 7.50 percent, 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The 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	$2,589,465	$2,060,001	$1,624,778

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

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NOTE 12 – COMPENSATED ABSENCES

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2021, the City's accumulated, unpaid compensated absences amounted to $1,708,900, which is recorded as a liability of the Governmental Activities.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 13 - LONG-TERM DEBT

Long-Term debt of the City at December 31, 2022 was as follows:

Year Issued		Final Maturity	Balance December 31, 2021	Additions	(Reductions)	Balance December 31, 2022	Amounts Due Within One Year
Governmental Activities:							
	General Obligation Bonds:						
2017	Parks and Recreational Bond Refunding	2024	$535,000	$0	($175,000)	$360,000	$180,000
	OPWC Loan:						
2017	Grand Boulevard Improvement	2022	44,145	0	(17,660)	26,485	17,660
2020	Maple Street Water Main Improvement	2040	96,676	0	(5,226)	91,450	5,226
2021	Homewood Drive Water Main and Pavement	2041	46,268	0	(1,155)	45,113	2,313
2022	Green Ridge Drive Storm Sewer and Pavement	2042	0	46,416	0	46,416	2,320
	Total OPWC Loans		187,089	46,416	(24,041)	209,464	27,519
	Compensated Absences		1,708,900	1,621,586	(1,708,900)	1,621,586	188,768
	Net Pension Liability		14,857,328	0	(1,500,441)	13,356,887	0
	Net OPEB Liability		1,920,493	139,508	0	2,060,001	0
	Total Governmental Long-Term Debt		$19,208,810	$1,807,510	($3,408,382)	$17,607,938	$396,287

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2022, follows:

	General Obligation Bond Payable		OPWC Loan Payable		Total	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2023	$180,000	$8,604	$27,519	$0	$207,519	$8,604
2024	180,000	4,302	27,516	0	207,516	4,302
2025	0	0	9,859	0	9,859	0
2026	0	0	9,859	0	9,859	0
2027	0	0	19,139	0	19,139	0
2028-2032	0	0	49,293	0	49,293	0
2033-2037	0	0	49,293	0	49,293	0
2037-2041	0	0	16,986	0	16,986	0
Totals	$360,000	$12,906	$209,464	$0	$569,464	$12,906

NOTE 14 - 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. The City is a member of the Ohio Plan (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

The following is a summary of insurance coverages at year end:

Type of Coverage	Coverage	Deductible
Comprehensive General Liability	$7,000,000	$0
Law Enforcement Professional Liability	7,000,000	10,000
Public Officials Errors and Omissions	7,000,000	10,000
Property	38,806,122	1,000
Bond/Crime	100,000	1,000
Boiler and Machinery	38,806,122	1,000
Automobile Liability	7,000,000	1,000

The City provides major medical health insurance coverage for its employees through United Health Care.

Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years. Coverage has not been materially decreased during the year.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per $100 of payroll. The rate is determined based on accident history and administrative costs. Unemployment claims are paid to the Ohio Department of Job and Family Services as incurred.

NOTE 15 - CONTINGENCIES

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

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of City's Proportionate Share of the Net Pension Liability
Last Nine Years

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.026830%	0.026830%	0.024669%	0.022983%
City's proportionate share of the net pension liability (asset)	$3,162,907	$3,235,998	$4,273,057	$5,219,041
City's covered payroll	$3,733,523	$3,327,592	$3,418,692	$2,971,017
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	84.72%	97.25%	124.99%	175.67%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.2054653%	0.2054653%	0.193768%	0.184291%
City's proportionate share of the net pension liability (asset)	$10,006,805	$10,643,959	$12,465,212	$11,672,814
City's covered payroll	$5,110,966	$4,223,492	$4,222,409	$4,166,740
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	195.79%	252.02%	295.22%	280.14%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2014 is not available.
The schedule is reported as of the measurement date of the Net Pension Liability.

2018	2019	2020	2021	2022
0.022019%	0.019423%	0.019403%	0.016887%	0.018567%
$3,454,412	$5,319,568	$3,835,126	$2,500,588	$1,615,395
$2,915,915	$2,623,121	$2,730,007	$2,288,643	$2,592,021
118.47%	202.80%	140.48%	109.26%	62.32%
84.66%	74.70%	82.17%	86.88%	92.62%

2018	2019	2020	2021	2022
0.191762%	0.190749%	0.189251%	0.181261%	0.187941%
$11,769,282	$15,570,160	$12,748,973	$12,356,740	$11,741,492
$4,411,518	$4,543,146	$4,739,363	$4,426,451	$4,539,094
266.79%	342.72%	269.00%	279.16%	258.67%
70.91%	63.07%	69.89%	70.65%	75.03%

Schedule of City Pension Contributions
Last Ten Years

Ohio Public Employees Retirement System

Year	2013	2014	2015	2016
Contractually required contribution	$485,358	$399,311	$410,243	$356,522
Contributions in relation to the contractually required contribution	485,358	399,311	410,243	356,522
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$3,733,523	$3,327,592	$3,418,692	$2,971,017
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015	2016
Contractually required contribution	$872,953	$859,903	$848,282	$837,098
Contributions in relation to the contractually required contribution	872,953	859,903	848,282	837,098
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$5,110,966	$4,223,492	$4,222,409	$4,166,740
Contributions as a percentage of covered payroll	17.08%	20.36%	20.09%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

2017	2018	2019	2020	2021	2022
$379,069	$367,237	$382,201	$320,410	$362,883	$397,231
379,069	367,237	382,201	320,410	362,883	397,231
$0	$0	$0	$0	$0	$0
$2,915,915	$2,623,121	$2,730,007	$2,288,643	$2,592,021	$2,837,364
13.00%	14.00%	14.00%	14.00%	14.00%	14.00%

2017	2018	2019	2020	2021	2022
$886,274	$912,718	$952,138	$942,834	$966,827	$1,016,678
886,274	912,718	952,138	942,834	966,827	1,016,678
$0	$0	$0	$0	$0	$0
$4,411,518	$4,543,146	$4,739,363	$4,426,451	$4,539,094	$4,773,136
20.09%	20.09%	20.09%	21.30%	21.30%	21.30%

Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability (Asset)
Last Six Years

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.023293%	0.022826%	0.020534%
City's proportionate share of the net OPEB liability (asset)	$2,352,697	$2,478,748	$2,677,148
City's covered payroll	$2,971,017	$2,915,915	$2,623,121
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	79.19%	85.01%	102.06%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.184291%	0.191762%	0.190749%
City's proportionate share of the net OPEB liability (asset)	$8,747,884	$10,864,950	$1,737,062
City's covered payroll	$4,166,740	$4,411,518	$4,543,146
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	209.95%	246.29%	38.23%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2016 is not available.
The schedule is reported as of the measurement date of the Net OPEB Liability.

