OHIO AUDITOR OF STATE
KEITH FABER

CITY OF PARMA, OHIO
CUYAHOGA COUNTY

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INDEPENDENT AUDITOR'S REPORT

City of Parma
Cuyahoga County
6611 Ridge Road
Parma, Ohio 44129

To the Members of 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 Parma, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, 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, as of December 31, 2022, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and the American Rescue Plan Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Parma Public Housing Agency, which represent 1.07 percent, 3.72 percent, and 5.97 percent, respectively, of assets, net position, and revenues of the governmental activities as of December 31, 2022, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Parma Public Housing Agency, is based solely on the report of other auditors.

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.

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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2024, 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.

Keith Faber
Auditor of State
Columbus, Ohio

April 3, 2024

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

Financial Highlights

Key financial highlights for 2022 are as follows:

- The total net position of the City increased $32,053,679. Net position of governmental activities increased $31,819,521 from 2021's net position and net position of business-type activities increased $234,158 from 2021's net position. This increase is primarily the result of the decrease in other postemployment benefits (OPEB) expense for the Ohio Public Employees Retirement System (OPERS).

- General revenues accounted for $68,060,665 or 59.34% of total governmental activities revenue. Program specific revenues accounted for $46,629,713 or 40.66% of total governmental activities revenue.

- The City had $82,870,857 in expenses related to governmental activities; $46,629,713 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of $68,060,665 covered the remaining expenses of $36,241,144.

- The General fund had revenues of $61,697,452 in 2022. This represents an increase of $7,811,252 or 14.50% from 2021 revenues. The expenditures and other financing uses of the general fund, which totaled $54,404,460 in 2022, increased $2,162,175 or 4.14% from 2021. The net increase in fund balance for the general fund was $7,292,992 in 2022.

- The American Rescue Plan fund, a major governmental fund, had revenues and expenditures of $4,856,115 in 2022. The fund balance at the end of the year was $-0-.

- The City Income Tax Capital Acquisitions fund, a major governmental fund, had revenues of $11,404,866 and other financing sources of $446,453 during 2022. Expenditures and other financing uses in 2022 totaled $8,491,165 and the fund balance at the end of the year was $10,378,195.

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City perform financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's golf course operations are reported here.

The City's statement of net position and statement of activities can be found on pages 20-23 of this report.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and nonmajor proprietary fund begins on page 14.

Governmental Funds

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

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

The City maintains several individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the General fund, American Rescue Plan fund, and City Income Tax Capital Acquisition fund. Information for the major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 24-33 of this report.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the municipal golf course. The golf course enterprise fund is considered a non-major fund.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages 34-36 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type. The basic financial statements for the custodial funds can be found on page 37 and 38 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 39-94 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability. The required supplementary information can be found on pages 96-115 of this report.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. Amounts in the governmental activities 2021 column in the table below have been restated to include leases receivable/deferred inflows of resources-leases and intangible right to use-leased assets/leases payable as a result of the implementation of GASB Statement No. 87 (see Note 3.A for details).

The table on the following page provides a summary of the City's net position for 2022 and 2021.

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Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	(Restated) 2021	2022	2021	2022	(Restated) 2021
Assets						
Current and other assets	$ 94,958,609	$ 70,270,833	$ 266,304	$ 182,897	$ 95,224,913	$ 70,453,730
Capital assets, net	99,998,177	96,327,766	1,263,350	1,210,430	101,261,527	97,538,196
Total assets	194,956,786	166,598,599	1,529,654	1,393,327	196,486,440	167,991,926
Deferred outflows of resources						
Unamortized deferred charges	8,960	11,946	-	-	8,960	11,946
Pension	20,222,241	9,829,412	88,765	49,204	20,311,006	9,878,616
OPEB	4,481,443	5,791,317	-	20,385	4,481,443	5,811,702
Total deferred outflows of resources	24,712,644	15,632,675	88,765	69,589	24,801,409	15,702,264
Liabilities						
Current liabilities	20,332,086	13,991,645	11,124	32,659	20,343,210	14,024,304
Long-term liabilities:						
Due within one year	2,872,767	3,054,892	46,925	2,743	2,919,692	3,057,635
Net pension liability	57,433,763	67,863,712	201,752	359,367	57,635,515	68,223,079
Net OPEB liability	8,205,390	7,782,857	-	-	8,205,390	7,782,857
Other amounts	19,380,718	20,483,841	65,908	16,175	19,446,626	20,500,016
Total liabilities	108,224,724	113,176,947	325,709	410,944	108,550,433	113,587,891
Deferred inflows of resources						
Property taxes	9,621,713	9,105,537	-	-	9,621,713	9,105,537
Leases	1,537,414	1,587,400	-	-	1,537,414	1,587,400
Pension	29,880,223	16,450,335	271,932	196,809	30,152,155	16,647,144
OPEB	7,332,917	10,658,137	83,051	151,594	7,415,968	10,809,731
Total deferred inflows of resources	48,372,267	37,801,409	354,983	348,403	48,727,250	38,149,812
Net position						
Net investment in capital assets	84,176,243	78,020,104	1,172,886	1,210,430	85,349,129	79,230,534
Restricted	19,015,904	14,384,098	-	-	19,015,904	14,384,098
Unrestricted (deficit)	(40,119,708)	(61,151,284)	(235,159)	(506,861)	(40,354,867)	(61,658,145)
Total net position	$ 63,072,439	$ 31,252,918	$ 937,727	$ 703,569	$ 64,010,166	$ 31,956,487

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

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

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability 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/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the City's total assets and deferred outflows of resources were greater than liabilities and deferred inflows of resources by $63,072,439, an increase of 101.81% from 2021.

Current assets increased primarily from an increase in collection of income taxes and the receipt of the second $11.8 million tranche from the American Rescue Plan Act of 2021 from the federal government during 2022. Grants and entitlements not restricted to specific programs were down slightly in 2022. The City's income tax withholdings collections in 2022 were up from individual and business current and prior returns from 2022 collections. Liabilities decreased for the governmental activities and business-type activities, mostly due to a decrease in the net pension liability.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 50.03% of total assets. Capital assets include land, construction in progress (CIP), land improvements, buildings, equipment, vehicles, software, infrastructure, and intangible right to use - leased building and equipment. The City's net investment in capital assets at December 31, 2022, was $84,176,243 and $1,172,886 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

A portion of the City's net position, $19,015,904, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $40,119,708.

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The following table shows the changes in net position for 2022 and 2021.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	$ 19,938,704	$ 17,746,888	$ 607,886	$ 665,593	$ 20,546,590	$ 18,412,481
Operating grants and contributions	19,203,464	18,327,280	-	-	19,203,464	18,327,280
Capital grants and contributions	7,487,545	10,636,174	-	-	7,487,545	10,636,174
Total program revenues	46,629,713	46,710,342	607,886	665,593	47,237,599	47,375,935
General revenues:						
Income taxes	51,383,819	41,561,922	-	-	51,383,819	41,561,922
Property taxes	10,200,195	10,688,579	-	-	10,200,195	10,688,579
Payments in lieu of taxes	1,439,652	1,446,317	-	-	1,439,652	1,446,317
Unrestricted grants and entitlements	4,862,381	4,123,191	-	-	4,862,381	4,123,191
Investment earnings	171,630	8,864	-	-	171,630	8,864
Gain on sale of capital assets	-	2,573,130	-	-	-	2,573,130
Miscellaneous	2,988	2,796	407,959	421,733	410,947	424,529
Total general revenues	68,060,665	60,404,799	407,959	421,733	68,468,624	60,826,532
Total revenues	114,690,378	107,115,141	1,015,845	1,087,326	115,706,223	108,202,467
Expenses:						
Legislative and executive	19,329,505	17,861,924	-	-	19,329,505	17,861,924
Security of persons and property	39,536,931	37,029,753	-	-	39,536,931	37,029,753
Public health and welfare	636,876	444,725	-	-	636,876	444,725
Transportation	8,031,117	6,098,138	-	-	8,031,117	6,098,138
Community environment	9,293,069	8,436,354	-	-	9,293,069	8,436,354
Basic utility services	2,969,762	2,513,078	-	-	2,969,762	2,513,078
Leisure time activity	2,711,542	1,937,457	-	-	2,711,542	1,937,457
Interest and fiscal charges	362,055	554,243	-	-	362,055	554,243
Golf Course	-	-	781,687	652,868	781,687	652,868
Total expenses	82,870,857	74,875,672	781,687	652,868	83,652,544	75,528,540
Change in net position	31,819,521	32,239,469	234,158	434,458	32,053,679	32,673,927
Net position at beginning of year	31,252,918	(986,551)	703,569	269,111	31,956,487	(717,440)
Net position at end of year	$ 63,072,439	$ 31,252,918	$ 937,727	$ 703,569	$ 64,010,166	$ 31,956,487

Governmental Activities

Governmental activities net position increased $31,819,521 in 2022, after increasing $32,239,469 in 2021. Expenses and revenues increased from prior year.

Total revenues increased $7,575,237 or 7.07%. Charges for services program revenue increased from fines and forfeitures related to the school zone safety grant. Operating grants increased from American Rescue Plan funds received and expended in 2022. Capital grants and contributions consist of grant revenue for road construction and repair projects. Miscellaneous revenues consist of refunds and reimbursements, which were received from various sources in 2022 and 2021. During 2022, the City's investment earnings increased from 2021 as a result of higher interest rates in the second half of 2022. Income tax collections increased from 2021. The City reported a gain on sale of assets from the sale of the property to Chevybrook Estates L.P. in 2021.

In total, 2022 expenses increased $7,995,185 or 10.68%. In 2021 governmental activities expenses decreased 15.80% from 2020 as a result of a significant decrease in OPEB expense for OPERS. On an accrual basis, the City had OPERS OPEB expense of ($3,886,778) in 2022 compared to ($13,470,819) in 2021 and $2,806,862 in 2020. Effective January 1, 2022, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes were reflected in the net OPEB asset and deferred inflows/outflows of resources reported at December 31, 2021 and December 31, 2022.

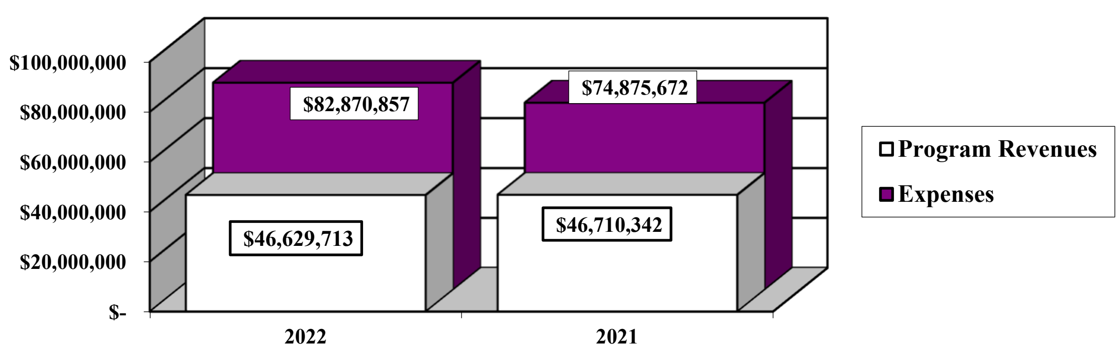
Security of persons and property, which primarily supports the operations of the police and fire departments, is the City's largest category of governmental activity expenses accounting for $39,536,931 and $37,029,753 of the total expenses of the City during 2022 and 2021, respectively. These expenses were partially funded by $9,840,567 in 2022 compared to $7,376,758 in 2021 in direct charges to users of the services. Transportation expenses, which mainly consist of repair and upkeep of the City's roads, totaled $8,031,117 during 2022 and $6,098,138 during 2021. In 2022, these expenses were funded by charges for services and operating and capital grants and contributions. Community environment expenses totaled $9,293,069 in 2022 and primarily relate to Parma Public Housing programs.

In total, operating grants and contributions and capital grants and contributions were $26,691,009 during 2022, compared to $28,963,454 during 2021. These revenues are restricted to a particular program or purpose. Operating grants and contributions increased from 2021 from American Rescue Plan Act funding received and spent in 2022, to provide address the continued impact of the COVID-19 pandemic. $10,857,400 or 40.68% of the total grants and contributions subsidized transportation programs in 2022. Capital grants and contributions are attributed to capital contributions for infrastructure from ODOT, OPWC, Cuyahoga County and the Cleveland Suburban Water Main Renewal Program.

General revenues totaled $68,060,665 and amounted to 59.34% of total governmental revenues during 2022. These revenues primarily consist of property and income tax revenue of $61,584,014. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which includes local government and local government revenue assistance, making up $4,862,381.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the following graph, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses



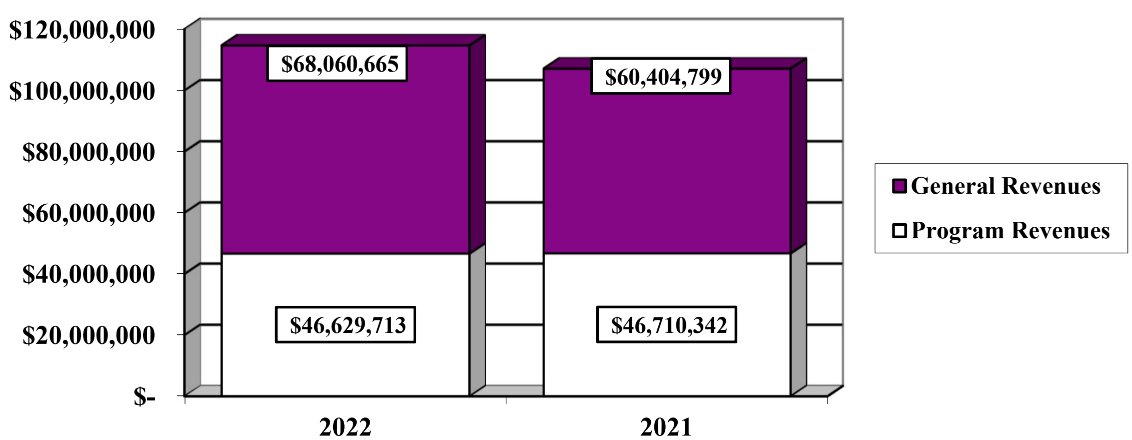
The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other general revenues.

