



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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CITY OF MT. HEALTHY  
HAMILTON COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

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OHIO AUDITOR OF STATE  
KEITH FABER



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City Council  
City of Mt. Healthy  
7700 Perry Street  
Mt. Healthy, Ohio 45231

We have reviewed the *Independent Auditor's Report* of the City of Mt. Healthy, Hamilton County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 21, 2022**

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**City of Mt. Healthy**

*For the Fiscal Year Ended December 31, 2021*

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**City of Mt. Healthy**

*For the Fiscal Year Ended December 31, 2021*

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**INDEPENDENT AUDITOR'S REPORT**

City of Mt. Healthy  
Hamilton County  
7700 Perry Street  
Mt. Healthy, Ohio 45231

To Members of City Council:

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

***Opinions***

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mt. Healthy, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mt. Healthy, Hamilton County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Emphasis of Matter***

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We did not modify our opinion regarding this matter.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2022, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



BHM CPA Group, Inc.  
Piketon, Ohio  
June 22, 2022

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

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Management's Discussion and Analysis (MD&A) of the City of Mt. Healthy's financial performance provides an overview of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

**Financial Highlights**

- The City's total net position increased \$2,311,653 from 2021.
- General revenues accounted for \$4,941,240 of all governmental revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,043,490 of total governmental revenues of \$7,984,730.
- The City had \$5,673,077 in expenses; \$3,043,490 of these expenses were offset by program specific revenues in the form of charges for services and sales and grants and contributions.

**Using This Annual Financial Report**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Mt. Healthy's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

**Reporting the City as a Whole**

One of the most important questions asked about the City is, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial condition of the City has improved or diminished. However, the City's goal is to provide services to its citizens, not to generate profits as commercial entities do.

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

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

*Fund Financial Statements*

Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City Auditor, with the approval of Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The major funds for the City of Mt. Healthy are the General Fund, the Safety Tax Fund, the American Rescue Plan Act (ARPA) Fund and the Capital Improvement Fund.

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

*Fiduciary Funds* – The City's fiduciary funds consist of four custodial funds. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. Fiduciary funds use the accrual basis of accounting.

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

**The City as a Whole**

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2021 compared to 2020.

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

	Governmental Activities		
	2021	2020	Change
Assets:			
Current Assets	\$ 6,091,822	\$ 4,894,920	\$ 1,196,902
Other Assets	109,032	-	109,032
Capital Assets, Net	9,226,086	8,310,098	915,988
Total Assets	<u>15,426,940</u>	<u>13,205,018</u>	<u>2,221,922</u>
Deferred Outflows of Resources	<u>1,378,290</u>	<u>1,379,426</u>	<u>(1,136)</u>
Liabilities:			
Current and Other Liabilities	491,767	112,336	379,431
Long-Term Liabilities:			
Due Within One Year	219,219	194,081	25,138
Due in More Than One Year	5,850,342	6,875,409	(1,025,067)
Total Liabilities	<u>6,561,328</u>	<u>7,181,826</u>	<u>(620,498)</u>
Deferred Inflows of Resources	<u>3,073,790</u>	<u>2,544,159</u>	<u>529,631</u>
Net Position:			
Net Investment in Capital			
Assets	7,024,980	6,235,642	789,338
Restricted	1,874,085	1,425,710	448,375
Unrestricted	<u>(1,728,953)</u>	<u>(2,802,893)</u>	<u>1,073,940</u>
Total Net Position	<u>\$ 7,170,112</u>	<u>\$ 4,858,459</u>	<u>\$ 2,311,653</u>

The most significant changes from 2020 to 2021 on the statement of net position include:

- Current assets increased as City residents approved an additional public safety levy in 2020 to be used for fire and EMS services that was first collected in 2021, resulting in the City accumulating resources that are going to be expended to benefit future periods of the City. Capital assets increased as the City continued to improve infrastructure – primarily road improvements along Adams, Hickman and Elizabeth.
- Current and other liabilities increased as the City received \$352,802 under the American Rescue Plan Act (ARPA) that was not spent at year end and was recorded as unearned revenue.