2020	2021	2022
0.020646%	0.018435%	0.020076%
$2,851,748	($328,436)	($628,813)
$2,730,007	$2,288,643	$2,592,021
104.46%	(14.35%)	(24.26%)
47.80%	115.57%	128.23%

2020	2021	2022
0.189251%	0.181261%	0.187941%
$1,869,373	$1,920,493	$2,060,001
$4,739,363	$4,426,451	$4,539,094
39.44%	43.39%	45.38%
47.08%	45.42%	46.86%

Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Ten Years

Ohio Public Employees Retirement System

Year	2013	2014	2015	2016
Contractually required contribution	$37,335	$66,552	$68,374	$59,420
Contributions in relation to the contractually required contribution	37,335	66,552	68,374	59,420
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$3,733,523	$3,327,592	$3,418,692	$2,971,017
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%	2.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015	2016
Contractually required contribution	$25,555	$21,117	$21,112	$20,834
Contributions in relation to the contractually required contribution	25,555	21,117	21,112	20,834
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$5,110,966	$4,223,492	$4,222,409	$4,166,740
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

2017	2018	2019	2020	2021	2022
$29,159	$0	$0	$0	$0	$0
29,159	0	0	0	0	0
$0	$0	$0	$0	$0	$0
$2,915,915	$2,623,121	$2,730,007	$2,288,643	$2,592,021	$2,837,364
1.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2017	2018	2019	2020	2021	2022
$21,273	$21,821	$22,803	$22,639	$23,201	$24,419
21,273	21,821	22,803	22,639	23,201	24,419
$0	$0	$0	$0	$0	$0
$4,411,518	$4,543,146	$4,739,363	$4,426,451	$4,539,094	$4,773,136
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Notes to the Required Supplementary Information
For the Year Ended December 31, 2022

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2022.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

Notes to the Required Supplementary Information
For the Year Ended December 31, 2022

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2022.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

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Notes to the Required Supplementary Information
For the Year Ended December 31, 2022

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

Changes in assumptions:

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

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

Notes to the Required Supplementary Information
For the Year Ended December 31, 2022

NET OPEB LIABILITY (ASSET) (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2022: There were no changes in benefit terms.

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 2.96% to 2.84%.

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Management's Discussion and Analysis
For the Year Ended December 31, 2021 ***Unaudited***

The discussion and analysis of the City of Wickliffe's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2021 are as follows:

- In total, net position increased $3,312,504. Net position of governmental activities increased $3,263,371 from 2020. Net position of business-type activities increased $49,133 from 2020.
- General revenues accounted for $15.5 million in revenue or 72% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 28% of total revenues of $21.5 million.
- The City had $15.6 million in expenses related to governmental activities; only about $3.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $15.5 million were adequate to provide for these programs.
- Among major funds, the general fund had $14.3 million in revenues and $13.5 million in expenditures, including transfers out to other funds. The general fund's fund balance increased $840,307 to $9,318,843.
- Net position for enterprise funds increased by $49,133.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The Statement of Net Position includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net-position (the difference between the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources) are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.

- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's sewer services are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in 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. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. 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 – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2021 and 2020:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$19,103,901	$16,340,550	$731,636	$488,651	$19,835,537	$16,829,201
Capital assets, Net	76,380,943	77,750,307	2,252,064	2,381,303	78,633,007	80,131,610
Total assets	95,484,844	94,090,857	2,983,700	2,869,954	98,468,544	96,960,811
Deferred outflows of resources	3,847,100	4,570,247	0	0	3,847,100	4,570,247
Net pension liability	14,857,328	16,584,099	0	0	14,857,328	16,584,099
Net OPEB liability	1,920,493	4,721,121	0	0	1,920,493	4,721,121
Other long-term liabilities	2,430,989	2,648,641	0	0	2,430,989	2,648,641
Other liabilities	1,422,599	889,775	355,839	291,226	1,778,438	1,181,001
Total liabilities	20,631,409	24,843,636	355,839	291,226	20,987,248	25,134,862
Deferred inflows of resources	8,283,498	6,663,802	0	0	8,283,498	6,663,802
Net position (deficit):						
Net investment in capital assets	75,658,854	76,841,053	2,252,064	2,381,303	77,910,918	79,222,356
Restricted	1,389,454	1,094,097	0	0	1,389,454	1,094,097
Unrestricted	(6,631,271)	(10,781,584)	375,797	197,425	(6,255,474)	(10,584,159)
Total net deficit	$70,417,037	$67,153,666	$2,627,861	$2,578,728	$73,044,898	$69,732,394

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

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

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

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

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

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

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

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

Changes in Net position – The following table shows the changes in net position for the fiscal year 2021 and 2020:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for Services and Sales	$2,165,874	$2,302,222	$2,697,447	$2,291,110	$4,863,321	$4,593,332
Operating Grants and Contributions	1,115,463	3,542,564	0	0	1,115,463	3,542,564
Capital Grants and Contributions	50,227	0	0	7,841	50,227	7,841
General revenues:						
Property Taxes	2,836,699	2,838,078	0	0	2,836,699	2,838,078
Municipal Income Taxes	9,394,951	8,452,910	0	0	9,394,951	8,452,910
Other Local Taxes	194,292	166,467	0	0	194,292	166,467
Grants and Entitlements	2,335,807	1,975,708	0	0	2,335,807	1,975,708
Investment Earnings	5,801	33,608	25	259	5,826	33,867
Miscellaneous	723,924	413,073	0	0	723,924	413,073
Total revenues	18,823,038	19,724,630	2,697,472	2,299,210	21,520,510	22,023,840
Program Expenses:						
Security of Persons and Property	8,294,119	9,084,164	0	0	8,294,119	9,084,164
Public Health and Welfare Services	53,127	776,900	0	0	53,127	776,900
Leisure Time Activities	951,315	714,430	0	0	951,315	714,430
Community Environment	247,069	466,482	0	0	247,069	466,482
Basic Utility Services	338,641	339,882	0	0	338,641	339,882
Transportation	3,892,112	3,877,570	0	0	3,892,112	3,877,570
General Government	1,761,711	5,101,021	0	0	1,761,711	5,101,021
Interest and Fiscal Charges	21,573	27,047	0	0	21,573	27,047
Sewer	0	0	2,648,339	2,750,194	2,648,339	2,750,194
Total expenses	15,559,667	20,387,496	2,648,339	2,750,194	18,208,006	23,137,690
Excess (deficiency) before Transfers	3,263,371	(662,866)	49,133	(450,984)	3,312,504	(1,113,850)
Transfers	0	0	0	0	0	0
Total Change in Net Position	3,263,371	(662,866)	49,133	(450,984)	3,312,504	(1,113,850)
Beginning Net Position, Restated	67,153,666	67,816,532	2,578,728	3,029,712	69,732,394	70,846,244
Ending Net Position	$70,417,037	$67,153,666	$2,627,861	$2,578,728	$73,044,898	$69,732,394

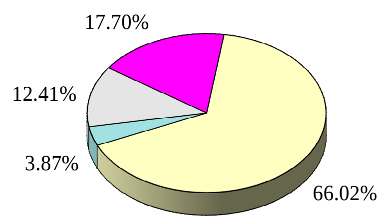
Governmental Activities

Net position of the City's governmental activities increased by $3,263,371. Much of this increase was due to a plan design change with the OPERS OPEB plan. OPERS no longer offers a self-insured OPEB plan to its retirees. Instead, retirees receive a monthly fixed stipend based on their eligibility. As a result, the OPERS OPEB 2020 net liability converted to a net asset in 2021 with the offset recognized as a reduction in OPEB expense.