Governmental Activities

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses:				
Legislative and executive	$ 19,329,505	$ 11,146,344	$ 17,861,924	$ 8,922,480
Security of persons and property	39,536,931	23,948,522	37,029,753	24,424,278
Public health	636,876	636,876	444,725	444,725
Transportation	8,031,117	(2,877,457)	6,098,138	(3,201,864)
Community environment	9,293,069	47,467	8,436,354	(435,771)
Basic utility services	2,969,762	1,109,626	2,513,078	(3,639,380)
Leisure time activities	2,711,542	1,867,711	1,937,457	1,096,619
Interest and fiscal charges	362,055	362,055	554,243	554,243
Total Expenses	$ 82,870,857	$ 36,241,144	$ 74,875,672	$ 28,165,330

The dependence upon general revenues for governmental activities are apparent, with 43.73% and 37.62% of expenses supported through taxes and other general revenues in 2022 and 2021, respectively.

Governmental Activities - General and Program Revenues



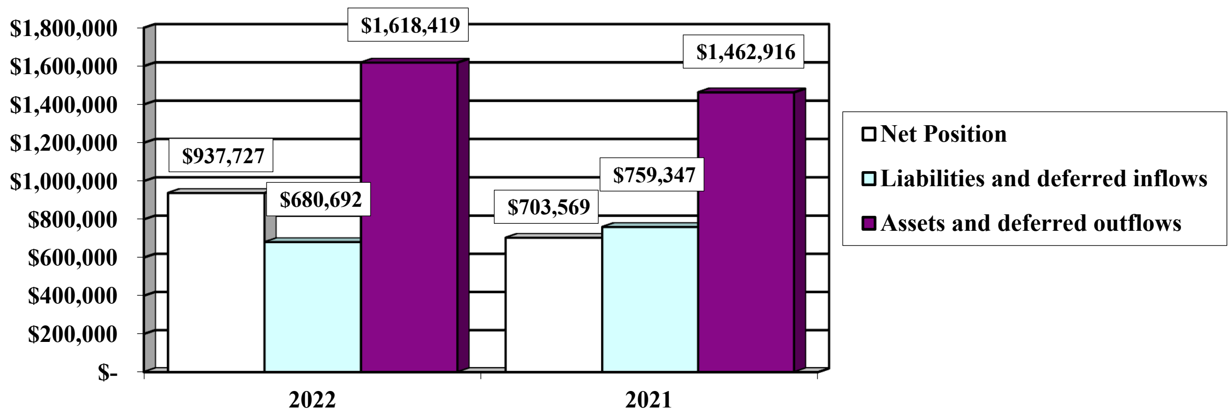
Business-Type Activities

Business-type activities include the golf course fund. In 2022 and 2021, this program had program revenues of $607,886 and $665,593, respectively, and general revenues of $407,959 and $421,733, respectively. Total revenues for 2022 were $1,015,845, which represents a decrease from 2021 revenues of $71,481.

Total expenses for business-type activities were $781,687 in 2022 compared to $652,868 in 2021. This represents an increase of 19.73%, as a result of the increase in OPEB expense for OPERS.

Net position for business-type activities increased $234,158 or 33.28% from 2021. The graph that follows shows the business-type activities assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at year-end.

Net Position, Business -Business Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on pages 24-25) reported a combined fund balance of $44,533,684 which is $17,076,118 higher than last year's total of $27,457,566. The following schedule indicates the fund balances and the total change in fund balances as of December 31, 2022 for all major and nonmajor governmental funds.

	Fund Balances 12/31/22	Fund Balances 12/31/21	Change
Major funds:			
General	$ 19,001,997	$ 11,709,005	$ 7,292,992
American rescue plan	-	-	-
City income tax capital acquisitions	10,378,195	7,018,041	3,360,154
Nonmajor governmental funds	15,153,492	8,730,520	6,422,972
Total	$ 44,533,684	$ 27,457,566	$ 17,076,118

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General Fund

The City's general fund balance increased $7,292,992. The table that follows assists in illustrating the revenues of the general fund.

	2022 Amount	2021 Amount	Percentage Change
Revenues			
Taxes	$ 45,019,005	$ 36,906,882	21.98 %
Charges for services	806,245	793,458	1.61 %
Licenses and permits	8,008,109	8,084,530	(0.95) %
Fines and forfeitures	3,424,236	4,417,498	(22.48) %
Intergovernmental	4,146,503	3,557,961	16.54 %
Investment income	171,630	8,864	1,836.26 %
Rental income	119,159	114,211	4.33 %
Other	2,565	2,796	(8.26) %
Total	$ 61,697,452	$ 53,886,200	14.50 %

The most significant changes in general fund revenues are taxes, fines and forfeitures, intergovernmental and investment income. Income tax and property tax collections increased in 2022, 21.98% over 2021. Fines and forfeitures decreased 22.48% from fines and forfeitures received from the Municipal Court. Intergovernmental revenue increased from local government state income tax revenues. Investment income increased over the prior year as a result of higher interest rates in 2022.

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

	2022 Amount	2021 Amount	Percentage Change
Expenditures			
Legislative and executive	$ 20,701,310	$ 21,049,132	(1.65) %
Security of persons and property	25,737,953	24,640,747	4.45 %
Public health and welfare	486,876	444,725	9.48 %
Community environment	1,047,909	915,750	14.43 %
Leisure time activity	2,769,541	2,538,174	9.12 %
Debt service	24,348	-	100.00 %
Total	$ 50,767,937	$ 49,588,528	2.38 %

Overall, general fund expenditures were comparable to prior year, increasing 2.38% in 2022. Security of persons and property expenditures represent the largest expenditure category for the general fund. The cost of running the City's police and fire departments is reflected in security of persons and property expenditures. Security of persons and property expenditures increased during 2022 as a result of increased personal services and contract services. Leisure time activities expenditures increased from more parks and recreation activities during 2022. Debt service expenditures in 2022 were related to leases payable.

American Rescue Plan Fund

The American Rescue Plan fund is reported as a major fund. The City received the second tranche of $11,867,461 (on cash-basis) in federal funding from the American Rescue Plan Act of 2022 to provide additional relief to address the continued impact of the COVID-19 pandemic. The City used $4,856,115 on salaries and benefits for safety forces during 2022. The unspent portion as of December 31, 2022, $14,545,913, has been reported as unearned revenue.

City Income Tax Capital Acquisitions Fund

The City Income Tax Capital Acquisitions fund is reported as a major fund, and is used to accumulate resources, primarily income taxes for capital related improvements throughout the City. Revenues were $11,404,866, other financing sources (direct financing notes) were $446,453, and expenditures and other financing uses were $8,491,165. Fund balance at December 31, 2022 was $10,378,195, all of which is committed for capital improvements.

Proprietary Fund

The City's proprietary fund provides the same type of information found on the government-wide financial statements for business-type activities, but in more detail. The City's non-major proprietary fund includes the golf course enterprise fund.

The golf course fund, which accounts for the financial activity of the Ridgewood Municipal Golf Course, reported operating revenue of $1,015,845 for 2022 as a result of increased service fees received during the year. The golf course fund had operating expenses of $745,629. The golf course fund had non-operating expenses of $36,058.

Budgeting Highlights

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

The City amended its general fund budget several times throughout the year. Original and final budgeted revenues and other financing sources were $57,017,937 and $57,017,214, respectively. Actual revenues and other financing sources for the year were $61,753,063 or $4,735,849 more than the final budget. Actual income tax collections from withholdings, as well as higher than anticipated payments from individuals and businesses, came in $5,758,434 higher than expected. Fines and forfeitures came in $1,771,160 under the budgeted amount.

For the general fund, original budgeted expenditures and other financing uses were $64,876,085. The budget amendments throughout the year increased this amount to $64,976,085 in the final budget. Actual expenditures and other financing uses were $56,451,633 or $8,424,452 below final budget. Security of persons and property expenditures were $5,945,743 less than the final appropriations, due to certain safety forces salary and benefit expenditures being paid from the American Rescue Plan fund during 2022.

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the City had $101,261,527 (net of accumulated depreciation/amortization) invested in land, construction in progress (CIP), land improvements, buildings, equipment, vehicles, software, infrastructure, and intangible right to use - leased buildings, equipment and vehicles. Of this total, $99,998,177 was reported in governmental activities and $1,263,350 was reported in business-type activities at December 31, 2022.

Governmental activities capital assets have been restated in the table below for 2021 to include the intangible right to use assets, in accordance with GASB Statement No. 87 (see Notes 3.A and 10 for details). The following table shows 2022 balances compared to 2021 (restated) balances:

Capital Assets at December 31
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total	
	2022	(Restated) 2021	2022	2021	2022	(Restated) 2021
Land	$ 7,662,882	$ 7,716,851	$ 1,078,077	$ 1,078,077	$ 8,740,959	$ 8,794,928
CIP	9,290,447	3,901,909	-	-	9,290,447	3,901,909
Land improvements	500,078	561,617	-	-	500,078	561,617
Buildings	17,024,886	17,855,941	41,657	76,359	17,066,543	17,932,300
Equipment	3,015,232	3,041,796	43,676	55,994	3,058,908	3,097,790
Vehicles	3,495,166	3,664,856	-	-	3,495,166	3,664,856
Computer software	6	7,288	-	-	6	7,288
Infrastructure	58,904,104	59,427,070	-	-	58,904,104	59,427,070
Intangible right to use:						
Buildings	78,293	100,142	-	-	78,293	100,142
Equipment	27,083	50,296	-	-	27,083	50,296
Vehicles	-	-	99,940	-	99,940	-
Totals	$ 99,998,177	$ 96,327,766	$ 1,263,350	$ 1,210,430	$ 101,261,527	$ 97,538,196

The City's largest capital asset category is infrastructure which includes roads, traffic signals, sidewalks, culverts, storm sewers, water mains, and bridges. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 58.91% of the City's total governmental capital assets. Most of the capital asset acquisitions in 2022 were infrastructure improvements or construction projects related to infrastructure.

One of the largest business-type capital asset categories is land, which includes the golf course. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's land represents approximately 85.33% of the City's total business-type capital assets.

See Note 10 in the notes to the basic financial statements for detail on the City's capital assets.

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Debt Administration

Governmental activities long-term debt obligations have been restated in the table below for 2021 to include the leases payable, in accordance with GASB Statement No. 87 (see Notes 3.A and 12 for details). In addition, compensated absences payable has been removed from the table below. The following table summarizes the City's long-term debt obligations outstanding at December 31, 2022 and 2021.

	Governmental Activities		Business-type Activities	
	2022	(Restated) 2021	2022	2021
General obligation bonds	$ 9,010,000	$ 10,320,000	$ -	$ -
OPWC loans	938,578	997,772	-	-
OWDA loans	3,613,997	3,873,269	-	-
Direct financing notes	1,583,288	1,718,015	-	-
Leases payable	107,010	150,438	90,464	-
Total long-term obligations	$ 15,252,873	$ 17,059,494	$ 90,464	$ -

Additional detail can be found in Note 12 in the notes to the basic financial statements.

Current Financial Related Activities

The City's Administration considers the impact of various economic factors when establishing the fiscal year 2023 budget. The continued challenges resulting from regional loss of employment, stagnant economic development, and the general national recession, have yielded significant influence on the objectives established in the 2023 budget. The primary objectives include continued improvement to constituent service delivery as well as long-term fiscal stability.

The City continues to monitor the budget due to concerns with long-term effects of COVID-19 and its effect on local businesses and revenue.

In order to meet these challenges, further cost containment and/or revenue enhancement actions will be essential. With the continuation of conservative budgeting practices, the City's financial position is anticipated to remain stable in future years.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 Brian D. Day, Parma City Auditor, 6611 Ridge Road, Parma, Ohio 44129.