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

- Long-term liabilities due in more than one year decreased in 2021 as the City's share of the net pension and net OPEB liabilities for OPERS and OP&F decreased.

Table 2 shows the changes in net position for the year ended December 31, 2021, compared to 2020.

**Table 2 - Change in Net Position**

	Governmental Activities		
	2021	2020	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services and Sales	\$ 1,181,049	\$ 1,098,527	\$ 82,522
Operating Grants and Contributions	506,006	867,237	(361,231)
Capital Grants and Contributions	1,356,435	70,467	1,285,968
Total Program Revenues	<u>3,043,490</u>	<u>2,036,231</u>	<u>1,007,259</u>
General Revenues			
Property Taxes	1,847,785	745,563	1,102,222
Income Taxes	2,763,416	2,414,522	348,894
Payment in Lieu of Taxes	9,841	2,817	7,024
Grants and Entitlements			
not Restricted for Specific Purposes	202,464	614,607	(412,143)
Unrestricted Interest	2,943	1,692	1,251
Other	114,791	129,448	(14,657)
Total General Revenues	<u>4,941,240</u>	<u>3,908,649</u>	<u>1,032,591</u>
Total Revenues	<u>7,984,730</u>	<u>5,944,880</u>	<u>2,039,850</u>
<b>Program Expenses</b>			
General Government	480,266	872,523	(392,257)
Security of Persons and Property	3,375,661	3,216,193	159,468
Public Works	560,287	483,118	77,169
Leisure Time Activities	67,316	168,443	(101,127)
Community Environment	70,133	99,646	(29,513)
Transportation	1,051,709	847,104	204,605
Interest and Fiscal Charges	67,705	86,663	(18,958)
Total Expenses	<u>5,673,077</u>	<u>5,773,690</u>	<u>(100,613)</u>
Change in Net Position	2,311,653	171,190	2,140,463
Net Position at Beginning of Year	<u>4,858,459</u>	<u>4,687,269</u>	<u>171,190</u>
Net Position at End of Year	<u>\$ 7,170,112</u>	<u>\$ 4,858,459</u>	<u>\$ 2,311,653</u>

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

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*Governmental Activities*

Total program revenues increased \$1,007,259 during 2021 compared to 2020 as capital grants and contribution support for infrastructure projects from the Ohio Public Works Commission was greater in 2021 than in 2020, as improvements were under way on Adams, Hickman and Elizabeth roads.

The 2.0 percent income tax is the largest source of revenue for the General Fund and the City of Mt. Healthy. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, police protection, capital improvements, debt service and other governmental functions when needed, as determined by Council.

General revenues for 2021 increased \$1,032,591 compared to 2020 as the City began collecting in 2021 on the additional public safety property tax levies that were authorized by the City's electorate in 2020.

Total expenses were essentially flat in 2021 compared to 2020 as negative pension and OPEB expenses offset additional public safety spending that was made possible by the additional public safety property tax levy collections mentioned previously.

**The City's Funds**

The City's major governmental funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,751,060 and expenditures of \$7,341,970. The General Fund's balance increased \$379,567 which was primarily the result of the City experiencing stronger income tax collections in 2021 than in 2020.

The Safety Tax Fund's balance increased \$349,289 in 2021 as property taxes and transfers in from the General Fund outpaced public safety expenditures.

The Capital Improvement Fund's balance decreased \$157,384 with project-related revenues outpaced by transportation-related expenses in 2021.

The ARPA Fund received federal funds of \$352,802 in 2021, but none of those funds had been expended and were reported as unearned revenue at year end.

**City of Mt. Healthy**  
Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

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*General Fund Budgeting Highlights*

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts and disbursements. The City's budget is adopted at the object level (personal services and other expenditures) within each department and fund by City Council in the form of an appropriations resolution.

Original General Fund budgeted revenues were \$3,456,479 and final budgeted revenues were \$3,694,629. Actual revenues were \$3,719,116 at year-end, which is a favorable variance of \$24,487 compared to final budgeted revenues.