The City also receives an income tax, which is based on 2% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 15% and 50% respectively of revenues for governmental activities for the City in fiscal year 2021. The City's reliance upon tax revenues is demonstrated by the following graph indicating 66.02% of total revenues from general tax revenues:

Revenue Sources	2021	Percent of Total
General Shared Revenues	$2,335,807	12.41%
Program Revenues	3,331,564	17.70%
General Tax Revenues	12,425,942	66.02%
General Other	729,725	3.87%
Total Revenue	$18,823,038	100.00%



Business-Type Activities

Net position of the business-type activities increased by $49,133. The only business-type activity the City operates is the Sewer Fund. Most of this increase can be attributed to the slight decrease in expenses related to running the Euclid Sewer plant. This coincided with a slight increase in user charges from 2020 to 2021.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $13,502,818, which is an increase from last year's balance of $11,909,628. The schedule below indicates the fund balance and the total change in fund balance by major fund and other governmental funds as of December 31, 2021 and 2020:

	Fund Balance December 31, 2021	Fund Balance December 31, 2020	Increase (Decrease)
General	$9,318,843	$8,478,536	$840,307
Safety Services	336,869	440,346	(103,477)
Debt Service	70,054	65,688	4,366
Captial Projects	1,213,300	784,714	428,586
Other Governmental	2,563,752	2,140,344	423,408
Total	$13,502,818	$11,909,628	$1,593,190

General Fund – The City's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2021 Revenues	2020 Revenues	Increase (Decrease)
Taxes	$10,801,611	$9,789,470	$1,012,141
Intergovernmental Revenue	2,033,698	1,880,436	153,262
Charges for Services	485,247	412,567	72,680
Licenses and Permits	268,135	253,693	14,442
Fines and Forfietures	145,777	123,804	21,973
Investment Earnings	4,244	21,875	(17,631)
All Other Revenue	563,888	856,807	(292,919)
Total	$14,302,600	$13,338,652	$963,948

General Fund revenues in 2021 increased by 7.2% compared to revenues in fiscal year 2020. The most significant increase was in income tax revenue, intergovernmental revenue and charges for services. The increases in these sources of revenue can be attributed to the ongoing recovery from the global pandemic.

	2021 Expenditures	2020 Expenditures	Increase (Decrease)
Security of Persons and Property	$27,266	$21,837	$5,429
Public Health and Welfare Services	13,074	9,382	3,692
Leisure Time Activities	212,271	138,687	73,584
Community Environment	236,228	201,070	35,158
Basic Utility Services	17,649	15,612	2,037
Transportation	1,455,926	1,438,395	17,531
General Government	4,489,146	4,355,734	133,412
Total	$6,451,560	$6,180,717	$270,843

General Fund expenditures in 2021 increased 4.3% compared to the prior year. This increase can be attributed to regular everyday business within the City such as adjustment in pay for the cost of living.

GENERAL FUND BUDGET INFORMATION

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2021, the City amended its General Fund budget several times, none significant.

For the General Fund, final budgeted revenue of $13 million did not change from the original budget estimates of $13 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the City had $78,633,007 net of accumulated depreciation invested in land, improvements, infrastructure, buildings and machinery and equipment. Of this total, $76,380,943 was related to governmental activities and $2,252,064 to the business-type activities. The following table shows fiscal year 2021 and 2020 balances:

	Governmental Activities		Increase (Decrease)
	2021	2020	
Land	$19,162,320	$19,162,320	$0
Buildings	11,785,138	11,785,138	0
Improvements Other Than Buildings	4,203,211	4,203,211	0
Machinery and Equipment	12,642,441	12,634,914	7,527
Infrastructure	80,048,997	79,162,797	886,200
Less: Accumulated Depreciation	(51,461,164)	(49,198,073)	(2,263,091)
Totals	$76,380,943	$77,750,307	($1,369,364)

	Business-Type Activities		Increase (Decrease)
	2021	2020	
Utility Structures in Service	$11,570,120	$11,570,120	$0
Less: Accumulated Depreciation	(9,318,056)	(9,059,578)	(258,478)
Totals	$2,252,064	$2,510,542	($258,478)

The primary increase occurred in infrastructure. Additional information on the City's capital assets can be found in Note 9.

Debt

The City had $535,000 million in general obligation bonds outstanding at December 31, 2021, $175,000 due within one year. The following table summarizes the City's liabilities outstanding as of December 31, 2021 and 2020:

	2021	2020
Governmental Activities:		
General Obligation Bonds	$535,000	$705,000
OPWC Loans Payable	187,089	204,254
Compensated Absences	1,708,900	1,739,387
Net Pension Liability	14,857,328	16,584,099
Net OPEB Liability	1,920,493	4,721,121
Total Governmental Activities	$19,208,810	$23,953,861

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Wickliffe lies, is limited to ten mills. At December 31, 2021, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

At the conclusion of 2021, the City of Wickliffe still maintained a healthy unencumbered General Fund balance of $6.3 million. However, moving forward, issues such as the future cost of health care is just one example of some large factors that will strongly influence the City's decision making process.

In an effort to maintain quality services city leaders are working together to identify new revenue sources and new ways to operate more efficiently. Seeking out grant funding for road improvements and capital equipment purchases has become a vital part of financing City operations. Sharing resources of both manpower and equipment with our neighboring communities also becomes more common as financial challenges increase. Moving into the future the City leaders will continue to scrutinize expenditures in an effort to identify additional cost containment measures that can be taken without jeopardizing the health and safety of the community.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 440-943-7117 or writing to City of Wickliffe Finance Department, 28730 Ridge Road, Wickliffe, Ohio 44092.

Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 11,785,858	$ 68,091	$ 11,853,949
Receivables:			
Taxes	5,341,368	0	5,341,368
Accounts	52,251	913,545	965,796
Intergovernmental	1,108,681	0	1,108,681
Interest	580	0	580
Special Assessments	13,622	0	13,622
Internal Balances	250,000	(250,000)	0
Inventory of Supplies at Cost	99,573	0	99,573
Prepaid Items	123,532	0	123,532
Capital Assets:			
Capital Assets Not Being Depreciated	19,162,320	0	19,162,320
Capital Assets Being Depreciated, Net	57,218,623	2,252,064	59,470,687
Net OPEB Asset	328,436	0	328,436
Total Assets	95,484,844	2,983,700	98,468,544
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt	8,953	0	8,953
Pension	2,317,443	0	2,317,443
OPEB	1,520,704	0	1,520,704
Total Deferred Outflows of Resources	3,847,100	0	3,847,100
Liabilities:			
Accounts Payable	427,472	354,188	781,660
Accrued Wages and Benefits	326,587	1,651	328,238
Unearned Revenue	667,474	0	667,474
Accrued Interest Payable	1,066	0	1,066
Long-Term Liabilities:			
Due Within One Year	416,515	0	416,515
Net Pension Liability	14,857,328	0	14,857,328
Net OPEB Liability	1,920,493	0	1,920,493
Due in More Than One Year	2,014,474	0	2,014,474
Total Liabilities	20,631,409	355,839	20,987,248

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,952,499	0	2,952,499
Pension	3,254,771	0	3,254,771
OPEB	2,076,228	0	2,076,228
Total Deferred Inflows of Resources	8,283,498	0	8,283,498
Net Position:			
Net Investment in Capital Assets	75,658,854	2,252,064	77,910,918
Restricted For:			
Debt Service	88,650	0	88,650
Other Purposes	1,300,804	0	1,300,804
Unrestricted (Deficit)	(6,631,271)	375,797	(6,255,474)
Total Net Position	$ 70,417,037	$ 2,627,861	$ 73,044,898

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2021

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	$ 8,294,119	$ 597,869	$ 86,717	$ 0
Public Health and Welfare Services	53,127	9,335	48,834	0
Leisure Time Activities	951,315	384,612	86,324	0
Community Environment	247,069	314,583	0	0
Basic Utility Services	338,641	341,267	0	0
Transportation	3,892,112	0	893,588	50,227
General Government	1,761,711	518,208	0	0
Interest and Fiscal Charges	21,573	0	0	0
Total Governmental Activities	15,559,667	2,165,874	1,115,463	50,227
Business-Type Activities:				
Sewer	2,648,339	2,697,447	0	0
Total Business-Type Activities	2,648,339	2,697,447	0	0
Totals	$ 18,208,006	$ 4,863,321	$ 1,115,463	$ 50,227