BASIC
FINANCIAL STATEMENTS

CITY OF PARMA, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 58,612,155	$ 151,982	$ 58,764,137
Cash and cash equivalents in segregated accounts	1,790,241	5,617	1,795,858
Receivables:			
Municipal income taxes	6,226,665	-	6,226,665
Property taxes	10,854,463	-	10,854,463
Special assessments	2,585,858	-	2,585,858
Accrued interest	13,099	-	13,099
Due from other governments	5,072,852	-	5,072,852
Leases	1,550,543	-	1,550,543
Notes	3,850,000	-	3,850,000
Materials and supplies inventory	638,860	37,504	676,364
Net pension asset	104,581	1,978	106,559
Net OPEB asset	3,659,292	69,223	3,728,515
Capital assets:			
Nondepreciable/amortized capital assets	16,953,329	1,078,077	18,031,406
Depreciable/amortized capital assets, net	83,044,848	185,273	83,230,121
Total capital assets, net	99,998,177	1,263,350	101,261,527
Total assets	194,956,786	1,529,654	196,486,440
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	8,960	-	8,960
Pension	20,222,241	88,765	20,311,006
OPEB	4,481,443	-	4,481,443
Total deferred outflows of resources	24,712,644	88,765	24,801,409
Liabilities:			
Accounts payable	654,447	3,923	658,370
Contracts payable	1,442,397	-	1,442,397
Accrued wages and benefits payable	977,777	6,237	984,014
Due to other governments	189,723	964	190,687
Accrued interest payable	26,538	-	26,538
Claims payable	1,516,892	-	1,516,892
Deposits held and due to others	473,482	-	473,482
Payroll withholding payable	504,917	-	504,917
Unearned revenue	14,545,913	-	14,545,913
Long-term liabilities:			
Due within one year	2,872,767	46,925	2,919,692
Due greater than one year:			
Net pension liability	57,433,763	201,752	57,635,515
Net OPEB liability	8,205,390	-	8,205,390
Other amounts due in more than one year	19,380,718	65,908	19,446,626
Total liabilities	108,224,724	325,709	108,550,433
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	9,621,713	-	9,621,713
Leases	1,537,414	-	1,537,414
Pension	29,880,223	271,932	30,152,155
OPEB	7,332,917	83,051	7,415,968
Total deferred inflows of resources	48,372,267	354,983	48,727,250

- *(Continued)*

CITY OF PARMA, OHIO

STATEMENT OF NET POSITION - (Continued)
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
Net position:			
Net investment in capital assets	$ 84,176,243	$ 1,172,886	$ 85,349,129
Restricted for:			
Security of persons and property programs:			
Police operations and pension	2,202,106	-	2,202,106
Fire operations and pension	1,628,464	-	1,628,464
Emergency medical services	564,808	-	564,808
Transportation programs	351,559	-	351,559
Community environment programs	5,174,963	-	5,174,963
Basic utility services	22,428	-	22,428
Leisure time activities	32,822	-	32,822
Unclaimed monies	156,919	-	156,919
Other purposes	1,224,505	-	1,224,505
Debt service	2,453,370	-	2,453,370
Capital projects	5,203,960	-	5,203,960
Unrestricted (deficit)	(40,119,708)	(235,159)	(40,354,867)
Total net position	$ 63,072,439	$ 937,727	$ 64,010,166

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARMA, OHIO

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:				
Legislative and executive	$ 19,329,505	$ 7,490,782	$ -	$ 692,379
Security of persons and property	39,536,931	9,840,567	5,691,314	56,528
Public health	636,876	-	-	-
Transportation	8,031,117	51,174	5,117,290	5,740,110
Community environment	9,293,069	1,037,038	8,208,564	-
Basic utility services	2,969,762	861,608	-	998,528
Leisure time activities	2,711,542	657,535	186,296	-
Interest and fiscal charges	362,055	-	-	-
Total governmental activities	82,870,857	19,938,704	19,203,464	7,487,545
Business-type activities:				
Golf course	781,687	607,886	-	-
Total primary government	$ 83,652,544	$ 20,546,590	$ 19,203,464	$ 7,487,545

General revenues:
Property taxes levied for:
General purposes
Police pension
Fire pension
Police levy
Fire levy
Municipal income taxes levied for:
General purposes
Capital outlay
Payments in lieu of taxes
Grants and entitlements not restricted to specific programs
Interest earnings
Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (11,146,344)	$ -	$ (11,146,344)
(23,948,522)	-	(23,948,522)
(636,876)	-	(636,876)
2,877,457	-	2,877,457
(47,467)	-	(47,467)
(1,109,626)	-	(1,109,626)
(1,867,711)	-	(1,867,711)
(362,055)	-	(362,055)
(36,241,144)	-	(36,241,144)
-	(173,801)	(173,801)
(36,241,144)	(173,801)	(36,414,945)
4,372,787	-	4,372,787
457,127	-	457,127
457,127	-	457,127
2,331,174	-	2,331,174
2,581,980	-	2,581,980
40,464,753	-	40,464,753
10,919,066	-	10,919,066
1,439,652	-	1,439,652
4,862,381	-	4,862,381
171,630	-	171,630
2,988	407,959	410,947
68,060,665	407,959	68,468,624
31,819,521	234,158	32,053,679
31,252,918	703,569	31,956,487
$ 63,072,439	$ 937,727	$ 64,010,166

CITY OF PARMA, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	American Rescue Plan	City Income Tax Capital Acquisitions
Assets:			
Equity in pooled cash and cash equivalents	$ 17,795,391	$ 14,559,469	$ 5,813,863
Cash and cash equivalents in segregated accounts	985	-	-
Receivables:			
Municipal income taxes	4,903,498	-	1,323,167
Property and other taxes	4,610,726	-	-
Special assessments	-	-	-
Interfund loans	286,822	-	3,853,915
Accrued interest	-	-	-
Due from other governments	1,949,845	-	-
Leases	-	-	-
Notes	-	-	-
Materials and supplies inventory	174,898	-	-
Total assets	$ 29,722,165	$ 14,559,469	$ 10,990,945
Liabilities:			
Accounts payable	$ 213,245	$ -	$ 188,632
Contracts payable	1,073,463	13,556	33,657
Accrued wages and benefits payable	825,891	-	-
Compensated absences payable	150,473	-	-
Interfund loans payable	-	-	-
Due to other governments	166,256	-	-
Unearned revenue	-	14,545,913	-
Deposits held and due to others	473,482	-	-
Payroll withholding payable	504,917	-	-
Total liabilities	3,407,727	14,559,469	222,289
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	4,144,400	-	-
Leases	-	-	-
Unavailable revenue	3,168,041	-	390,461
Total deferred inflows of resources	7,312,441	-	390,461
Fund balances:			
Nonspendable	331,817	-	-
Restricted	-	-	-
Committed	-	-	10,378,195
Assigned	3,414,340	-	-
Unassigned (deficit)	15,255,840	-	-
Total fund balances	19,001,997	-	10,378,195
Total liabilities, deferred inflows of resources and fund balances	$ 29,722,165	$ 14,559,469	$ 10,990,945

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ 16,592,691	$ 54,761,414
1,789,256	1,790,241
-	6,226,665
6,243,737	10,854,463
2,585,858	2,585,858
-	4,140,737
13,099	13,099
3,123,007	5,072,852
1,550,543	1,550,543
3,850,000	3,850,000
463,962	638,860
$ 36,212,153	$ 91,484,732
$ 252,180	$ 654,057
321,721	1,442,397
147,442	973,333
1,830	152,303
4,140,737	4,140,737
22,780	189,036
-	14,545,913
-	473,482
-	504,917
4,886,690	23,076,175
5,477,313	9,621,713
1,537,414	1,537,414
9,157,244	12,715,746
16,171,971	23,874,873
463,962	795,779
13,036,687	13,036,687
1,963,971	12,342,166
-	3,414,340
(311,128)	14,944,712
15,153,492	44,533,684
$ 36,212,153	$ 91,484,732

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CITY OF PARMA, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Total governmental fund balances		$ 44,533,684
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		99,998,177
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	$ 1,837,461	
Delinquent property taxes receivable	633,750	
Special assessments receivable	2,585,858	
Intergovernmental receivable	3,808,677	
Note receivable	3,850,000	
Total		12,715,746
Internal service funds are used by management to charge the costs of certain activity, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position.		2,294,148
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(26,538)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		8,960
Unamortized premiums on bond issuances are not recognized in the funds.		(578,021)
The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in the governmental funds:		
Deferred outflows of resources - pension	20,222,241	
Deferred inflows of resources - pension	(29,880,223)	
Net pension asset	104,581	
Net pension liability	(57,433,763)	
Total		(66,987,164)
The net OPEB asset/liability is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources - OPEB	4,481,443	
Deferred inflows of resources - OPEB	(7,332,917)	
Net OPEB asset	3,659,292	
Net OPEB liability	(8,205,390)	
Total		(7,397,572)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(9,010,000)	
OPWC loans	(938,578)	
OWDA loans	(3,613,997)	
Direct financing notes	(1,583,288)	
Leases payable	(107,010)	
Compensated absences payable	(6,236,108)	
Total		(21,488,981)
Net position of governmental activities		$ 63,072,439

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARMA, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	American Rescue Plan	City Income Tax Capital Acquisitions
Revenues:			
Municipal income taxes	$ 40,616,595	$ -	$ 10,960,039
Property and other taxes	4,402,410	-	-
Payment in lieu of taxes	-	-	-
Charges for services	806,245	-	1,271
Fees, licenses and permits	8,008,109	-	-
Fines and forfeitures	3,424,236	-	-
Intergovernmental	4,146,503	4,856,115	443,042
Rental income	119,159	-	-
Special assessments	-	-	514
Interest income	171,630	-	-
Contributions and donations	-	-	-
Other	2,565	-	-
Total revenues	61,697,452	4,856,115	11,404,866
Expenditures:			
Current:			
Legislative and executive	20,701,310	-	-
Security of persons and property	25,737,953	3,104,596	-
Public health	486,876	150,000	-
Transportation	-	1,551,519	-
Community environment	1,047,909	50,000	-
Basic utility services	-	-	-
Leisure time activities	2,769,541	-	-
Capital outlay	-	-	5,873,320
Debt service:			
Principal retirement	22,695	-	340,377
Interest and fiscal charges	1,653	-	7,789
Total expenditures	50,767,937	4,856,115	6,221,486
Excess of revenues over expenditures	10,929,515	-	5,183,380
Other financing sources (uses):			
Direct financing notes transaction	-	-	446,453
Transfers in	-	-	-
Transfers (out)	(3,636,523)	-	(2,269,679)
Total other financing sources (uses)	(3,636,523)	-	(1,823,226)
Net change in fund balances	7,292,992	-	3,360,154
Fund balances at beginning of year	11,709,005	-	7,018,041
Fund balances at end of year	$ 19,001,997	$ -	$ 10,378,195

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 51,576,634
5,865,456	10,267,866
1,439,652	1,439,652
2,977,165	3,784,681
42,685	8,050,794
3,586,901	7,011,137
21,712,267	31,157,927
195,360	314,519
1,034,411	1,034,925
57,124	228,754
124,832	124,832
1,083	3,648
37,036,936	114,995,369
1,423,421	22,124,731
13,224,358	42,066,907
-	636,876
5,937,562	7,489,081
9,093,481	10,191,390
1,677,504	1,677,504
658,198	3,427,739
1,610,550	7,483,870
1,890,002	2,253,074
425,090	434,532
35,940,166	97,785,704
1,096,770	17,209,665
-	446,453
8,126,575	8,126,575
(2,800,373)	(8,706,575)
5,326,202	(133,547)
6,422,972	17,076,118
8,730,520	27,457,566
$ 15,153,492	$ 44,533,684

CITY OF PARMA, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds		$ 17,076,118
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 are allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	$ 11,458,802	
Current year depreciation	(6,160,370)	
Total		5,298,432
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(1,628,021)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Municipal income taxes	(192,815)	
Property taxes	(67,671)	
Special assessments revenue	(243,449)	
Intergovernmental revenue	198,944	
Total		(304,991)
The issuance of direct financing notes are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(446,453)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		2,253,074
In the statement of activities, accrued interest on outstanding bonds, bond premiums, and deferred charges on refundings are amortized over the term of the bonds; whereas in governmental funds, other financing sources (uses) are reported when bonds are issued:		
Decrease in accrued interest payable	3,370	
Amortization of bond premiums	72,093	
Amortization of deferred amounts on refunding	(2,986)	
Total		72,477
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	7,136,737	
OPEB	102,870	
Total		7,239,607
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	220,925	
OPEB	3,096,758	
Total		3,317,683

- (Continued)

CITY OF PARMA, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	$	(458,386)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities on the government-wide statement of net position.		(600,019)
Change in net position of governmental activities	$	31,819,521

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARMA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Municipal income taxes	$ 34,226,250	$ 34,226,250	$ 39,984,684	$ 5,758,434
Property and other taxes	4,390,755	4,390,036	4,585,410	195,374
Charges for services	689,455	689,455	789,489	100,034
Fees, licenses and permits	8,175,850	8,175,850	8,008,109	(167,741)
Fines and forfeitures	5,513,993	5,513,993	3,742,833	(1,771,160)
Intergovernmental	3,630,107	3,630,103	4,099,182	469,079
Rental income	102,900	102,900	119,159	16,259
Interest income	-	-	134,505	134,505
Other	1,500	1,500	2,565	1,065
Total revenues	56,730,810	56,730,087	61,465,936	4,735,849
Expenditures:				
Current:				
Legislative and executive	22,742,540	23,072,540	21,787,235	1,285,305
Security of persons and property	32,021,816	31,921,816	25,976,073	5,945,743
Public health	486,876	486,876	486,876	-
Community environment	1,273,984	1,273,984	1,091,752	182,232
Leisure time activities	3,038,641	3,038,641	2,813,530	225,111
Total expenditures	59,563,857	59,793,857	52,155,466	7,638,391
Excess (deficiency) of revenues over (under) expenditures	(2,833,047)	(3,063,770)	9,310,470	12,374,240
Other financing sources (uses):				
Transfers (out)	(4,962,228)	(4,832,228)	(4,008,723)	823,505
Advances in	287,127	287,127	287,127	-
Advances (out)	(350,000)	(350,000)	(287,444)	62,556
Total other financing sources (uses)	(5,025,101)	(4,895,101)	(4,009,040)	886,061
Net change in fund balance	(7,858,148)	(7,958,871)	5,301,430	13,260,301
Fund balance at beginning of year (restated)	7,366,278	7,366,278	7,366,278	-
Prior year encumbrances appropriated	1,675,816	1,675,816	1,675,816	-
Fund balance at end of year	$ 1,183,946	$ 1,083,223	$ 14,343,524	$ 13,260,301

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARMA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AMERICAN RESCUE PLAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Intergovernmental	$ 11,867,461	$ 11,867,461	$ 11,867,461	$ -
Total revenues	11,867,461	11,867,461	11,867,461	-
Expenditures:				
Current:				
Legislative and executive	-	9,929,160	-	9,929,160
Security of persons and property	969,500	944,500	3,091,040	(2,146,540)
Public health	-	150,000	150,000	-
Transportation	7,242,634	8,569,368	3,579,373	4,989,995
Community environment	-	50,000	50,000	-
Total expenditures	8,212,134	19,643,028	6,870,413	12,772,615
Net change in fund balance	3,655,327	(7,775,567)	4,997,048	12,772,615
Fund balance at beginning of year	7,534,567	7,534,567	7,534,567	-
Fund balance (deficit) at end of year	$ 11,189,894	$ (241,000)	$ 12,531,615	$ 12,772,615