Original General Fund appropriations were \$3,406,493 and final appropriations were \$3,523,495 for an increase of \$117,002. This increase was done to ensure that the City's budget was in line with rising expenditures throughout the year. The City's actual expenditures were \$3,344,248 at year-end, which is a favorable variance of \$179,247 from final budgeted expenditures.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of 2021, the City had \$9,226,086 of net capital assets of governmental activities, an increase of \$915,988 from the prior year, as capital asset additions outpaced depreciation expense.

See Note 7 to the basic financial statements for more detailed information on capital assets.

*Debt*

At December 31, 2021, the City had \$1,529,000 in general obligation bonds and \$650,782 in loans outstanding. The City's long-term obligations also included compensated absences of \$170,500 and a police pension liability of \$30,979.

See Note 13 to the basic financial statements for more detailed information related to debt.

**Contacting the City's Finance Department**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Mt. Healthy, 7700 Perry Street, Mt. Healthy, Ohio 45231.

**City of Mt. Healthy**  
Hamilton County, Ohio  
Statement of Net Position  
December 31, 2021

	Primary Government Governmental Activities	Component Unit Mt. Healthy Community Improvement Corporation
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 2,953,896	\$ 32,333
Accounts Receivable	163,004	-
Income Taxes Receivable	873,000	-
Intergovernmental Receivable	271,198	-
Property Taxes Receivable	1,830,724	-
Net OPEB Asset	109,032	-
Nondepreciable Capital Assets	1,857,698	-
Depreciable Capital Assets, Net	7,368,388	-
Total Assets	15,426,940	32,333
<b>Deferred Outflows of Resources</b>		
Deferred Charge on Refunding	33,540	-
Pension	868,312	-
OPEB	476,438	-
Total Deferred Outflows of Resources	1,378,290	-
<b>Liabilities</b>		
Accounts Payable	70,837	-
Accrued Wages and Benefits Payable	62,405	-
Accrued Interest Payable	5,723	-
Unearned Revenue	352,802	-
Long-Term Liabilities:		
Due Within One Year	219,219	-
Due in More Than One Year:		
Net Pension Liability	3,304,007	-
Net OPEB Liability	362,969	-
Other Amounts Due in More than One Year	2,183,366	-
Total Liabilities	6,561,328	-
<b>Deferred Inflows of Resources</b>		
Property Taxes Levied For Next Year	1,624,000	-
Pension	920,090	-
OPEB	529,700	-
Total Deferred Inflows of Resources	3,073,790	-
<b>Net Position</b>		
Net Investment in Capital Assets	7,024,980	-
Restricted for:		
Capital Outlay	529,622	-
Transportation	477,544	-
Security of Persons and Property	834,934	-
Other Purposes	31,985	-
Unrestricted	(1,728,953)	32,333
Total Net Position	\$ 7,170,112	\$ 32,333

See accompanying notes to the basic financial statements



**City of Mt. Healthy**  
Hamilton County, Ohio  
Statement of Activities  
For the Year Ended December 31, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Mt. Healthy Community Improvement Corporation
<b>Governmental Activities</b>						
General Government	\$ 480,266	\$ 294,897	\$ -	\$ -	\$ (185,369)	\$ -
Security of Persons and Property	3,375,661	389,296	97,160	-	(2,889,205)	-
Public Works	560,287	409,620	-	-	(150,667)	-
Leisure Time Activities	67,316	44,268	-	-	(23,048)	-
Community Environment	70,133	42,855	4,188	-	(23,090)	-
Transportation	1,051,709	113	404,658	1,356,435	709,497	-
Interest and Fiscal Charges	67,705	-	-	-	(67,705)	-
<b>Total Governmental Activities</b>	<b>\$ 5,673,077</b>	<b>\$ 1,181,049</b>	<b>\$ 506,006</b>	<b>\$ 1,356,435</b>	<b>(2,629,587)</b>	<b>-</b>
<b>Component Unit</b>						
Mt. Healthy Community Improvement Corporation	\$ 1,563	\$ -	\$ -	\$ -	-	(1,563)
General Revenues:						
Taxes:						
Property Taxes Levied for:						
					332,784	-
					98,309	-
					1,416,692	-
					2,763,416	-
					9,841	-
					202,464	-
					2,943	11
					114,791	3,019
<b>Total General Revenues</b>					<b>4,941,240</b>	<b>3,030</b>
Change in Net Position					2,311,653	1,467
Net Position at Beginning of Year					4,858,459	30,866
Net Position at End of Year					<b>\$ 7,170,112</b>	<b>\$ 32,333</b>