General Revenues

Property Taxes

Municipal Income Taxes

Other Local Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (7,609,533)	$ 0	$ (7,609,533)
5,042	0	5,042
(480,379)	0	(480,379)
67,514	0	67,514
2,626	0	2,626
(2,948,297)	0	(2,948,297)
(1,243,503)	0	(1,243,503)
(21,573)	0	(21,573)
(12,228,103)	0	(12,228,103)
0	49,108	49,108
0	49,108	49,108
(12,228,103)	49,108	(12,178,995)
2,836,699	0	2,836,699
9,394,951	0	9,394,951
194,292	0	194,292
2,335,807	0	2,335,807
5,801	25	5,826
723,924	0	723,924
15,491,474	25	15,491,499
3,263,371	49,133	3,312,504
67,153,666	2,578,728	69,732,394
$ 70,417,037	$ 2,627,861	$ 73,044,898

Balance Sheet
Governmental Funds
December 31, 2021

	General	Safety Services	American Rescue Plan
Assets:			
Cash and Cash Equivalents	$ 6,573,690	$ 616,218	$ 667,474
Receivables:			
Taxes	3,615,905	813,082	0
Accounts	52,251	0	0
Intergovernmental	597,821	11,300	0
Interest	580	0	0
Special Assessments	0	0	0
Interfund Loans Receivables	250,000	0	0
Inventory of Supplies, at Cost	99,573	0	0
Prepaid Items	123,532	0	0
Total Assets	$ 11,313,352	$ 1,440,600	$ 667,474
Liabilities:			
Accounts Payable	163,262	36,550	0
Accrued Wages and Benefits Payable	74,521	242,799	0
Unearned Revenue	0	0	667,474
Total Liabilities	237,783	279,349	667,474
Deferred Inflows of Resources:			
Unavailable Amounts	450,914	48,237	0
Property Tax for Next Fiscal Year	1,305,812	776,145	0
Total Deferred Inflows of Resources	1,756,726	824,382	0
Fund Balances:			
Nonspendable	223,105	0	0
Restricted	0	336,869	0
Committed	0	0	0
Assigned	158,181	0	0
Unassigned	8,937,557	0	0
Total Fund Balances	9,318,843	336,869	0
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 11,313,352	$ 1,440,600	$ 667,474

See accompanying notes to the basic financial statements

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 70,054	$ 1,342,304	$ 2,516,118	$ 11,785,858
171,069	570,240	171,072	5,341,368
0	0	0	52,251
11,820	39,400	448,340	1,108,681
0	0	0	580
0	0	13,622	13,622
0	0	0	250,000
0	0	0	99,573
0	0	0	123,532
$ 252,943	$ 1,951,944	$ 3,149,152	$ 18,775,465
0	129,004	98,656	427,472
0	0	9,267	326,587
0	0	0	667,474
0	129,004	107,923	1,421,533
19,662	65,551	314,251	898,615
163,227	544,089	163,226	2,952,499
182,889	609,640	477,477	3,851,114
0	0	0	223,105
70,054	0	1,927,143	2,334,066
0	1,213,300	636,609	1,849,909
0	0	0	158,181
0	0	0	8,937,557
70,054	1,213,300	2,563,752	13,502,818
$ 252,943	$ 1,951,944	$ 3,149,152	$ 18,775,465

Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2021

Total Governmental Fund Balances		$	13,502,818
Amounts reported for governmental activities in the statement of net position are different because			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			76,380,943
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Other Local Taxes	1,291		
Property Taxes	141,539		
Special Assessments	13,622		
Intergovernmental	742,163		898,615
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Net OPEB Asset	328,436		
Deferred Outflows - Pension	2,317,443		
Deferred Inflows - Pension	(3,254,771)		
Deferred Outflows - OPEB	1,520,704		
Deferred Inflows - OPEB	(2,076,228)		
Net Pension Liability	(14,857,328)		
Net OEPB Liability	(1,920,493)		(17,942,237)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.			(1,066)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds Payable	(535,000)		
Ohio Public Works Commission Loan Payable	(187,089)		
Deferred Loss on Debt Refunding	8,953		
Compensated Absences Payable	(1,708,900)		(2,422,036)
Net Position of Governmental Activities		$	70,417,037

See accompanying notes to the basic financial statements

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Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Safety Services	Debt Service
Revenues:			
Property Taxes	$ 1,199,510	$ 819,345	$ 169,930
Municipal Income Tax	9,394,951	0	0
Other Local Taxes	207,150	0	0
State Levied Shared Taxes	1,943,500	0	0
Intergovernmental Revenues	90,198	108,149	23,311
Charges for Services	485,247	18,894	0
Licenses and Permits	268,135	0	0
Investment Earnings	4,244	184	52
Special Assessments	0	0	0
Fines and Forfeitures	145,777	0	0
All Other Revenue	563,888	0	0
Total Revenue	14,302,600	946,572	193,293
Expenditures:			
Current:			
Security of Persons and Property	27,266	7,305,049	0
Public Health and Welfare Services	13,074	0	0
Leisure Time Activities	212,271	0	0
Community Environment	236,228	0	0
Basic Utility Services	17,649	0	0
Transportation	1,455,926	0	0
General Government	4,489,146	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	170,000
Interest & Fiscal Charges	0	0	18,927
Total Expenditures	6,451,560	7,305,049	188,927
Excess (Deficiency) of Revenues Over Expenditures	7,851,040	(6,358,477)	4,366
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	0
OPWC Loans Issued	0	0	0
Transfers In	3,000	6,255,000	0
Transfers Out	(7,005,225)	0	0
Total Other Financing Sources (Uses)	(7,002,225)	6,255,000	0
Net Change in Fund Balances	848,815	(103,477)	4,366
Fund Balances at Beginning of Year	8,478,536	440,346	65,688
Decrease in Inventory Reserve	(8,508)	0	0
Fund Balances End of Year	$ 9,318,843	$ 336,869	$ 70,054

See accompanying notes to the basic financial statements

Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 499,796	$ 149,940	$ 2,838,521
0	0	9,394,951
0	0	207,150
0	900,984	2,844,484
623,165	117,090	961,913
0	291,708	795,849
0	0	268,135
455	866	5,801
0	360,015	360,015
0	0	145,777
347,484	41,826	953,198
1,470,900	1,862,429	18,775,794
0	189,511	7,521,826
0	40,053	53,127
0	470,319	682,590
0	0	236,228
0	308,772	326,421
0	570,412	2,026,338
0	(19,771)	4,469,375
1,705,736	0	1,705,736
63,433	0	233,433
0	0	18,927
1,769,169	1,559,296	17,274,001
(298,269)	303,133	1,501,793
50,227	3,050	53,277
46,628	0	46,628
630,000	120,225	7,008,225
0	(3,000)	(7,008,225)
726,855	120,275	99,905
428,586	423,408	1,601,698
784,714	2,140,344	11,909,628
0	0	(8,508)
$ 1,213,300	$ 2,563,752	$ 13,502,818

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, 2021

Net Change in Fund Balances - Total Governmental Funds		$ 1,601,698
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 Outlay	1,130,484	
Depreciation	(2,493,182)	(1,362,698)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.		(6,666)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Other Local Taxes	(12,858)	
Property Taxes	(1,822)	
Charges for Services	(23)	
Special Assessments	(1,603)	
Intergovernmental	10,273	(6,033)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,329,710	
OPEB	23,201	1,352,910
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	(502,309)	
OPEB	1,979,970	1,477,661
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
OPWC Loan Principal	63,433	
OPWC Loan Issued	(46,268)	
General Obligation Bonds Principal	170,000	
Amortization of Deferred Loss on Debt Refunding	(2,984)	184,181

(Continued)

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.		
Accrued Interest Payable		338
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in Supplies Inventory	(8,508)	
Decrease in Compensated Absences Payable	30,488	21,980
Change in Net Position of Governmental Activities		$ 3,263,371