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARMA, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-Type Activity	Governmental Activities
	Nonmajor Enterprise Fund	**Internal Service Funds**
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	$ 151,982	$ 3,850,741
Cash and cash equivalents in segregated accounts	5,617	-
Receivables:		
Materials and supplies inventory	37,504	-
Total current assets	195,103	3,850,741
Non-current assets:		
Net pension asset	1,978	-
Net OPEB asset	69,223	
Capital assets:		
Nondepreciable capital assets	1,078,077	-
Depreciable capital assets, net	185,273	-
Total capital assets, net	1,263,350	-
Total non-current assets	1,334,551	-
Total assets	1,529,654	3,850,741
Deferred outflows of resources:		
Pension	88,765	-
Liabilities:		
Current liabilities:		
Accounts payable	3,923	390
Contracts payable	-	-
Accrued wages and benefits payable	6,237	4,444
Due to other governments	964	687
Compensated absences payable - current	2,738	4,183
Claims payable	-	1,516,892
Lease payable	44,187	-
Total current liabilities	58,049	1,526,596
Non-current liabilities:		
Compensated absences payable	19,631	29,997
Lease payable	46,277	-
Net pension liability	201,752	-
Total non-current liabilities	267,660	29,997
Total liabilities	325,709	1,556,593
Deferred inflows of resources:		
Pension	271,932	-
OPEB	83,051	-
Total deferred inflows of resources	354,983	-
Net position:		
Net investment in capital assets	1,172,886	-
Unrestricted (deficit)	(235,159)	2,294,148
Total net position	$ 937,727	$ 2,294,148

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARMA, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-Type Activity	Governmental Activities
	Nonmajor Enterprise Fund	**Internal Service Funds**
Operating revenues:		
Charges for services	$ 607,886	$ 10,730,648
Other operating revenues	407,959	38,639
Total operating revenues	1,015,845	10,769,287
Operating expenses:		
Personal services	305,901	290,773
Contractual services	203,900	289,635
Materials and supplies	186,342	498
Claims	-	11,355,356
Depreciation	49,486	-
Other	-	13,044
Total operating expenses	745,629	11,949,306
Operating income (loss)	270,216	(1,180,019)
Nonoperating (expenses):		
Interest and fiscal charges	(2,184)	-
(Loss) on sale of capital assets	(33,874)	-
Total nonoperating revenues (expenses)	(36,058)	-
Income (loss) before transfers	234,158	(1,180,019)
Transfer in	-	580,000
Change in net position	234,158	(600,019)
Net position at beginning of year	703,569	2,894,167
Net position at end of year	$ 937,727	$ 2,294,148

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARMA, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-Type Activity	Governmental Activities
	Nonmajor Enterprise Fund	**Internal Service Funds**
Cash flows from operating activities:		
Cash received from customers	$ 607,886	$ -
Cash received from quasi-external operating transactions with other funds	-	10,730,648
Cash received from other operations	407,959	17,533
Cash payments for personal services	(503,091)	(293,492)
Cash payments for contractual services	(218,337)	(289,635)
Cash payments for materials and supplies	(203,854)	(498)
Cash payments for claims	-	(11,416,813)
Cash payments for other expenses	-	(15,038)
Net cash provided by (used in) operating activities	90,563	(1,267,295)
Cash flows from noncapital financing activities:		
Cash received from transfers in	-	580,000
Cash flows from capital and related financing activities:		
Principal paid on lease	(37,816)	-
Interest paid on lease	(10,184)	-
Net cash used in capital and related financing activities	(48,000)	-
Net increase (decrease) in cash and cash equivalents	42,563	(687,295)
Cash and cash equivalents at beginning of year	115,036	4,538,036
Cash and cash equivalents at end of year	$ 157,599	$ 3,850,741
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 270,216	$ (1,180,019)
Adjustments:		
Depreciation	49,486	-
Changes in assets and liabilities:		
(Increase) in materials and supplies inventory	(13,935)	-
Decrease in net pension asset	847	-
(Increase) in net OPEB asset	(27,756)	-
(Increase) in deferred outflows of resources - pension	(39,561)	-
Decrease in deferred outflows of resources - OPEB	20,385	
(Decrease) in accounts payable	(16,989)	(1,994)
(Decrease) in contracts payable	(1,025)	-
(Decrease) in accrued wages and benefits	(3,050)	(3,599)
(Decrease) in due to other governments	(471)	(556)
Increase in compensated absences payable	3,451	1,436
(Decrease) in claims payable	-	(82,563)
(Decrease) in net OPEB liability	(157,615)	-
Increase in deferred inflows of resources - pension	75,123	-
(Decrease) in deferred inflows of resources - OPEB	(68,543)	-
Net cash provided by (used in) operating activities	$ 90,563	$ (1,267,295)

Non-Cash Transactions:
During 2022, the nonmajor Golf Course fund entered into a $136,280 lease agreement for golf carts.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARMA, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022

	Custodial
Assets:	
Cash and cash equivalents in segregated accounts	$ 578,780
Net position:	
Restricted for other governments, organizations and individuals	$ 578,780

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARMA, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Custodial
Additions:	
Fines and forfeitures collections for other governments, organizations and individuals	$ 6,831,594
Deductions:	
Fines and forfeitures distributions for other governments, organizations and individuals	6,783,176
Net change in fiduciary net position	48,418
Net position beginning of year	530,362
Net position end of year	$ 578,780

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CITY

The City of Parma, Cuyahoga County, Ohio (the "City") is a political subdivision of the State of Ohio operated pursuant to state statute. The City was originally established as a township in 1826, incorporated as a village in 1924, and organized as a city in 1931. The City is organized as a Mayor/Council form of government. The Mayor, Council, Auditor, Treasurer, and Law Director are elected, as are three Municipal Court Judges and a Clerk of Courts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board, and is either: (1) able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's BFS to be misleading or incomplete.

The primary government consists of all funds and departments which provide various services including police and fire protection, street maintenance and repair, parks and recreation, certain social services, and general administrative services. In addition, the City owns and operates one enterprise activity, a municipal golf course. The City has no component units.

Included as part of the City's primary government in the determination of the City's reporting entity is the Parma Municipal Court (the "Court"). Although the Court's territorial jurisdiction extends beyond the boundaries of the City and the judges of the Court are separately elected, the Court's operations are not legally separate from the City. In addition, the City is responsible for budgeting and appropriating funds for the operation of the Court, establishing the compensation of certain Court employees, and is ultimately responsible for any operating deficits sustained by the Court. The City's share of the fines collected by the Court, along with its share of the Court's administration and operating costs are recorded in the City's General fund. Monies held by the Court in a fiduciary capacity are included in a custodial fund in the accompanying financial statements.

The City is associated with the Parma Community Improvement Corporation (PCIC). The PCIC is a not-for-profit corporation that was founded in 1966. The five-member board, which consists of two members appointed by the City and three local residents, promotes industrial, commercial, distribution and research activities within the City. The PCIC has been excluded from the reporting entity.

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

The following organizations are described due to their relationship with the City:

*JOINTLY GOVERNED ORGANIZATION*S

Parma Community General Hospital Association - The Parma Community General Hospital Association, also known as University Hospitals Parma Medical Center (the ”Hospital Association”), is a not-for-profit adult care hospital that became part of the University Hospitals Health System in January 2014. University Hospitals Health Systems, Inc. (”UH”) is the sole member of the Hospital Association. Day-to-day management of the operations of the Hospital Association is overseen by a Board of Directors comprised of (i) 16 directors appointed from the cities of Parma, North Royalton, Brooklyn, Parma Heights, Seven Hills and Brooklyn Heights, such appointments by the cities being subject to UH approval, (ii) up to 3 directors appointed by UH, and (iii) 2 physician directors appointed by the Board. UH, as the sole member of the Hospital Association, possesses approval rights on strategic and operational decisions. The City appoints 6 members to the Hospital Association's Board of Directors. The City's degree of influence is limited to its appointments to the Board of Directors.

Because there is no ongoing equity interest, there is no requirement to disclose the investment in the jointly governed organization in the government-wide financial statements. There does exist, however, a residual equity interest upon the dissolution or sale of the Hospital, according to the terms of the original agreement among the Cities. The City of Parma has made no contributions to the Hospital during the year. The Hospital's financial statements may be obtained by contacting the Parma Community General Hospital, Parma, Ohio.

Southwest Council of Governments - The Southwest Council of Governments (the “Council”) helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Council board is comprised of one member from each of the sixteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each City's degree of control is limited to its representation on the board.

The Council has established two subsidiary organizations, the Hazardous Material Response Team (”Haz Mat”) which provides hazardous material protection and assistance and the Southwest Enforcement Bureau that provides extra assistance to cities in the form of a Special Weapons and Tactics Team (”SWAT Team”). The Council's financial statements may be obtained by contacting the Southwest Council of Governments, Parma Heights, Ohio.

B. Basis of Presentation - Fund Accounting

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds, with the exception of services provided and used during the fiscal year, are eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the enterprise fund includes personnel and other expenses related to the City-owned golf course operations and operating expenses for the internal service funds include personnel, claims, administrative and other expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Fund Accounting

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

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

The following are the City's major governmental funds:

<u>General Fund</u> - The General fund is used to account for and report all financial resources not accounted for and reported in another fund. The General fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

<u>American Rescue Plan Fund</u> - This fund is used to account for monies received from the federal government as part of the American Rescue Plan Act of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

<u>City Income Tax Capital Acquisitions Fund</u> - This fund is used to account for the portion of the City's income tax to be used for the acquisition and maintenance of capital assets.

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

Other governmental funds of the City are used to account for: (a) financial resources that are restricted or committed to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets; (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects; and (c) financial resources that are restricted to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

<u>*Enterprise Fund*</u> - The enterprise fund is used to account used 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 of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's nonmajor enterprise fund is the Municipal Golf Course Fund which is used to account for the financial activities of the Ridgewood Municipal Golf Course.

<u>*Internal Service Funds*</u> – The internal service funds are used to account for the financing of goods or services provided by one department to other departments or to other governments on a cost- reimbursement basis. The City's internal service funds report on the operations of liability insurance, medical insurance and workers' compensation.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is a custodial fund which accounts for Parma Municipal Court fines and forfeitures collected and distributed to other governments, organizations, and individuals.

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

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

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

The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The fiduciary fund presents a statement of changes in fiduciary net position which reports additions and deductions from the custodial fund.

E. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income taxes; state-levied locally shared taxes (including gasoline tax, local government funds and permissive tax); fines and forfeitures; fees; earnings on investments; and special assessments.

Unearned Revenues - The City defers revenue recognition in connection with resources that have been received, but not earned. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of deposits held for various programs.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 14 and 15 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the leases receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the leases.

Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 14 and 15 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred outflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

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

F. Budgetary Procedures

The budgetary process is prescribed 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 appropriations ordinance are subject to amendment through the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated.

The legal level of budgetary control is at the fund/department level (personal services and other expenditures). Any budgetary modifications at this level may only be made by resolution of the City Council.

During the first Council meeting in July, the Mayor presents the annual operating budget for the following fiscal year to the City Council for consideration and passage. The adopted budget is submitted to the County Fiscal Officer, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenues. As part of this determination, the City receives the official certificate of estimated resources, which states the projected revenue of each 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 appropriation ordinance.

On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances at December 31 of the preceding year. Upon a determination by the City Auditor that the revenue to be collected by the City will be greater or less than the amount included in the official certificate, the City Auditor shall certify the amount of the excess or deficiency to the County Budget Commission, and if it is deemed reasonable by the Commission, the County Budget Commission shall certify an amended official certificate reflecting the deficiency or excess. The amounts reported on the budgetary statement reflects the amounts in the final amended official certificate of estimated resources issued during 2022.

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund/department level (personal services and other expenditures). The appropriation ordinance may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

Funds appropriated may not be expended for purposes other than those designated in the appropriation measure. The allocation of appropriations among departments and major objects within a fund may be modified during the year only by an ordinance of Council. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant effect on the original appropriations. The "original budget" designation that appears in the statements of budgetary comparisons represents the original budget amounts adopted in the annual appropriation ordinance; the "final budget" designation represents the budget amount including all amendments and modifications passed by Council during the year.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation, and to determine and maintain legal compliance.

The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the fund financial level, encumbrances outstanding at year-end are reported as restricted, committed or assigned fund balance for subsequent year expenditures for governmental funds and reported in the notes to the basic financial statements for proprietary funds.

At the close of each 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 succeeding fiscal year and is not reappropriated.

Encumbrance accounting is employed in all City funds with the exception of Parma Public Housing. As part of the City's formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year-end are reported as restricted, committed or assigned fund balances in the fund financial statements since they do not constitute expenditures or liabilities and are carried forward to the next fiscal year.

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

G. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During 2022, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its 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 $250 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to statutory requirements and City policy. Interest revenue earned and credited to the General fund during 2022 amounted to $171,630, which included $125,310 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, to the extent they are purchased from a specific fund.

The City has segregated bank accounts for monies held separate from the City's central bank account for Law Department petty cash, Ridgewood golf course petty cash, Parma Public Housing, and Parma Municipal Court. These depository accounts are presented on the financial statements as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

An analysis of the City's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On the government-wide and fund financial statements, inventories are stated at cost. For all funds, cost is determined on a first-in, first-out (FIFO) basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental funds when consumed. Inventories of the proprietary funds are expensed when used.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance which indicates that it does not constitute available spendable resources even though it is a component of fund balance.

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

I. Capital Assets

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

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements to the extent the City's capitalization threshold is met. The City defines capital assets as assets with an estimated useful life in excess of 5 years and an individual cost of more than $5,000. Infrastructure assets and computer software assets are capitalized when the acquisition cost is greater than $100,000.