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2021

	General	Safety Tax	Capital Improvement	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 1,302,895	\$ 366,706	\$ 249,061	\$ 352,802	\$ 682,432	\$ 2,953,896
Accounts Receivable	160,749	-	-	-	2,255	163,004
Intergovernmental Receivable	45,252	27,500	5,000	-	193,446	271,198
Income Taxes Receivable	655,000	-	-	-	218,000	873,000
Property Taxes Receivable	265,789	1,456,356	108,579	-	-	1,830,724
<b>Total Assets</b>	<b><u>\$ 2,429,685</u></b>	<b><u>\$ 1,850,562</u></b>	<b><u>\$ 362,640</u></b>	<b><u>\$ 352,802</u></b>	<b><u>\$ 1,096,133</u></b>	<b><u>\$ 6,091,822</u></b>
<b>Liabilities</b>						
Accounts Payable	\$ 56,194	\$ 6,069	\$ 211	\$ -	\$ 8,363	\$ 70,837
Accrued Wages and Benefits Payable	38,798	19,635	-	-	3,972	62,405
Unearned Revenue	-	-	-	352,802	-	352,802
<b>Total Liabilities</b>	<b><u>94,992</u></b>	<b><u>25,704</u></b>	<b><u>211</u></b>	<b><u>352,802</u></b>	<b><u>12,335</u></b>	<b><u>486,044</u></b>
<b>Deferred Inflows of Resources</b>						
Property Taxes Levied for Next Year	227,000	1,300,000	97,000	-	-	1,624,000
Unavailable Property Taxes	38,789	156,356	11,579	-	-	206,724
Unavailable Income Taxes	576,000	-	-	-	192,000	768,000
Unavailable Other Revenue	100,619	27,500	5,000	-	161,256	294,375
<b>Total Deferred Inflows of Resources</b>	<b><u>942,408</u></b>	<b><u>1,483,856</u></b>	<b><u>113,579</u></b>	<b><u>-</u></b>	<b><u>353,256</u></b>	<b><u>2,893,099</u></b>
<b>Fund Balances</b>						
<b>Restricted</b>						
Security of Persons and Property	-	341,002	-	-	118,076	459,078
Streets and Transportation	-	-	-	-	316,288	316,288
Capital Improvement	-	-	248,850	-	264,193	513,043
Other	-	-	-	-	31,985	31,985
<b>Total Restricted</b>	<b><u>-</u></b>	<b><u>341,002</u></b>	<b><u>248,850</u></b>	<b><u>-</u></b>	<b><u>730,542</u></b>	<b><u>1,320,394</u></b>
Unassigned	1,392,285	-	-	-	-	1,392,285
<b>Total Fund Balances</b>	<b><u>1,392,285</u></b>	<b><u>341,002</u></b>	<b><u>248,850</u></b>	<b><u>-</u></b>	<b><u>730,542</u></b>	<b><u>2,712,679</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 2,429,685</u></b>	<b><u>\$ 1,850,562</u></b>	<b><u>\$ 362,640</u></b>	<b><u>\$ 352,802</u></b>	<b><u>\$ 1,096,133</u></b>	<b><u>\$ 6,091,822</u></b>

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, Ohio  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2021

Total Governmental Fund Balances \$ 2,712,679

Amounts reported for governmental activities in 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. These assets consist of:

Land	854,158	
Construction in Process	1,003,540	
Other Capital Assets	12,728,940	
Accumulated depreciation	<u>(5,360,552)</u>	
		9,226,086

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds.