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 2,166,059	$ 1,275,297	$ 1,199,510	$ (75,787)
Municipal Income Tax	7,537,026	8,173,753	9,428,058	1,254,305
Other Local Taxes	152,639	165,534	190,936	25,402
State Levied Shared Taxes	1,535,999	1,665,760	1,921,380	255,620
Intergovernmental Revenue	155,602	168,747	194,642	25,895
Charges for Services	386,074	418,689	482,939	64,250
Licenses and Permits	214,354	232,462	268,135	35,673
Investment Earnings	3,310	3,590	4,141	551
Fines and Forfeitures	110,205	119,515	137,855	18,340
All Other Revenues	448,861	486,781	561,480	74,699
Total Revenues	12,710,129	12,710,128	14,389,076	1,678,948
Expenditures:				
Current:				
Security of Persons and Property	34,032	34,032	28,856	5,176
Public Health and Welfare Services	16,000	16,000	15,662	338
Leisure Time Activities	356,964	356,964	217,530	139,434
Community Environment	320,242	385,242	282,122	103,120
Basic Utility Services	25,500	25,500	21,494	4,006
Transportation	1,638,302	1,638,302	1,513,158	125,144
General Government	4,741,635	5,075,135	4,622,295	452,840
Total Expenditures	7,132,675	7,531,175	6,701,117	830,058
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,577,454	5,178,954	7,687,959	2,509,005
Other Financing Sources (Uses):				
Transfers In	3,000	3,000	3,000	0
Transfers Out	(7,005,225)	(7,005,225)	(7,005,225)	0
Total Other Financing Sources (Uses):	(7,002,225)	(7,002,225)	(7,002,225)	0
Net Change In Fund Balance	(1,424,771)	(1,823,271)	685,734	2,509,005
Fund Balance at Beginning of Year	5,309,071	5,309,071	5,309,071	0
Prior Year Encumbrances	325,033	325,033	325,033	0
Fund Balance at End of Year	$ 4,209,333	$ 3,810,833	$ 6,319,838	$ 2,509,005

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund - Safety Services Fund For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 807,329	$ 797,061	$ 819,345	$ 22,284
Intergovernmental Revenue	4,381	94,632	116,203	21,571
Charges for Services	712	15,387	18,894	3,507
Investment Earnings	7	150	184	34
Total Revenues	812,429	907,230	954,626	47,396
Expenditures:				
Current:				
Security of Persons and Property	7,697,055	7,844,055	7,503,663	340,392
Total Expenditures	7,697,055	7,844,055	7,503,663	340,392
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,884,626)	(6,936,826)	(6,549,037)	387,789
Other Financing Sources (Uses):				
Transfers In	6,255,000	6,255,000	6,255,000	0
Total Other Financing Sources (Uses):	6,255,000	6,255,000	6,255,000	0
Net Change In Fund Balance	(629,626)	(681,826)	(294,037)	387,789
Fund Balance at Beginning of Year	685,074	685,074	685,074	0
Prior Year Encumbrances	80,751	80,751	80,751	0
Fund Balance at End of Year	$ 136,199	$ 83,999	$ 471,788	$ 387,789

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund – American Rescue Plan Fund For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	0	667,474	667,474	0
Total Revenues	0	667,474	667,474	0
Expenditures:				
Current:				
General Government	0	667,474	0	667,474
Total Expenditures	0	667,474	0	667,474
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	667,474	667,474
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ 0	$ 0	$ 667,474	$ 667,474

See accompanying notes to the basic financial statements

Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities Enterprise Fund	
	Sewer	
Assets:		
Current Assets:		
Cash and Cash Equivalents	$	68,091
Receivables:		
Accounts		913,545
Total Current Assets		981,636
Non Current Assets:		
Capital Assets, Net		2,252,064
Total Assets		3,233,700
Liabilities:		
Current Liabilities:		
Accounts Payable		354,188
Accrued Wages and Benefits		1,651
Interfund Loans Payable		250,000
Total Liabilities		605,839
Net Position:		
Net Investment in Capital Assets		2,252,064
Unrestricted		375,797
Total Net Position	$	2,627,861

See accompanying notes to the basic financial statements

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities Enterprise Funds
	Sewer
Operating Revenues:	
Charges for Services	$ 2,697,447
Total Operating Revenues	2,697,447
Operating Expenses:	
Personal Services	1,651
Contractual Services	2,517,449
Depreciation	129,239
Total Operating Expenses	2,648,339
Operating Loss	49,108
Nonoperating Revenue:	
Investment Earnings	25
Total Nonoperating Revenues	25
Change in Net Position	49,133
Net Position Beginning of Year	2,578,728
Net Position End of Year	$ 2,627,861

See accompanying notes to the basic financial statements

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities Enterprise Funds
	Sewer
Cash Flows from Operating Activities:	
Cash Received from Customers	$2,471,475
Cash Payments for Goods and Services	(2,454,487)
Net Cash Provided by Operating Activities	16,988
Cash Flows from Investing Activities:	
Receipts of Interest	25
Net Cash Provided by Investing Activities	25
Net Increase in Cash and Cash Equivalents	17,013
Cash and Cash Equivalents at Beginning of Year	51,078
Cash and Cash Equivalents at End of Year	$68,091
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$49,108
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	129,239
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(225,972)
Increase in Accounts Payable	64,660
Decrease in Accrued Wages and Benefits	(47)
Total Adjustments	(32,120)
Net Cash Used for Operating Activities	$16,988

See accompanying notes to the basic financial statements

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wickliffe, Ohio (the City) is a home-rule municipal corporation created under the laws of the State of Ohio. The current Charter, which provides for a Council-Mayor form of government was adopted on July 17, 1951, and has subsequently been amended.

The accompanying basic financial statements of the City are presented as of December 31, 2021 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 *"The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,*" in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and maintains the wastewater collection system which is reported as an enterprise fund. Wastewater treatment services are provided to the City of Wickliffe by the City of Euclid, Ohio, which owns and operates the wastewater treatment facilities.

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity and natural gas on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Wickliffe did not contribute to NOPEC during 2021. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The following fund types are used by the City:

Governmental Funds

The governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

Safety Services Fund - This fund is used to account for financial resources to be used for safety services within the City.

American Rescue Plan Fund - This fund is used to account for Coronavirus State and Local Fiscal Recovery funds received as part of the American Rescue Plan Act.

Debt Service Fund - This fund is used to account for financial resources to be used for the principal and interest payments on the City’s debt.

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that 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 balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise fund is:

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

C. Basis of Presentation – Financial Statements

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 activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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 City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this 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 net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

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. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2021, but which are not intended to finance 2021 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. <u>Deferred Inflows/Outflows of Resources</u>

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. For the City, deferred outflows related to pension/OPEB are explained in notes 10 and 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 10 and 11)

F. <u>Budgetary Process</u>

The annual budgetary process is prescribed by Charter and by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only certain major governmental funds are required to be reported. The primary level of budgetary control for all funds involving operations is at the object level within each department. Certain funds are appropriated at the minimum level of budgetary control (personal services) as required by Ohio Revised Code section 5705.38 (c) due to the restricted nature of the use of these funds. Budgetary modifications may only be made by ordinance of the City Council.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

1. Tax Budget

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the first and final amended official certificate of estimated resources issued during 2021.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the object level within each department for all funds involving operations. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among funds at the object level within each department may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual (Non-GAAP Budgetary Basis —General Fund and Safety Services Fund " is provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues are recorded when received in cash and expenditures are recorded when paid or encumbered. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund and Safety Services Fund:

Net Change In Fund Balance

	General Fund	Safety Services Fund	American Rescue Plan Fund
GAAP Basis (as reported)	$848,815	($103,477)	$0
Increase (Decrease):			
Accrued Revenues at December 31, 2021 received during 2022	(2,759,831)	0	667,474
Accrued Revenues at December 31, 2020 received during 2021	2,846,307	8,054	0
Accrued Expenditures at December 31, 2021 paid during 2022	237,783	279,349	0
Accrued Expenditures at December 31, 2020 paid during 2021	(236,091)	(333,533)	0
2020 Prepaids for 2021	126,135	0	0
2021 Prepaids for 2022	(123,532)	0	0
Encumbrances Outstanding	(253,852)	(144,430)	0
Budget Basis	$685,734	($294,037)	$667,474

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, The State Treasury Asset Reserve (STAR Ohio) and short-term certificates of deposit with an original maturity of three months or less. Certificates of deposit meeting the previously noted maturity limit and STAR Ohio are considered cash equivalents because they are highly liquid investments.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary fund considers its share of equity in pooled certificates of deposit with original maturities of three months or less and STAR Ohio to be cash equivalents. See Note 4, "Pooled Cash, Cash Equivalents and Investments."