Assets are recorded at historical cost or estimated historical cost, if historical cost is not available. Contributed capital assets are recorded at their acquisition value as of the date contributed.

As permitted under the implementation provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* *(GASB No. 34)*, the historical cost of infrastructure assets acquired, significantly reconstructed or that received significant improvements prior to January 1, 1980 have not been included as part of governmental capital assets in the government-wide financial statements. As permitted under the implementation provisions of GASB No. 34, the historical cost of infrastructure assets acquired, significantly reconstructed or that received significant improvements after January 1, 1980 have been included as part of governmental capital assets in the government-wide financial statements.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation threshold for proprietary fund capital assets are the same as those used for the general capital assets.

Costs for maintenance and repairs are expensed when incurred. However, costs for repairs and upgrades that materially add to the value or life of an asset and meet the above criteria are capitalized.

The City depreciates/amortizes capital assets on a straight-line basis using the following estimated useful lives:

Asset	Estimated Useful Life
Land and construction in progress	Not depreciated
Land improvements	10-20 years
Buildings	70 years
Equipment and vehicles:	
Governmental activities	10 years
Business-type activities	15 years
Computer software	15 years
Infrastructure	5-50 years
Intangible right to use:	
Leased building	10 years
Leased equipment	5 years
Leased vehicles	4 years

The City is reporting intangible right to use assets related to leased buildings, equipment and vehicles. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

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

J. Compensated Absences

Compensated absences of the City consist of vacation leave, comp time leave, and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*", a liability for vacation and comp time leave is accrued if: (a) employees' rights to payment are attributable to services already rendered; and (b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. In proprietary funds, the entire amount of compensated absences is reported as a fund liability. The entire compensated absence liability is reported on the government-wide financial statements.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepaid Items

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

At year end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

L. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction and from contributions from governmental funds. During 2022, governmental activities did not receive any contributions of capital from outside sources for infrastructure capital assets.

M. Accrued Liabilities and Long-Term Obligations

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

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

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

N. Unamortized Bond Premiums and Accounting Gain or Loss

Bond premiums are amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, bond premiums and deferred charges from refunding are recognized in the current period.

O. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable" and "interfund loans payable". These amounts are eliminated in the governmental activities column of the statement of net position, with the exception of the net residual amounts due between governmental and business-type activities which are presented as internal balances.

P. Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures or 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 and uses in governmental funds, and after non-operating revenues and expenses in proprietary funds. Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the BFS.

Interfund services provided and used are not eliminated on the government-wide financial statements.

Q. Fund Balance

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

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

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended uses established by policies (resolution) of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in one of the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

R. Estimates

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

S. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also are included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation 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.

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

T. Operating Revenues and Expenses

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

U. Restricted Assets

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

Restricted assets represent certain resources which are segregated from other resources of the City. These assets are generally held in separate accounts of the City or by a trustee. Restricted assets represent permissive tax monies held by Cuyahoga County and retainage payable related to construction.

V. 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 2022.

W. Pensions/Other Postemployment Benefits (OPEB)

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

X. Fair Value Measurements

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, like quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which significant inputs are observable; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the City has implemented GASB Statement No. 87, "*Leases*", GASB Implementation Guide 2019-3, "*Leases*", GASB Implementation Guide 2020-1, "*Implementation Guide Update - 2020*", GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 92, "*Omnibus 2020*", GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", GASB Statement No. 97, " *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*" and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the City's 2022 financial statements. The City recognized $1,587,400 in governmental activities in leases receivable at January 1, 2022, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases. The City also recognized $150,438 in governmental activities in leases payable at January 1, 2022; however, this entire amount was offset by the intangible asset, right to use lease - equipment.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2022 included the following individual fund deficits:

Nonmajor funds	Deficit
Nonmajor Special Revenue Funds:	
Community Development Block Grant	$ 6,944
Emergency Medical Services Grant	11,684
West Creek Preservation	36,550
Nonmajor Capital Projects Funds:	
Library	220,128
Street Improvement	35,822

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

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NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one (1) year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. 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;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. 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;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

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

3. Obligations of the City.

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

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash in Segregated Accounts

At year end, the City had $2,374,638 deposited with financial institutions for monies related to the Law Department, Parma Public Housing, Ridgewood Golf Course, and Parma Municipal Court. As of December 31, 2022, the bank balance held in segregated accounts was $3,189,080, of which $500,000 was covered by the FDIC and $2,689,080 was exposed to custodial risk. These amounts are not included in the City's depository balance below.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all City deposits was $58,631,137 and the bank balance of all City deposits was $59,824,910. Of the bank balance, $1,500,000 was covered by the FDIC and $58,324,910 was covered by the Ohio Pooled Collateral System or had the potential to be exposed to custodial credit risk as described below.

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

OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

Investments are reported at fair value. As of December 31, 2022, the City had the following investment:

Measurement/ investment type	Measurement Amount	6 months or less
Amortized cost:		
STAR Ohio	$ 133,000	$ 133,000

Interest Rate Risk: In accordance with its investment policy, the City does not invest in securities that mature more than five (5) years from the date of purchase if such securities bear interest at a fixed rate or securities that mature more than (2) years from the date of settlement if such securities bear interest at a variable rate. Other than these two requirements, the City has no written policy regarding interest rate risk.

Credit Risk: State law limits investments in corporate debt to the top two ratings issued by nationally recognized statistical rating organizations. The City does not have a written policy limiting its corporate debt investments to the top ratings. However, U.S. agencies are rated AAA, which is the top rating available for those investment types. The City invests in STAR Ohio, which is rated AAA by Standard & Poor's.

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 written policy limiting the dollar amount of holdings by any single counterparty.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2022:

Cash and Investments per Note	
Carrying amount of deposits	$ 58,631,137
Cash in segregated accounts	2,374,638
Investments	133,000
Total	$ 61,138,775
Cash and Investments per Statement of Net Position:	
Governmental activities	$ 60,402,396
Business-type activities	157,599
Custodial funds	578,780
Total	$ 61,138,775

NOTE 5 - INTERFUND TRANSACTIONS

A. Transfers made during the year ended December 31, 2022 were as follows:

	Transfers From			
Transfers To	General	City Income Tax Capital Acquisitions	Nonmajor Governmental	Totals
Nonmajor Governmental	$ 3,056,523	$ 2,269,679	$ 2,800,373	$ 8,126,575
Internal Service - Liability Insurance	580,000	-	-	580,000
Totals	$ 3,636,523	$ 2,269,679	$ 2,800,373	$ 8,706,575

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financial statements.

Transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund balances at December 31, 2022, consist of the following individual fund receivables and payables:

	Receivable		
Payable	General	City Income Tax Capital Acquisitions	Totals
Nonmajor Governmental:			
EMS Grant	$ 228,036	$ -	$ 228,036
Community Development	58,786	-	58,786
West Creek Preservation	-	47,500	47,500
Debt Service	-	82,802	82,802
Street Improvements	-	1,968,779	1,968,779
Sewer Construction	-	1,446,421	1,446,421
Library Capital Projects	-	308,413	308,413
Totals	$ 286,822	$ 3,853,915	$ 4,140,737

Interfund loans between governmental funds are eliminated on the government-wide financial statements. All loans are expected to repaid within one year.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at thirty-five percent (35%) of appraised market value. All property is required to be revalued every six (6) years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal 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 proceeding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Cuyahoga County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City of Parma. The Cuyahoga County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2022 and for which there is an enforceable legal claim.

In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2022 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all City operations for the year ended December 31, 2022 was $7.40 per $1,000 of assessed value.

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values of real and tangible personal property upon which 2022 property tax receipts were based are as follows:

Real Property	$1,760,745,130
Public Utility	56,824,810
Total Assessed Value	$1,817,569,940

NOTE 7 - INCOME TAXES

The City levies a municipal income tax of 2.5% on all salaries, wages, commissions and other compensation earned within the City. A portion of the City income tax is restricted to use for capital expenditures and debt service and is included in the City Income Tax Capital Acquisitions Fund. All other income tax revenue is included in the General Fund. Employers are required to withhold income tax from all employees working within the City, without regard to the employees' city of residence. The income tax withheld by employers must be remitted to the City on a monthly basis if the amount exceeds $100 per month, otherwise quarterly. Persons under 18 years of age are not subject to the City income tax.

Corporations and area businesses are also subject to the 2.5% City income tax. All net profits earned by resident business are subject to City income tax, less the amount credited for taxes paid to another municipality. All non-resident businesses' net profits earned within the City are subject to the City income tax.

City residents are also subject to a 2.5% income tax on all income earned outside the City. A credit of 100%, up to a maximum of 2%, is allowed on all municipal income taxes paid to another community.

All taxpayers incurring a liability that exceeds $100 are required to pay estimated taxes on a quarterly basis.

In 2022, income tax proceeds were credited, on a cash basis, 78.75% to the General fund and 21.25% to the City Income Tax Capital Acquisitions fund.

NOTE 8 - RECEIVABLES

A. Intergovernmental Receivables

Receivables at December 31, 2022, consisted of income taxes, property taxes, accounts (billings for user charged services), special assessments, intergovernmental receivables arising from grants, entitlements and shared revenue, and notes. All intergovernmental receivables have been classified as "due from other governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2022.

NOTE 8 - RECEIVABLES - (Continued)

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Local Government	$ 1,336,054
Municipal Court	623,987
Liquor Permits	34,958
Homestead and Rollbacks	576,432
Gasoline Tax - Cents Per Gallon and Excise	1,934,158
Motor Vehicle License Tax	567,263
Total Intergovernmental Receivable	$ 5,072,852

B. Note Receivable

The City has reported a $3,850,000 notes receivable for promissory notes assigned to the City by the PCIC from the sale of property to Chevybrook Estates L.P. The PCIC acted as fiscal agent on the sale, which closed on June 30, 2021. Chevybrook Estates L.P. acquired a leasehold interest in the property in the amount of $4,950,000. Chevybrook Estates L.P. paid $1,100,000 upon closing with the remaining portion of the purchase price being paid through promissory notes in the amount of $3,850,000. The notes mature on June 29, 2063, and interest will be accrued on the principal balance at 2.08%, compounding annually. A payment schedule is not currently available. No payments were made during 2022.

Receivables have been disaggregated on the face of the BFS. All receivables, with the exception of the notes receivable and special assessments receivable, are expected to be collected within the subsequent year.

C. Lease Receivable

The City is reporting leases receivable of $1,550,543 in the Parks and Recreation nonmajor special revenue fund. For 2022, the City recognized lease revenue of $49,986, which is reported in rental income, and interest revenue of $54,866.

The City has entered into the following lease agreements as the lessor at the time of as follows:

Lease Type	Lease Commencement Date	Years	Lease End Date	Payment Method
Land - Telecommunications Tower	2012	30	2042	Monthly
Land - Telecommunications Tower	1985	75	2060	Annual
Regulator Station	2015	10	2025	Annual
Land - Broadcast Tower	1990	75	2065	Monthly

NOTE 8 - RECEIVABLES - (Continued)

The following is a schedule of future lease payments under the lease agreement:

Fiscal Year	Principal	Interest	Total
2023	$ 25,465	$ 54,230	$ 79,695
2024	26,371	53,324	79,695
2025	27,309	52,386	79,695
2026	25,280	51,415	76,695
2027	26,761	50,513	77,274
2028 - 2032	155,751	237,027	392,778
2033 - 2037	197,776	206,424	404,200
2038 - 2042	265,472	165,065	430,537
2043 - 2047	145,493	129,509	275,002
2048 - 2052	173,272	101,728	275,000
2053 - 2057	206,357	68,643	275,000
2058 - 2062	183,600	31,400	215,000
2063 - 2065	91,636	4,614	96,250
Total	$ 1,550,543	$ 1,206,278	$ 2,756,821

NOTE 9 - TAX ABATEMENT DISCLOSURES

In accordance with GASB Statement No. 77, *Tax Abatement Disclosures*, the City is required to disclose certain information about tax abatements as defined in the Statement. For purposes of the Statement, a tax abatement is a reduction in tax revenue that results from an agreement between one of more governments and an individual or entity in which (a) one or more governments promise to forgo to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the City or its citizens. The City has entered into such agreements. A description of the City's abatement programs where the City has promised to forgo taxes follows:

Community Reinvestment Area (CRA) programs are an economic development tool administered by municipal and county governments that provide property tax exemptions for property owners who renovate existing or construct new buildings. CRAs are areas in which property owners can receive tax incentives for investing in real property improvements. These programs permit municipalities or counties to designate areas where investment has been discouraged as a CRA to encourage revitalization of the existing housing stock and the development of new structures.

Enterprise Zone programs are an economic development tool administered by municipal and county governments that provide real property tax exemptions to businesses making investments in local communities. Enterprise Zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone program can provide tax exemptions for a portion of the value of new real property investment when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible (except as noted in rare circumstances). Local communities may offer tax incentives for non-retail projects that are established or expanding operations in the community. Real property investments are eligible for tax incentives.

The total amount of taxes abated through these programs during 2022 was $0.