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. Certificates of deposit with original maturities of more than three months are reported as investments in the basic financial statements. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools,"* the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. See Note 4 "Pooled Cash, Cash Equivalents and Investments." The City allocates all interest on pooled investments to the General Fund.

During 2021, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

During the year, the City invested in repurchase agreements, but at year end the City was not invested in any repurchase agreements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary fund. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and expenses in the proprietary fund when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than $2,000. The accounting and reporting treatment applied to capital assets is determined by their ultimate use:

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*", has been reported.

2. Property, Plant and Equipment – Business Type Activities

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	15 - 40
Improvements other than Buildings	65
Infrastructure	10 - 50
Machinery, Equipment, Furniture and Fixtures	5 - 10

L. Long-Term Obligations

Long-Term obligations are being repaid from the following funds:

Obligation	Fund
Compensated Absences	General Fund
Pension/OPEB Liabilities	General Fund
General Obligation Bonds	Debt Service Fund
OPWC Loans	Capital Projects Fund

M. Compensated Absences

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation, sick time and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. <u>Net Position</u>

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflow of resources. 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 of improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. <u>Fund Balances</u>

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. 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 (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

P. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

Q. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

R. Estimates

The preparation of 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. <u>Operating Revenues and Expenses</u>

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

T. <u>Extraordinary and Special Items</u>

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

U. <u>Fair Value</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. The implementation of this statement had no effect on beginning of year net position/fund balance.

NOTE 3 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned 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 constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Safety Services Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Supplies Inventory	$99,573	$0	$0	$0	$0	$99,573
Prepaid Items	123,532	0	0	0	0	123,532
Total Nonspendable	223,105	0	0	0	0	223,105
Restricted:						
Debt Service Payments	0	0	70,054	0	0	70,054
State Highway Improvements	0	0	0	0	118,913	118,913
City Highway Improvements	0	0	0	0	1,487,410	1,487,410
Weed Control	0	0	0	0	171,587	171,587
Street Lighting	0	0	0	0	91,502	91,502
Police Pension	0	0	0	0	5,428	5,428
Fire Pension	0	0	0	0	5,428	5,428
Law Enforcement Trust	0	0	0	0	46,875	46,875
Safety Services	0	336,869	0	0	0	336,869
Total Restricted	0	336,869	70,054	0	1,927,143	2,334,066
Committed:						
Senior Center	0	0	0	0	97,956	97,956
Laketran	0	0	0	0	182	182
Insurance	0	0	0	0	369	369
Swimming Pool	0	0	0	0	123,773	123,773
Golf Course	0	0	0	0	351,316	351,316
Capital Projects	0	0	0	1,213,300	0	1,213,300
Police, Fire and Disaster	0	0	0	0	2,362	2,362
Deposits	0	0	0	0	60,651	60,651
Total Committed	0	0	0	1,213,300	636,609	1,849,909
Assigned	158,181	0	0	0	0	158,181
Unassigned	8,937,557	0	0	0	0	8,937,557
Total Fund Balances	$9,318,843	$336,869	$70,054	$1,213,300	$2,563,752	$13,502,818

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and cash equivalents. Each fund’s portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents."

Ohio law requires the classification of funds held by the City into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, 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;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City's deposits was $4,610,257 and the bank balance was $3,596,912. Federal depository insurance covered $250,000 of the bank balance and $3,346,912 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2021 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years) less than 1	1-3
STAR Ohio	$7,243,692	AAAm[1]	N/A	$7,243,692	0

[1] Standard & Poor's

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Credit Risk – The City's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

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

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

C. Reconciliation of Cash, Cash Equivalents and Investments

A reconciliation between classifications of cash and investments on the combined financial statements is as follows:

	Cash and Cash Equivalents	Investments
Per Financial Statements	$11,853,949	$0
Investments:		
STAR Ohio	(7,243,692)	7,243,692
Per Footnote	$4,610,257	$7,243,692

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 2021 were levied after October 1, 2020 on assessed values as of January 1, 2020, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2021. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 25 percent of its true value and public utility real property is assessed at 35 percent of appraised market value. Public utility property taxes are payable on the same dates as real property described previously.

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

The full tax rate for all City operations for the year ended December 31, 2021, was $11.04 per $1,000 of assessed value. The assessed value upon which the 2021 property tax receipts were based was $280,869,920. This amount constitutes $267,390,460 in real property assessed value and $13,479,460 in public utility assessed value.

NOTE 5 – TAXES (Continued)

A. <u>Property Taxes</u> (Continued)

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .1104% (11.04 mills) of assessed value.

B. <u>Income Tax</u>

The City levies a tax of 2% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on the income of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees compensation 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 quarterly and file a declaration annually.

NOTE 6 – TAX ABATEMENT DISCLOSURE

Income Tax Abatement

As of December 31, 2021, the City provides income tax incentives under an income tax incentive grant with Parker Hannifin Corporation.

The purpose of the grant is to maintain Wickliffe's competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code Chapter 718 and City ordinance, the City provides an incentive to Parker Hannifin Corporation the company based upon the company's gross annual payroll, the amount of income tax generated annually by the business. The abatement is administered by the City paying Parker Hannifin, through non-tax revenues, a sum equal to 40% of the City payroll withholding taxes in excess of the base withholding. This amount will be paid on an annual basis on or before June 30 of the succeeding year for the preceding calendar year in which payroll withholding taxes were paid and received.

Below is the information relevant to the disclosure of this program for the year ended December 31, 2021.

Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2021 In Actual Dollars)
Parker Hannifin Corporation (2013 - 2021)	
- Gross Dollar amount of taxes abated during 2021	$9,475

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 7 - RECEIVABLES

Receivables at December 31, 2021, consisted of taxes, interest, accounts receivable, interfund and intergovernmental receivables arising from shared revenues.