NOTE 10 - CAPITAL ASSETS

The implementation of GASB Statement No. 87 has resulted in the City reporting capital assets for intangible right to use - leased buildings and equipment as of January 1, 2022, in governmental activities. Capital assets have been restated to include these intangible assets in the balance at the beginning of year. Governmental activities capital asset activity for the year ended December 31, 2022, was as follows:

Governmental Activities:	(Restated) Balance 1/01/22	Additions	Disposals	Balance 12/31/22
Capital assets, not being depreciated/ amortized:				
Land	$ 7,716,851	$ 1,193,441	$ (1,247,410)	$ 7,662,882
Construction in progress	3,901,909	7,732,652	(2,344,114)	9,290,447
Total capital assets, not being depreciated/amortized	11,618,760	8,926,093	(3,591,524)	16,953,329
Capital assets, being depreciated/ amortized:				
Land improvements	1,173,926	-	-	1,173,926
Buildings	31,043,946	-	(498,901)	30,545,045
Equipment	16,540,715	653,013	(1,146,286)	16,047,442
Vehicles	15,914,874	1,879,696	(1,916,168)	15,878,402
Software	490,476	-	(12,080)	478,396
Infrastructure	109,861,275	2,344,114	-	112,205,389
Intangible right to use:				
Buildings	100,142	-	-	100,142
Equipment	50,296	-	-	50,296
Total capital assets, being depreciated/amortized	175,175,650	4,876,823	(3,573,435)	176,479,038
Less: accumulated depreciation/ amortization:				
Land improvements	(612,309)	(61,539)	-	(673,848)
Buildings	(13,188,005)	(603,684)	271,530	(13,520,159)
Equipment	(13,498,919)	(679,577)	1,146,286	(13,032,210)
Vehicles	(12,250,018)	(1,896,146)	1,762,928	(12,383,236)
Software	(483,188)	(7,282)	12,080	(478,390)
Infrastructure	(50,434,205)	(2,867,080)	-	(53,301,285)
Intangible right to use:				
Buildings	-	(21,849)	-	(21,849)
Equipment	-	(23,213)	-	(23,213)
Total accumulated depreciation/ amortization	(90,466,644)	(6,160,370)	3,192,824	(93,434,190)
Total capital assets, being depreciated/amortized, net	84,709,006	(1,283,547)	(380,611)	83,044,848
Governmental activities capital assets, net	$ 96,327,766	$ 7,642,546	$ (3,972,135)	$ 99,998,177

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Governmental Activities:	
Legislative and executive	$ 534,228
Security of persons and property	1,367,664
Transportation	2,367,183
Community environment	117,991
Basic utility services	1,520,292
Leisure time activity	253,012
Total depreciation expense - governmental activities	$ 6,160,370

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NOTE 10 - CAPITAL ASSETS - (Continued)

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

Business-Type Activities:	Balance 1/01/22	Additions	Disposals	Balance 12/31/22
Capital assets, not being depreciated/ amortized:				
Land	$ 1,078,077	$ -	$ -	$ 1,078,077
Capital assets, being depreciated/ amortized:				
Land improvements	263,700	-	-	263,700
Buildings	209,531	-	(148,088)	61,443
Equipment	846,564	-	(40,974)	805,590
Vehicles	25,732	-	-	25,732
Intangible right to use: Vehicles	-	136,280	-	136,280
Total capital assets, being depreciated/amortized	1,345,527	136,280	(189,062)	1,292,745
Less: accumulated depreciation/ amortization:				
Land improvements	(263,700)	-	-	(263,700)
Buildings	(133,172)	(878)	114,264	(19,786)
Equipment	(790,570)	(12,268)	40,924	(761,914)
Vehicles	(25,732)	-	-	(25,732)
Intangible right to use: Vehicles	-	(36,340)	-	(36,340)
Total accumulated depreciation/ amortization	(1,213,174)	(49,486)	155,188	(1,107,472)
Total capital assets, being depreciated/amortized, net	132,353	86,794	(33,874)	185,273
Business-type activities capital assets, net	$ 1,210,430	$ 86,794	$ (33,874)	$ 1,263,350

Depreciation/amortization expense of $49,486 was charged to the golf course fund.

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Vacation - City employees earn vacation leave at varying rates based upon length of service. Vacation leave is earned in one year and must be used in the next year. Any unused vacation leave is eliminated from the employee's vacation leave balance. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave to a maximum of the amount of vacation leave earned in the prior year but not yet used and, on a pro rata basis, vacation leave earned during the current year. At December 31, 2022, the total vacation obligation for the City as a whole amounted to $1,555,108.

Accumulated Unpaid Sick Leave - City employees earn sick leave at the rate of four and six-tenths hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement, an employee (or his estate) with ten or more years of service (except five or more years of service for American Federation of State, County, and Municipal Employees union members) is paid for one-third of his accumulated sick leave not to exceed various ceilings depending on the department for which the employee worked. The total obligation for sick leave accrual for the City as a whole as of December 31, 2022, was $2,662,582.

Accumulated Overtime - All City employees earn overtime for work performed in excess of regular hours. Limitations of maximum accumulation of overtime hours are specified in the union agreements. During 2022, overtime was accumulated at a rate of one and one-half hours of overtime for each excess hour worked. All unpaid, accumulated overtime is paid to employees upon separation or death. Overtime is paid at the current wage rate in effect when the overtime is paid. At December 31, 2022, accumulated, unpaid overtime for the City as a whole was $2,227,270.

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NOTE 12 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 87, the County has reported an obligation for leases payable in governmental activities, which is reflected in the schedule below. During 2022, the following activity occurred in the City's long-term obligations.

Governmental Activities:	Original Issue	Interest Rate	(Restated) Balance 1/01/22	Additions	Reductions	Balance 12/31/22	Amounts Due in One Year
General Obligation Bonds - Unvoted							
Various Purpose (2006)	$ 560,000	4.878%	$ 190,000	$ -	$ (35,000)	$ 155,000	$ 35,000
Dispatch Center Improvement (2016)	2,360,000	3.861%	1,905,000	-	(100,000)	1,805,000	100,000
Facility Refunding (2016)	5,580,000	2.924%	2,245,000	-	(725,000)	1,520,000	750,000
Various Purpose/Refunding (2021)	6,435,000	4.000%	5,980,000	-	(450,000)	5,530,000	475,000
Total general obligations bonds			10,320,000	-	(1,310,000)	9,010,000	1,360,000
Ohio Public Works Commission (OPWC) Loans - Direct Borrowing							
Chevrolet Blvd. Storm Sewer (2018)	341,522	-	281,756	-	(17,076)	264,680	17,076
Day Drive Repair/Resurface (2019)	842,372	-	716,016	-	(42,118)	673,898	42,118
Total OPWC Loans			997,772	-	(59,194)	938,578	59,194
Ohio Water Development Authority (OWDA) Loans - Direct Borrowing							
Grantwood/Ridgewood Sewer (2011)	104,566	3.250%	58,049	-	(5,307)	52,742	5,481
Bradenton Blvd. Sewer (2011)	260,984	3.250%	144,881	-	(13,247)	131,634	13,681
Manhattan Ave. Sewer (2011)	111,548	3.250%	61,924	-	(5,662)	56,262	5,847
West Ridgewood Sewer (2014)	3,071,714	0.000%	1,919,820	-	(153,586)	1,766,234	153,586
Ridge Road Sewer Phase II (2014)	1,885,315	2.000%	1,688,595	-	(81,470)	1,607,125	83,108
Total OWDA Loans			3,873,269	-	(259,272)	3,613,997	261,703
Other Long-Term Obligations							
Direct Financing Notes			1,718,015	446,453	(581,180)	1,583,288	361,126
Leases Payable			150,438	-	(43,428)	107,010	44,736
Compensated Absences			5,829,125	1,306,676	(713,210)	6,422,591	786,008
Net Pension Liability			67,863,712	-	(10,429,949)	57,433,763	-
Net OPEB Liability			7,782,857	422,533	-	8,205,390	-
Total Other Long-Term Obligations			83,344,147	2,175,662	(11,767,767)	73,752,042	1,191,870
Total Governmental Activities Long-Term Obligations			98,535,188	2,175,662	(13,396,233)	87,314,617	$ 2,872,767
Add: Unamortized Premium on Bond Issues			650,114	-	(72,093)	578,021	
Total Reported on the Statement of Net Position			$ 99,185,302	$ 2,175,662	$ (13,468,326)	$ 87,892,638	
Business-Type Activities:							
Compensated Absences			$ 18,918	$ 5,935	$ (2,484)	$ 22,369	$ 2,738
Net Pension Liability			359,367	-	(157,615)	201,752	-
Leases Payable			-	128,280	(37,816)	90,464	44,187
Total Business-Type Activities Long-Term Obligations			$ 378,285	$ 134,215	$ (197,915)	$ 314,585	$ 46,925

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds Payable
The Series 2021 Bonds were issued in the amount of $6,435,000 to refund the Series 2013 Bonds ($2,320,000), Roads Program Bonds ($2,715,000), Day Drive Improvement Bonds ($210,000), and Broadview Rd. Improvement ($1,190,000). The Series 2021 Bonds were sold at a premium of $686,160. Proceeds of $2,463,439 were used to refund remaining $2,450,000 balance of the 2013 Facility Refunding Bonds. The reacquisition price exceeded the net carrying amount of the old debt by $13,439. This amount is presented as a deferred charge on refunding and amortized over the remaining life of the new debt. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of $66,611.

All bonds are secured by the full faith and credit of the City. Such bonds are payable from ad valorem property taxes levied within the limitations provided by law, irrespective of whether such bonds or notes are secured by other receipts of the City in addition to such ad valorem property taxes. General Obligation bonds will be paid from the Debt Service Fund, a nonmajor fund.

OPWC and OWDA Loans
OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

The OPWC and OWDA loans will also be repaid from the Debt Service Fund.

Direct Financing Notes
In prior years and during 2022, the City entered into direct financing notes for the purchase of fire trucks and vehicles. Vehicles and equipment have been reported in governmental activities capital assets. Note payments are reflected as debt service expenditures in the financial statements for the governmental funds and as functional expenditures in the budgetary statements.

Principal and interest payments are being made from the Police Levy, Fire Levy, Paramedic levy, Law Enforcement Trust nonmajor special revenue funds; and the City Income Tax Capital Acquisition fund.

Leases Payable
The City has entered into lease agreements for the use for the right to use buildings and copier equipment in governmental activities and vehicles in business-type activities. The City has reported intangible - right to use capital assets and corresponding liability for the future scheduled payments under the leases. Principal and interest payments are being made from the General Fund, Parma Public Housing nonmajor special revenue fund), and Golf Course nonmajor enterprise fund.

Compensated Absences and Net Pension/Net OPEB Liability
Compensated absences, net pension liability and net OPEB liability will be paid from the fund from which the employees' salaries are paid.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

A summary of the City's future debt service requirements for long-term obligations outstanding as of December 31, 2022, are as follows:

	Governmental Activities General Obligation Bonds Payable			Governmental Activities *(Direct Borrowing)* OPWC Loans Payable		
Year	Principal	Interest	Total	Principal	Interest	Total
2023	$ 1,360,000	$ 314,400	$ 1,674,400	$ 59,194	$ -	$ 59,194
2024	1,400,000	268,150	1,668,150	59,195	-	59,195
2025	885,000	220,550	1,105,550	59,195	-	59,195
2026	410,000	184,750	594,750	59,195	-	59,195
2027	380,000	167,900	547,900	59,195	-	59,195
2028 - 2032	2,120,000	617,000	2,737,000	295,974	-	295,974
2033 - 2037	2,065,000	238,750	2,303,750	295,974	-	295,974
2038 - 2041	390,000	29,550	419,550	50,656	-	50,656
Total	$ 9,010,000	$ 2,041,050	$ 11,051,050	$ 938,578	$ -	$ 938,578

	Governmental Activities *(Direct Borrowing)* OWDA Loans Payable			Governmental Activities Direct Financing Notes Payable		
Year	Principal	Interest	Total	Principal	Interest	Total
2023	$ 261,703	$ 38,762	$ 300,465	$ 361,126	$ 36,998	$ 398,124
2024	264,193	36,335	300,528	312,193	28,439	340,632
2025	266,743	33,850	300,593	227,049	20,406	247,455
2026	269,355	31,305	300,660	233,488	13,967	247,455
2027	272,031	28,699	300,730	170,704	7,510	178,214
2028 - 2032	1,352,893	102,875	1,455,768	278,728	7,166	285,894
2033 - 2037	758,212	46,351	804,563	-	-	-
2038 - 2039	168,867	3,388	172,255	-	-	-
Total	$ 3,613,997	$ 321,565	$ 3,935,562	$ 1,583,288	$ 114,486	$ 1,697,774

	Governmental Activities Leases Payable			Business-type Activities Leases Payable		
Year	Principal	Interest	Total	Principal	Interest	Total
2023	$ 44,736	$ 3,225	$ 47,961	$ 44,187	$ 3,813	$ 48,000
2024	25,957	1,712	27,669	46,277	1,723	48,000
2025	22,702	909	23,611	-	-	-
2026	13,615	159	13,774	-	-	-
Total	$ 107,010	$ 6,005	$ 113,015	$ 90,464	$ 5,536	$ 96,000

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin **-** The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2022, the City's total debt margin was $182,205,284 and the unvoted debt margin was $90,956,347.

NOTE 13 - RISK MANAGEMENT

Liability Self Insurance - The City is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City carries various insurance coverages for such risks. An excess coverage insurance (stop loss) policy covers claims in excess of $250,000 per occurrence and an aggregate of $10,000,000 per occurrence. Settled claims have not exceeded coverage in any of the last three years and there has been no significant reduction in coverage from the prior year.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims that meet this criteria are reported as liabilities of either governmental or business-type activities in the government-wide statement of net position. In the fund financial statements, claims liabilities that relate to internal service funds are reported; however, the long-term portion of claims liabilities is not reported for governmental funds.

The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

A liability of $25,000 provided by the City's Law Director has been recorded.

Changes in the Liability Insurance Self-Insurance Fund claims liability amount for 2021 through 2022 were:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2022	$ 50,000	$ -	$ (25,000)	$ 25,000
2021	80,000	-	(30,000)	50,000

Medical Self Insurance - In October 1988, the City replaced its major health insurance with a Medical Insurance Self Insurance fund. A third-party administrator, Medical Mutual of Ohio, reviews all claims that are then paid by the Medical Insurance Self Insurance fund. The City pays a premium for reinsurance specific stop-loss coverage for the claim period October 1 through September 30, which carries a deductible of $100,000 per person.