NOTE 8 - TRANSFERS

The following is a summary of transfers for all funds for 2021:

	Transfers Out:		
Transfers In:	General Fund	Other Governmental Funds	Total
General Fund	$0	$3,000	$3,000
Safety Services Fund	6,255,000	0	6,255,000
Capital Projects Fund	630,000	0	630,000
Other Governmental Funds	120,225	0	120,225
	$7,005,225	$3,000	$7,008,225

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2021:

Historical Cost:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Capital assets not being depreciated:				
Land	$19,162,320	$0	$0	$19,162,320
Capital assets being depreciated:				
Buildings	11,785,138	0	0	11,785,138
Improvements Other Than Buildings	4,203,211	0	0	4,203,211
Machinery and Equipment	12,634,914	244,284	(236,757)	12,642,441
Infrastructure	79,162,797	886,200	0	80,048,997
Total Cost	$126,948,380	$1,130,484	($236,757)	$127,842,107

Accumulated Depreciation:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Buildings	($4,925,771)	($261,881)	$0	($5,187,652)
Improvements Other Than Buildings	(2,827,394)	(144,527)	0	(2,971,921)
Machinery and Equipment	(10,188,417)	(568,352)	230,091	(10,526,678)
Infrastructure	(31,256,491)	(1,518,422)	0	(32,774,913)
Total Depreciation	($49,198,073)	($2,493,182)	$230,091	($51,461,164)
Net Value:	$77,750,307			$76,380,943

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 9 - CAPITAL ASSETS (continued)

A. Governmental Activities Capital Assets (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$434,894
Leisure Time Activities	224,413
Transportation	1,728,029
General Government	105,846
Total Depreciation Expense	$2,493,182

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2021:

Historical Cost:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Capital assets being depreciated:				
Utility Structures in Service	$11,570,120	$0	$0	$11,570,120
Total Cost	$11,570,120	$0	$0	$11,570,120

Accumulated Depreciation:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Utility Structures in Service	($9,188,817)	($129,239)	$0	($9,318,056)
Total Depreciation	($9,188,817)	($129,239)	$0	($9,318,056)
Net Value:	$2,381,303			$2,252,064

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

Ohio Revised Code limits the 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.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.
Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. 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% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. For additional information, see the Plan Statement in the OPERS Annual Comprehensive Financial Report.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	State and Local	Law Enforcement
2021 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	*
2021 Actual Contribution Rates		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits	0.0	0.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $362,883 for 2021.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF 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 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 above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF 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 and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	Police	Firefighters
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
2021 Actual Contribution Rates		
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 OPF was $966,827 for 2021.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	$2,500,588	$12,356,740	$14,857,328
Proportion of the Net Pension Liability-2021	0.016887%	0.181261%	
Proportion of the Net Pension Liability-2020	0.019403%	0.189251%	
Percentage Change	(0.002516%)	(0.00799%)	
Pension Expense	($338,970)	$841,279	$502,309

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	$0	$207,226	$207,226
Differences between expected and actual experience	0	516,556	516,556
Change in proportionate share	0	263,951	263,951
City contributions subsequent to the measurement date	362,883	966,827	1,329,710
Total Deferred Outflows of Resources	$362,883	$1,954,560	$2,317,443
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$974,671	$599,378	$1,574,049
Differences between expected and actual experience	104,601	481,386	585,987
Change in proportionate share	347,378	747,357	1,094,735
Total Deferred Inflows of Resources	$1,426,650	$1,828,121	$3,254,771

$1,329,710 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. 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	OP&F	Total
Year Ending December 31:			
2022	($642,179)	($172,327)	($814,506)
2023	(254,226)	171,852	(82,374)
2024	(397,305)	(643,942)	(1,041,247)
2025	(132,940)	(166,907)	(299,847)
2026	0	(29,064)	(29,064)
Total	($1,426,650)	($840,388)	($2,267,038)

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.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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 in the December 31, 2020 and December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2020
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	0.5 percent simple through 2021. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

	December 31, 2019
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	1.4 percent simple through 2020. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate The discount rate used to measure the total pension liability 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	$4,769,902	$2,500,588	$613,674

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, compared with January 1, 2019, are presented below.

	January 1, 2020	January 1, 2019
Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

For the January 1, 2020 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 Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2020 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 Modified 2016 Improvement Scale.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The 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 expectation. 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 OPF's target asset allocation as of December 31, 2020 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

* levered 2x
Note: Assumptions are geometric

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2020, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2019 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$17,202,163	$12,356,740	$8,301,607

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NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions–-between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. 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 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $0 for 2021.

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was $23,201 for 2021.

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, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. 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:

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability (Asset)	($328,436)	$1,920,493	$1,592,057
Proportion of the Net OPEB Liability (Asset)-2021	0.018435%	0.181261%	
Proportion of the Net OPEB Liability-2020	0.020646%	0.189251%	
Percentage Change	(0.002211%)	(0.00799%)	
OPEB Expense	($2,184,814)	$204,844	($1,979,970)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	$161,462	$1,060,972	$1,222,434
Change in proportionate share	3,457	271,612	275,069
City contributions subsequent to the measurement date	0	23,201	23,201
Total Deferred Outflows of Resources	$164,919	$1,355,785	$1,520,704
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	$174,931	$71,369	$246,300
Differences between expected and actual experience	296,409	316,777	613,186
Changes in assumptions	532,162	306,164	838,326
Change in proportionate share	188,962	189,454	378,416
Total Deferred Inflows of Resources	$1,192,464	$883,764	$2,076,228

$23,201 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 2022. 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	OP&F	Total
Year Ending December 31:			
2022	($552,752)	$102,953	($449,799)
2023	(378,161)	119,858	(258,303)
2024	(76,016)	93,214	17,198
2025	(20,616)	95,874	75,258
2026	0	21,879	21,879
2027	0	14,698	14,698
2028	0	344	344
Total	($1,027,545)	$448,820	($578,725)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases,	3.25 to 10.75 percent
including inflation	including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent initial,
	3.5 percent ultimate in 2035
Prior Measurement date	10.5 percent initial,
	3.5 percent ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, 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 (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (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 (asset) 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)	($81,667)	($328,436)	($531,297)

Sensitivity of the City'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 liability (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 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	($336,439)	($328,436)	($319,479)

Changes between Measurement Date and Reporting Date

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	2.96 percent	3.56 percent
Cost of Living Adjustments	2.2 percent simple	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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, 2020, are summarized below:

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

* levered 2x
Note: Assumptions are geometric

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

Discount Rate For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 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 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The 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 2.96 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 (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	$2,394,744	$1,920,493	$1,529,290

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

NOTE 12 – COMPENSATED ABSENCES

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2021, the City's accumulated, unpaid compensated absences amounted to $1,708,900, which is recorded as a liability of the Governmental Activities.

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NOTE 13 - LONG-TERM DEBT

Long-Term debt of the City at December 31, 2021 was as follows:

Year Issued		Final Maturity	Balance December 31, 2020	Additions	(Reductions)	Balance December 31, 2021	Amounts Due Within One Year
Governmental Activities:							
	General Obligation Bonds:						
2017	Parks and Recreational Bond Refunding	2024	$705,000	$0	($170,000)	$535,000	$175,000
	OPWC Loan:						
2015	Grand Boulevard Improvement	2020	29,105	0	(29,105)	0	0
2017	Grand Boulevard Improvement	2022	70,635	0	(26,490)	44,145	17,660
2020	Maple Street Water Main Improvement	2040	104,514	0	(7,838)	96,676	5,226
2021	Homewood Drive Water Main and Pavement	2041	0	46,268	0	46,268	0
	Total OPWC Loans		204,254	46,268	(63,433)	187,089	22,886
	Compensated Absences		1,739,387	1,708,900	(1,739,387)	1,708,900	218,629
	Net Pension Liability		16,584,099	0	(1,726,771)	14,857,328	0
	Net OPEB Liability		4,721,121	0	(2,800,628)	1,920,493	0
	Total Governmental Long-Term Debt		$23,953,861	$1,755,168	($6,500,219)	$19,208,810	$416,515

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2021, follows:

	General Obligation Bond Payable		OPWC Loan Payable		Total	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2022	$175,000	$12,786	$22,886	$0	$197,886	$12,786
2023	180,000	8,604	22,885	0	202,885	8,604
2024	180,000	4,302	22,883	0	202,883	4,302
2025	0	0	5,226	0	5,226	0
2026	0	0	5,226	0	5,226	0
2027-2031	0	0	26,128	0	26,128	0
2032-2036	0	0	26,128	0	26,128	0
2037-2041	0	0	9,459	0	9,459	0
Totals	$535,000	$25,692	$140,821	$0	$675,821	$25,692

An OPWC loan in the amount of $46,628 less amounts due within one year is not included in the above maturity tables. The construction has started, but the loan is not payable until the construction is completed. At that time, loan payments will be determined.