NOTE 13 - RISK MANAGEMENT - (Continued)

The Medical Insurance Self Insurance fund generates revenues by charging an actuarially determined premium to each fund based on the number of employees enrolled in the self-insured plan and their type of coverage. The Medical Insurance Self Insurance fund subsequently pays for all costs of providing claims servicing and claims payment.

A liability, estimated by the third-party administrator, in the amount of $1,291,607 has been recorded to reflect unpaid claims cost including incurred but not reported claims as of December 31, 2022. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expense.

Changes in the Medical Insurance Self-Insurance Fund claims liability amount for 2021 through 2022 were:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2022	$ 1,227,058	$ 10,801,353	$(10,736,804)	$ 1,291,607
2021	1,242,917	11,256,136	(11,271,995)	1,227,058

Workers Compensation Insurance Fund (WCIF) - Effective January 1, 2006, the City commenced participation in the Ohio Bureau of Workers' Compensation retrospective rating and payment plan under which the City assumes a portion of the risk in return for a possible reduction in premiums. Under this plan, the City pays a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for any injured employees, with a claim limit of $250,000. The City previously participated in the retroactive rating plan through December 31, 1996. A liability in the amount of $200,285 based on information provided by the Ohio Bureau of Workers' Compensation, has been recorded to reflect unpaid claims cost, including incurred but not reported claims, as of December 31, 2022. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expense.

All costs of workers claims, premiums, administrative costs and other additional assessments are paid out of the WCIF. Changes in the Workers' Compensation Insurance Fund claims liability amount for 2021 through 2022 were:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2022	$ 322,397	$ 554,003	$ (676,115)	$ 200,285
2021	133,434	601,905	(412,942)	322,397

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The remainder of this note includes the pension disclosures. See Note 15 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 14- DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual 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
Traditional Plan 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	**Traditional Plan 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	**Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

NOTE 14- DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $2,862,222 for 2022. Of this amount, $67,411 is reported as due to other governments.

NOTE 14- DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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

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

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

NOTE 14- 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 OP&F was $4,327,655 for 2022. Of this amount, $106,476 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 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 or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.122550%	0.049412%	0.734567%	
Proportion of the net pension liability/asset current measurement date	0.124900%	0.027045%	0.748608%	
Change in proportionate share	0.002350%	-0.022367%	0.014041%	
Proportionate share of the net pension liability	$ 10,866,805	$ -	$ 46,768,710	$ 57,635,515
Proportionate share of the net pension asset	-	(106,559)	-	(106,559)
Pension expense	(2,892,405)	(3,845)	2,607,259	(288,991)

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

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	$ 553,974	$ 661	$ 1,348,536	$ 1,903,171
Changes of assumptions	1,358,882	5,358	8,547,310	9,911,550
Changes in employer's proportionate percentage/ difference between employer contributions	280,065	-	1,026,343	1,306,408
Contributions subsequent to the measurement date	2,854,229	7,993	4,327,655	7,189,877
Total deferred outflows of resources	$ 5,047,150	$ 14,012	$ 15,249,844	$ 20,311,006

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	$ 238,336	$ 11,919	$ 2,431,331	$ 2,681,586
Net difference between projected and actual earnings on pension plan investments	12,925,670	22,846	12,262,036	25,210,552
Changes in employer's proportionate percentage/ difference between employer contributions	615,911	-	1,644,106	2,260,017
Total deferred inflows of resources	$ 13,779,917	$ 34,765	$ 16,337,473	$ 30,152,155

$7,189,877 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2023.

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

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Year Ending December 31:				
2023	$ (2,121,819)	$ (7,003)	$ (257,665)	$ (2,386,487)
2024	(4,369,656)	(9,678)	(3,491,999)	(7,871,333)
2025	(3,039,347)	(6,352)	(1,591,403)	(4,637,102)
2026	(2,056,174)	(4,690)	(1,084,815)	(3,145,679)
2027	-	(628)	1,010,598	1,009,970
Thereafter	-	(395)	-	(395)
Total	$ (11,586,996)	$ (28,746)	$ (5,415,284)	$ (17,031,026)

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 14 - 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 was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

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

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

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

NOTE 14 - 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 long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 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	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/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 28,650,811	$ 10,866,805	$ (3,931,852)
Combined Plan	(79,512)	(106,559)	(127,652)

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered 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 calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below.

Valuation date	1/1/21 with actuarial liabilities rolled forward to 12/31/21
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

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

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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 and Guidelines. 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 average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.
* levered 2x

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 8.00% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. 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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	$ 69,357,346	$ 46,768,710	$ 27,957,955

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 14 for a description of the net OPEB liability/asset.

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. 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.

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

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.

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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was $102,870 for 2022. Of this amount, $2,531 is reported as due to other governments.

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or 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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS	OP&F	Total
Proportion of the net OPEB liability/asset prior measurement date	0.117533%	0.734567%	
Proportion of the net OPEB liability/asset current measurement date	0.119040%	0.748608%	
Change in proportionate share	0.001507%	0.014041%	
Proportionate share of the net OPEB liability	$ -	$ 8,205,390	$ 8,205,390
Proportionate share of the net OPEB asset	(3,728,515)	-	(3,728,515)
OPEB expense	(3,886,778)	714,107	(3,172,671)

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			
Differences between expected and actual experience	$ -	$ 373,272	$ 373,272
Changes of assumptions	-	3,631,961	3,631,961
Changes in employer's proportionate percentage/ difference between employer contributions	9,237	364,103	373,340
Contributions subsequent to the measurement date	-	102,870	102,870
Total deferred outflows of resources	$ 9,237	$ 4,472,206	$ 4,481,443

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 565,559	$ 1,084,460	$ 1,650,019
Net difference between projected and actual earnings on OPEB plan investments	1,777,494	741,219	2,518,713
Changes of assumptions	1,509,261	953,007	2,462,268
Changes in employer's proportionate percentage/ difference between employer contributions	428,711	356,257	784,968
Total deferred inflows of resources	$ 4,281,025	$ 3,134,943	$ 7,415,968

$102,870 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability/asset in the year ending December 31, 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	$ (2,804,307)	$ 346,874	$ (2,457,433)
2024	(823,832)	236,835	(586,997)
2025	(388,373)	263,044	(125,329)
2026	(255,276)	58,446	(196,830)
2027	-	161,738	161,738
Thereafter	-	167,455	167,455
Total	$ (4,271,788)	$ 1,234,392	$ (3,037,396)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% 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.

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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 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 Trusts (REITs)	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% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	$ 2,192,717	$ 3,728,515	$ 5,003,251

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

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

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	$ 3,768,806	$ 3,728,515	$ 3,680,717

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.84%
Prior measurement date	2.96%
Cost of Living Adjustments	2.20% simple per year

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%.

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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 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	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.
* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective 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%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50%, which resulted in a blended discount rate of 2.84%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84%, 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%), or one percentage point higher (3.84%) than the current rate.

	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 10,314,358	$ 8,205,390	$ 6,471,814

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 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General fund and the American Rescue Plan fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	Net Change in Fund Balance	
	General Fund	ARPA Fund
Budget basis	$ 5,301,430	$ 4,997,048
Net adjustment for revenue accruals	231,516	(7,011,346)
Net adjustment for expenditure accruals	(808,414)	2,014,298
Net adjustment for other sources/uses	372,517	-
Adjustment for encumbrances	2,195,943	-
GAAP basis	$ 7,292,992	$ -

Certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This includes the store room fund, unclaimed monies fund, payroll liability funds, performance deposit funds, and other miscellaneous funds.

NOTE 17 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of 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 Balance	General	American Rescue Plan	City Income Tax Capital Acquisitions	Nonmajor Governmental	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	$ 174,898	$ -	$ -	$ 463,962	$ 638,860
Unclaimed monies	156,919	-	-	-	156,919
Total nonspendable	331,817	-	-	463,962	795,779
Restricted:					
Police operations	-	-	-	1,391,548	1,391,548
Police pension	-	-	-	438,159	438,159
Fire operations	-	-	-	797,587	797,587
Fire pension	-	-	-	583,881	583,881
EMS services	-	-	-	621,501	621,501
Court	-	-	-	798,003	798,003
Public housing	-	-	-	1,788,316	1,788,316
Street improvement	-	-	-	1,565,653	1,565,653
Recreation	-	-	-	57,680	57,680
Utility services	-	-	-	22,428	22,428
Debt service	-	-	-	370,440	370,440
Capital improvements	-	-	-	4,079,069	4,079,069
Other purposes	-	-	-	522,422	522,422
Total restricted	-	-	-	13,036,687	13,036,687
Committed:					
Recreation	-	-	-	275,703	275,703
Utility services	-	-	-	93,325	93,325
Capital improvements	-	-	10,378,195	962,982	11,341,177
Other purposes	-	-	-	631,961	631,961
Total committed	-	-	10,378,195	1,963,971	12,342,166
Assigned:					
Unpaid obligations	917,535	-	-	-	917,535
Subsequent year appropriations	2,496,805	-	-	-	2,496,805
Total assigned	3,414,340	-	-	-	3,414,340
Unassigned	15,255,840	-	-	(311,128)	14,944,712
Total fund balances	$ 19,001,997	$ -	$ 10,378,195	$ 15,153,492	$ 44,533,684

NOTE 18 - CONTRACTUAL COMMITMENTS

As a result of various projects that were in progress at December 31, 2022, the City had the following outstanding contractual commitments at year end:

Vendor	Contract Amount	Amount Paid	Amount Outstanding
Allied Corporation	$ 1,240,054	$ 1,040,063	$ 199,991
Village of Brooklyn Heights	803,973	201,839	602,134
Crossroads Asphalt Recycling	1,459,111	1,410,417	48,694
Fabrizi Truck & Paving Co. Inc.	1,755,946	1,308	1,754,638
Great Lakes Petroleum Co.	926,628	786,924	139,704
QCI Inspections	537,659	349,159	188,500
Rumpke Waste and Recycling	6,787,315	5,252,561	1,534,754
Sensys Gatsco USA, Inc.	1,081,000	-	1,081,000
Specialized Construction	612,134	4,866	607,268
Terrace Construction	1,426,378	884,664	541,714
Total	$ 16,630,198	$ 9,931,801	$ 6,698,397

NOTE 19 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General	$ 959,326
City Income Tax Capital Acquisitions	2,624,830
Nonmajor governmental funds	1,729,769
Total	$ 5,313,925

NOTE 20 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2022.

NOTE 20 - CONTINGENCIES - (Continued)

B. General Contingencies

Various claims and lawsuits are pending against the City. In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, those claims which are considered "probable" are accrued (see Note 14 for detail), while those claims that are considered "reasonably possible" are disclosed but not accrued. As of December 31, 2022, the amount of claims against the City for which an unfavorable outcome is deemed to be reasonably possible was $25,000 for governmental funds. These estimates were based on a case-by-case review of outstanding claims by the City's Law Director.

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2022, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARMA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

	2022	2021	2020	2019	2018
Traditional Plan:					
City's proportion of the net pension liability	0.124900%	0.122550%	0.135696%	0.137473%	0.138994%
City's proportionate share of the net pension liability	$ 10,866,805	$ 18,146,987	$ 26,821,234	$37,651,068	$21,805,463
City's covered payroll	$ 17,528,321	$ 17,260,450	$ 18,959,993	$18,601,129	$18,365,808
City's proportionate share of the net pension liability as a percentage of its covered payroll	62.00%	105.14%	141.46%	202.41%	118.73%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	86.88%	82.17%	74.70%	84.66%
Combined Plan:					
City's proportion of the net pension asset	0.027045%	0.049412%	0.067452%	0.079250%	0.074928%
City's proportionate share of the net pension asset	$ 106,559	$ 142,634	$ 140,654	$ 88,619	$ 102,002
City's covered payroll	$ 124,693	$ 217,757	$ 300,107	$ 339,100	$ 306,869
City's proportionate share of the net pension asset as a percentage of its covered payroll	85.46%	65.50%	46.87%	26.13%	33.24%
Plan fiduciary net position as a percentage of the total pension asset	169.88%	157.67%	145.28%	126.64%	137.28%

Notes:
Information prior to 2014 for the traditional plan 2018 for the combined plan was unavailable.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.134980%	0.139378%	0.144057%	0.144057%
$30,651,662	$24,142,027	$17,374,884	$16,982,443
$20,362,442	$20,461,200	$17,965,640	$18,265,754
150.53%	117.99%	96.71%	92.97%
77.25%	81.08%	86.45%	86.36%

CITY OF PARMA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

	2022	2021	2020	2019	2018
City's proportion of the net pension liability	0.748608%	0.734567%	0.768294%	0.760106%	0.767390%
City's proportionate share of the net pension liability	$ 46,768,710	$ 50,076,092	$51,756,367	$62,044,733	$47,098,190
City's covered payroll	$ 17,794,805	$ 17,978,609	$ 18,212,242	$17,212,187	$ 17,154,332
City's proportionate share of the net pension liability as a percentage of its covered payroll	262.82%	278.53%	284.18%	360.47%	274.56%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.65%	69.89%	63.07%	70.91%

Notes:
Information prior to 2014 is not available.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2017	2016	2015	2014
	0.750952%	0.778725%	0.841404%	0.841404%
	$47,564,546	$50,095,926	$43,588,215	$40,978,995
	$ 16,150,209	$ 15,394,444	$ 15,709,736	$ 16,446,592
	294.51%	325.42%	277.46%	249.16%
	68.36%	66.77%	71.71%	73.00%