NOTE 14 - 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. The City is a member of the Ohio Plan (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

The following is a summary of insurance coverages at year end:

Type of Coverage	Coverage	Deductible
Comprehensive General Liability	$7,000,000	$0
Law Enforcement Professional Liability	7,000,000	10,000
Public Officials Errors and Omissions	7,000,000	10,000
Property	38,806,122	1,000
Bond/Crime	100,000	1,000
Boiler and Machinery	38,806,122	1,000
Automobile Liability	7,000,000	1,000

The City provides major medical health insurance coverage for its employees through United Health Care.

Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years. Coverage has not been materially decreased during the year.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per $100 of payroll. The rate is determined based on accident history and administrative costs. Unemployment claims are paid to the Ohio Department of Job and Family Services as incurred.

NOTE 15 - CONTINGENCIES

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of City's Proportionate Share of the Net Pension Liability
Last Eight Years

Ohio Public Employees Retirement System

Year	2014	2015	2016
City's proportion of the net pension liability (asset)	0.026830%	0.026830%	0.024669%
City's proportionate share of the net pension liability (asset)	$3,162,907	$3,235,998	$4,273,057
City's covered payroll	$3,733,523	$3,327,592	$3,418,692
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	84.72%	97.25%	124.99%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016
City's proportion of the net pension liability (asset)	0.2054653%	0.2054653%	0.193768%
City's proportionate share of the net pension liability (asset)	$10,006,805	$10,643,959	$12,465,212
City's covered payroll	$5,110,966	$4,223,492	$4,222,409
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	195.79%	252.02%	295.22%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2014 is not available.
The schedule is reported as of the measurement date of the Net Pension Liability.

2017	2018	2019	2020	2021
0.022983%	0.022019%	0.019423%	0.019403%	0.016887%
$5,219,041	$3,454,412	$5,319,568	$3,835,126	$2,500,588
$2,971,017	$2,915,915	$2,623,121	$2,730,007	$2,288,643
175.67%	118.47%	202.80%	140.48%	109.26%
77.25%	84.66%	74.70%	82.17%	86.88%

2017	2018	2019	2020	2021
0.184291%	0.191762%	0.190749%	0.189251%	0.181261%
$11,672,814	$11,769,282	$15,570,160	$12,748,973	$12,356,740
$4,166,740	$4,411,518	$4,543,146	$4,739,363	$4,426,451
280.14%	266.79%	342.72%	269.00%	279.16%
68.36%	70.91%	63.07%	69.89%	70.65%

Schedule of City Pension Contributions
Last Nine Years

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	$485,358	$399,311	$410,243
Contributions in relation to the contractually required contribution	485,358	399,311	410,243
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$3,733,523	$3,327,592	$3,418,692
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	$872,953	$859,903	$848,282
Contributions in relation to the contractually required contribution	872,953	859,903	848,282
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$5,110,966	$4,223,492	$4,222,409
Contributions as a percentage of covered payroll	17.08%	20.36%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2013 is not available.

2016	2017	2018	2019	2020	2021
$356,522	$379,069	$367,237	$382,201	$320,410	$362,883
356,522	379,069	367,237	382,201	320,410	362,883
$0	$0	$0	$0	$0	$0
$2,971,017	$2,915,915	$2,623,121	$2,730,007	$2,288,643	$2,592,021
12.00%	13.00%	14.00%	14.00%	14.00%	14.00%

2016	2017	2018	2019	2020	2021
$837,098	$886,274	$912,718	$952,138	$942,834	$966,827
837,098	886,274	912,718	952,138	942,834	966,827
$0	$0	$0	$0	$0	$0
$4,166,740	$4,411,518	$4,543,146	$4,739,363	$4,426,451	$4,539,094
20.09%	20.09%	20.09%	20.09%	21.30%	21.30%

Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
Last Five Years

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.023293%	0.022826%	0.020534%
City's proportionate share of the net OPEB liability (asset)	$2,352,697	$2,478,748	$2,677,148
City's covered payroll	$2,971,017	$2,915,915	$2,623,121
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	79.19%	85.01%	102.06%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.184291%	0.191762%	0.190749%
City's proportionate share of the net OPEB liability (asset)	$8,747,884	$10,864,950	$1,737,062
City's covered payroll	$4,166,740	$4,411,518	$4,543,146
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	209.95%	246.29%	38.23%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2016 is not available.
The schedule is reported as of the measurement date of the Net OPEB Liability.

2020	2021
0.020646%	0.018435%
$2,851,748	($328,436)
$2,730,007	$2,288,643
104.46%	(14.35%)
47.80%	115.57%

2020	2021
0.189251%	0.181261%
$1,869,373	$1,920,493
$4,739,363	$4,426,451
39.44%	43.39%
47.08%	45.42%

Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Nine Years

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	$37,335	$66,552	$68,374
Contributions in relation to the contractually required contribution	37,335	66,552	68,374
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$3,733,523	$3,327,592	$3,418,692
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	$25,555	$21,117	$21,112
Contributions in relation to the contractually required contribution	25,555	21,117	21,112
Contribution deficiency (excess)	$0	$0	$0
City's covered payroll	$5,110,966	$4,223,492	$4,222,409
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2013 is not available.

2016	2017	2018	2019	2020	2021
$59,420	$29,159	$0	$0	$0	$0
59,420	29,159	0	0	0	0
$0	$0	$0	$0	$0	$0
$2,971,017	$2,915,915	$2,623,121	$2,730,007	$2,288,643	$2,592,021
2.00%	1.00%	0.00%	0.00%	0.00%	0.00%

2016	2017	2018	2019	2020	2021
$20,834	$21,273	$21,821	$22,803	$22,639	$23,201
20,834	21,273	21,821	22,803	22,639	23,201
$0	$0	$0	$0	$0	$0
$4,166,740	$4,411,518	$4,543,146	$4,739,363	$4,426,451	$4,539,094
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2021.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality Table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2021.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NET PENSION LIABILITY (Continued)

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

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021.

Changes in assumptions:

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

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NET OPEB LIABILITY (ASSET) (Continued)

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

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.56% to 2.96%.

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bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Wickliffe
Lake County
28730 Ridge Road
Wickliffe, Ohio 44092

To the Members of City Council:

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, each major fund, and the aggregate remaining fund information of the City of Wickliffe, Lake County, (the City) as of and for the years ended December 31, 2022 and 2021, 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 28, 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 City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a significant deficiency.

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Report on Compliance and Other Matters

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

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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio

June 28, 2023

City of Wickliffe

Lake County

Schedule of Findings

December 31, 2022 and 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2022-001

Significant Deficiency

Sound financial reporting is the responsibility of the Finance Director and City Council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the City's internal controls over financial reporting. Misstatements were identified in the following areas for 2022:

- The pension and other postemployment benefits footnote balances, including the net pension and net OPEB liabilities, net OPEB asset, deferred inflows, and deferred outflows did not agree to the financial statements. Incorrect values were used in the creation of these footnotes for 2022.

The misstatements described above have been corrected in the City's basic financial statements.

Failure to properly calculate the amounts as required by GASB Statement No. 68 and GASB Statement No. 75 could lead to material misstatement or could mislead users of the financial statements.

To ensure the City's financial statements and notes to the financial statements are complete and accurate, we recommend that senior management of the City review the report multiple times and discuss the report with their GAAP compiler.

Client Response: The client did not respond to the finding.

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF WICKLIFFE

LAKE 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 8/10/2023

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