CITY OF PARMA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019	2018
Traditional Plan:					
Contractually required contribution	$ 2,854,229	$ 2,453,965	$2,416,463	$2,654,399	$2,604,158
Contributions in relation to the contractually required contribution	(2,854,229)	(2,453,965)	(2,416,463)	(2,654,399)	(2,604,158)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 20,387,350	$ 17,528,321	$ 17,260,450	$ 18,959,993	$ 18,601,129
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%
Combined Plan:					
Contractually required contribution	$ 7,993	$ 17,457	$ 30,486	$ 42,015	$ 47,474
Contributions in relation to the contractually required contribution	(7,993)	(17,457)	(30,486)	(42,015)	(47,474)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 57,093	$ 124,693	$ 217,757	$ 300,107	$ 339,100
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

Notes:
Information prior to 2014 is not available for the combined plan.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013
$2,387,555	$2,443,493	$ 2,455,344	$ 2,155,877	$ 2,374,548
(2,387,555)	(2,443,493)	(2,455,344)	(2,155,877)	(2,374,548)
$ -	$ -	$ -	$ -	$ -
$ 18,365,808	$ 20,362,442	$ 20,461,200	$ 17,965,642	$ 18,265,754
13.00%	12.00%	12.00%	12.00%	13.00%
$ 39,893	$ 38,685	$ 38,927	$ 38,073	
(39,893)	(38,685)	(38,927)	(38,073)	
$ -	$ -	$ -	$ -	
$ 306,869	$ 322,375	$ 324,392	$ 317,275	
13.00%	12.00%	12.00%	12.00%	

CITY OF PARMA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019	2018
Police and Fire:					
Contractually required contribution	$ 4,327,655	$ 3,781,396	$3,807,695	$3,837,292	$3,637,954
Contributions in relation to the contractually required contribution	(4,327,655)	(3,781,396)	(3,807,695)	(3,837,292)	(3,637,954)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 20,365,435	$ 17,794,805	$ 17,978,609	$ 18,212,242	$ 17,212,187
Contributions as a percentage of covered payroll	21.25%	21.25%	21.18%	21.07%	21.14%

Notes:
Information prior to 2013 is not available.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013
$3,639,349	$3,488,592	$3,340,520	$2,766,485	$3,438,982
(3,639,349)	(3,488,592)	(3,340,520)	(2,766,485)	(3,438,982)
$ -	$ -	$ -	$ -	$ -
$ 17,154,332	$ 16,150,209	$ 15,394,444	$ 15,709,736	$ 16,446,592
21.22%	21.60%	21.70%	17.61%	20.91%

CITY OF PARMA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2022	2021	2020	2019	2018
City's proportion of the net OPEB liability/asset	0.119040%	0.117533%	0.130434%	0.132230%	0.133780%
City's proportionate share of the net OPEB liability/(asset)	$ (3,728,515)	$ (2,093,944)	$ 18,016,236	$ 17,239,671	$ 14,527,523
City's covered payroll	$ 17,653,014	$ 17,775,121	$ 19,567,871	$ 19,212,729	$ 18,947,527
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	21.12%	11.78%	92.07%	89.73%	76.67%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%	46.33%	54.14%

Notes:
Information prior to 2017 is not available.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017
0.130580%
$ 13,189,024
$ 20,959,092
62.93%
54.05%

CITY OF PARMA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2022	2021	2020	2019	2018
City's proportion of the net OPEB liability	0.74860820%	0.73456700%	0.76829370%	0.76010600%	0.76739000%
City's proportionate share of the net OPEB liability	$ 8,205,390	$ 7,782,857	$ 7,588,998	$ 6,921,931	$ 43,479,242
City's covered payroll	$ 17,794,805	$ 17,978,609	$ 18,212,242	$ 17,212,187	$ 17,154,332
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	46.11%	43.29%	41.67%	40.22%	253.46%
Plan fiduciary net position as a percentage of the total OPEB liability	46.86%	45.42%	47.08%	46.57%	14.13%

Notes:
Information prior to 2017 is not available.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017
0.75095200%
$ 35,646,003
$ 16,150,209
220.72%
15.96%

CITY OF PARMA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	2022	2021	2020	2019	2018
Contractually required contribution	$ -	$ -	$11,877	$12,311	$10,900
Contributions in relation to the contractually required contribution	-	-	(11,877)	(12,311)	(10,900)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 20,444,443	$ 17,653,014	$ 17,775,121	$ 19,567,871	$ 19,212,729
Contributions as a percentage of covered payroll	0.00%	0.00%	0.07%	0.06%	0.06%

Notes:
Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2017	2016
	$197,721	$424,667
	(197,721)	(424,667)
	$ -	$ -
	$ 18,947,527	$ 20,959,092
	1.04%	2.03%

CITY OF PARMA, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019	2018
Police and Fire:					
Contractually required contribution	$ 102,870	$ 88,940	$ 89,893	$ 91,061	$ 86,061
Contributions in relation to the contractually required contribution	(102,870)	(88,940)	(89,893)	(91,061)	(86,061)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 20,365,435	$ 17,794,805	$ 17,978,609	$ 18,212,242	$ 17,212,187
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013	
$	85,772	$	80,751	$	76,972	$	78,549	$	594,818
	(85,772)		(80,751)		(76,972)		(78,549)		(594,818)
$	-	$	-	$	-	$	-	$	-
$	17,154,332	$	16,150,209	$	15,394,444	$	15,709,736	$	16,446,592
	0.50%		0.50%		0.50%		0.50%		3.62%

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

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

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

- *(Continued)*

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

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

Changes in assumptions :

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

- *(Continued)*

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

- *(Continued)*

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

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

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.

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CITY OF PARMA
CUYAHOGA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Western Reserve Area Agency on Aging:				
Aging Cluster:				
Special Programs for the Aging - Title III-C1	93.045	N/A	$ 0	$ 12,602
Special Programs for the Aging - Title III-C2	93.045	N/A	8,198	42,644
Total Special Programs for the Aging - Title III-C			8,198	55,246
Nutrition Services Incentive Program	93.053	N/A	0	14,232
Total Aging Cluster			8,198	69,478
Total U.S. Department of Health and Human Services			**8,198**	**69,478**
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Equitable Sharing Program	16.922	N/A	39,848	0
Bulletproof Vest Partnership Program	16.607	N/A	27,262	0
Passed Through the State of Ohio, Office of the Attorney General:				
Victims of Crime Act Grant 2022	16.575	2022-VOCA-134713416	26,059	0
Victims of Crime Act Grant 2023	16.575	2023-VOCA-135103795	5,498	0
Total Victims of Crime Act Grant			31,557	0
Total U.S. Department of Justice			**98,667**	**0**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Community Development Block Grant 2021	14.218	N/A	4,735	0
Community Development Block Grant 2022	14.218	N/A	994,958	0
COVID-19 Community Development Block Grant Program (CDBG-CV)	14.218	N/A	234,778	0
Total Community Development Block Grants/Entitlement Grants			1,234,471	0
Total U.S. Department of Housing and Urban Development			**1,234,471**	**0**
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Ohio Department of Public Safety:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - Cuyahoga County OVI Task Force Grant	20.608	OVI-2022-University Hospitals Clev-00001	19,545	0
State and Community Highway Safety 2022	20.600	SHEP-2022-Parma Police Department-00003	21,184	0
Total U.S. Department of Transportation			**40,729**	**0**
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Program:				
Fiscal Year 2018 Staffing for Adequate Fire And Emergency Response (SAFER)	97.083	N/A	254,070	0
COVID-19 Fiscal Year 2020 Assistance to Firefighters - COVID-19 Supplemental Grant (AFG-S)	97.044	N/A	180,700	0
Total U.S. Department of Homeland Security			**434,770**	**0**
U.S. DEPARTMENT OF THE TREASURY				
Direct Program:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	N/A	4,842,559	0
Total U.S. Department of the Treasury			**4,842,559**	**0**
Total Expenditures of Federal Awards			**$ 6,659,394**	**$ 69,478**

The accompanying notes are an integral part of this schedule.

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Parma (the City) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – FOOD DONATION PROGRAM

The City reports commodities consumed on the Schedule at the entitlement value. The City allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

NOTE E - MATCHING REQUIREMENTS

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

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

City of Parma
Cuyahoga County
6611 Ridge Road
Parma, Ohio 44129

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 Parma, Cuyahoga County, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 3, 2024. Our report includes a reference to other auditors who audited the financial statements of the Parma Public Housing Agency, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

April 3, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of Parma
Cuyahoga County
6611 Ridge Road
Parma, Ohio 44129

To the Members of Council:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Parma's, Cuyahoga County, (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Parma's major federal programs for the year ended December 31, 2022. The City of Parma's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on Each Major Federal Program

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

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

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of the Parma Public Housing Agency, which expended $6,720,982 in federal awards which is not included in the City's Schedule of Expenditures of Federal Awards during the year ended December 31, 2022. Our compliance audit, described in the "Opinion on Each Major Federal Program," does not include the operations of the Parma Public Housing Agency because the Parma Public Housing Agency engaged another auditor to perform an audit of compliance in accordance with the Uniform Guidance.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

April 3, 2024

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CITY OF PARMA
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ARPA) – AL #21.027 COVID-19 - Community Development Block Grant – AL #14.218
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022

FINDING NUMBER 2022-001

SIGNIFICANT DEFICIENCY – IT - Logical Access Controls

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The City uses cloud based financial and payroll software to process and report financial data such as budgeting, general ledger (revenue and expenditures), procurement, requisitions, asset management and payroll processing. The software is completely hosted and uses a delivery model in which the provider develops, maintains, and provides automatic software updates to the City, which makes the provider a service organization of the City. When using a service organization, it is critical the appropriate controls are designed and implemented to help ensure the service organization has adequate controls to achieve management's goals and objectives. Additionally, when using a software as a service, built-in application controls may not be readily accessible to be changed to meet the security needs of the City.

Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. Service Organization Controls reports, known as SOC reports, help user organizations monitor their outsourced relationships and manage the associated risks. SOC-1,Type 2 examinations, conducted in accordance with the American Institute of Certified Public Accountants' Attestation Standards, are performed to provide management, and auditors who rely on the SOC-1, Type 2 report, with critical information over the service organization's internal control environment. Type 2 reports include a description of the service organization's internal controls and conclusions about whether controls are suitably designed to achieve the control objectives and are operating effectively. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the City with assurances that certain general IT controls have been placed in operation and are operating effectively over the cloud based software, such as security management, system level access, and data backup controls.

For the audit period, a SOC-1 Type 2 report over the financial and payroll software provider's IT environment was not obtained by the service organization. As a result, the City did not have sufficient information to evaluate whether controls were designed properly, in place, and operating effectively to help ensure the integrity of the IT infrastructure and services used to run the financial and payroll applications.

Control weaknesses were also identified during security testing of the software, increasing the risk that unauthorized individuals could gain access to systems and accidentally or intentionally make unwanted changes that could impact the financial statements.

Failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

FINDING NUMBER 2022-001 (Continued)

SIGNIFICANT DEFICIENCY – IT - Logical Access Controls (Continued)

The City should take steps to ensure an annual SOC-1, Type 2 examination of the financial and payroll software provider's IT environment is completed for future audit periods to provide the City with a description of the system, results of the internal control testing of operating effectiveness, and an opinion of the overall processing environment. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the provider refuses to furnish the City with a SOC-1 Type 2 report, the City should contract with a provider that will provide this report. The City should also work with the provider to define any monitoring or complementary user entity controls that the City should implement. Additionally, the City should work with the provider to strengthen the software's logical access security controls.

Official's Response: The City continues to work with our provider to obtain a SOC-1 Type 2 report and internally we work to strengthen our IT Controls. The City is still in the process of migrating to the providers updated software which will assist in strengthening IT Controls.

FINDING NUMBER 2022-002

SIGNIFICANT DEFICIENCY - Financial Reporting - Construction In Progress

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The City overstated Construction In Progress additions and deletions by $7,216,546 and $12,117,816, respectively, at December 31, 2022. These errors led to the understatement of the ending Construction In Progress and Net Investment in Capital Assets line items of $4,901,270 in the Statement of Net Position. These errors were conveyed to management and subsequently corrected on their audited financial statements.

These weaknesses increase the risk the financial statements and/or notes could become materially misstated and not be detected and corrected in a timely manner.

FINDING NUMBER 2022-002 (Continued)

SIGNIFICANT DEFICIENCY - Financial Reporting - Construction In Progress (Continued)

We recommend the City establish controls over the calculation of Construction In Progress and the review of financial statements and footnotes to ensure the amounts reported are accurate.

Official's Response: The City will provide additional training to, and supervision of, the staff responsible for the calculation of Construction in Progress as well as additional review of staff work.

3. FINDINGS FOR FEDERAL AWARDS

BRIAN D. DAY
AUDITOR

6611 Ridge Road
Parma, Ohio 44129
Phone: 440-885-8020

CITY OF PARMA
CUYAHOGA COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	A SOC-1, Type 2 report over the financial and payroll software provider's IT environment was not obtained by the service organization. Control weaknesses were also identified during security testing of software, increasing the risk that unauthorized individuals could gain access to systems and accidentally or intentionally make unwanted changes that could impact the financial statements.	Not Corrected	The city continues to work with our provider to obtain a SOC-1 Type 2 report and internally we work to strengthen our IT Controls. The city is still in the process of migrating to the providers updated software which will assist is strengthening IT Controls.

BRIAN D. DAY
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CUYAHOGA COUNTY

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2022

Finding Number	Planned Corrective Action	Anticipated Completion	Responsible Contact Person
2022-001	The city continues to work with our provider to obtain a SOC-1 Type 2 report and internally we work to strengthen our IT Controls. The city is still in the process of migrating to the provider's updated software which will assist is strengthening IT Controls.	June 1, 2024	Brian Day, City Auditor
2022-002	Corrections have been made to the 2022 financial statements and the notes to those financial statements and additional controls have been put in place over the calculation and review of Construction in Progress for 2023 and subsequent years' financial statements.	January 1, 2024	Brian Day, City Auditor

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF PARMA

CUYAHOGA 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 4/25/2024

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