Income Taxes	768,000	
Delinquent Property Taxes	206,724	
Intergovernmental and Other Revenues	<u>294,375</u>	
		1,269,099

In the statement of net position interest payable is accrued when incurred whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources. (5,723)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Premium on Bonds	(21,324)	
Deferred Charge on Bond Refunding	33,540	
Bonds	(1,529,000)	
Loans	(650,782)	
Police Pension	(30,979)	
Compensated Absences	<u>(170,500)</u>	
		(2,369,045)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:

Deferred Outflows - Pension	868,312	
Deferred Outflows - OPEB	476,438	
Deferred Inflows - Pension	(920,090)	
Deferred Inflows - OPEB	(529,700)	
Net OPEB Asset	109,032	
Net Pension Liability	(3,304,007)	
Net OPEB Liability	<u>(362,969)</u>	
		<u>(3,662,984)</u>

Net Position of Governmental Activities \$ 7,170,112

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2021

	General	Safety Tax	Capital Improvement	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$ 325,732	\$ 1,294,144	\$ 96,813	\$ -	\$ -	\$ 1,716,689
Income Taxes	2,054,950	-	-	-	606,466	2,661,416
Payment in Lieu of Taxes	-	9,091	750	-	-	9,841
Charges for Services and Sales	877,522	487	-	-	113	878,122
Fees, Licenses and Permits	78,068	-	-	-	-	78,068
Fines and Forfeitures	151,566	-	-	-	8,953	160,519
Intergovernmental	184,027	53,986	1,379,450	-	479,528	2,096,991
Interest	2,943	-	-	-	-	2,943
Other	58,382	51,456	-	-	36,633	146,471
<b>Total Revenues</b>	<b>3,733,190</b>	<b>1,409,164</b>	<b>1,477,013</b>	<b>-</b>	<b>1,131,693</b>	<b>7,751,060</b>
<b>Expenditures</b>						
Current:						
General Government	806,507	-	-	-	32,438	838,945
Security of Persons and Property	1,427,768	1,239,875	-	-	625,309	3,292,952
Public Works	553,539	-	-	-	6,748	560,287
Leisure Time Activities	99,986	-	-	-	-	99,986
Community Environment	85,949	-	-	-	1,500	87,449
Transportation	-	-	659,051	-	360,591	1,019,642
Capital Outlay	21,172	-	937,240	-	272,239	1,230,651
Debt Service:						
Principal Retirement	-	-	38,106	-	108,000	146,106
Interest and Fiscal Charges	-	-	-	-	65,952	65,952
<b>Total Expenditures</b>	<b>2,994,921</b>	<b>1,239,875</b>	<b>1,634,397</b>	<b>-</b>	<b>1,472,777</b>	<b>7,341,970</b>
Excess of Revenues Over (Under) Expenditures	738,269	169,289	(157,384)	-	(341,084)	409,090
<b>Other Financing Sources (Uses)</b>						
Proceeds From Bonds	-	-	-	-	275,000	275,000
Transfers In	-	180,000	-	-	178,702	358,702
Transfers Out	(358,702)	-	-	-	-	(358,702)
<b>Total Other Financing Sources (Uses)</b>	<b>(358,702)</b>	<b>180,000</b>	<b>-</b>	<b>-</b>	<b>453,702</b>	<b>275,000</b>
Net Change in Fund Balances	379,567	349,289	(157,384)	-	112,618	684,090
Fund Balances (Deficit) at Beginning of Year	1,012,718	(8,287)	406,234	-	617,924	2,028,589
Fund Balances at End of Year	<u>\$ 1,392,285</u>	<u>\$ 341,002</u>	<u>\$ 248,850</u>	<u>\$ -</u>	<u>\$ 730,542</u>	<u>\$ 2,712,679</u>

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, 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, 2021

Net Change in Fund Balances - Total Governmental Funds		\$ 684,090
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
		915,988
Because some revenues will not be collected for several months after the City's year-end, they are not considered "available" revenues and are reported as deferred inflows in the governmental funds.		
Income Taxes	102,000	
Delinquent Property Taxes	131,096	
Intergovernmental and Other Revenues	574	
		233,670
Governmental funds report premiums, discounts, and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred Charge on Bond Refunding	(3,708)	
Amortization of Bond Premiums	2,244	
		(1,464)
The issuance of long-term debt (bonds, loans, leases, etc.) provides current financial resources to governmental funds while repayment of long-term debt is an expenditure in the governmental funds.		
Bond Principal Retirement	108,000	
Bond Proceeds	(275,000)	
Loan Principal Retirement	38,106	
Payments on Police Pension Liability	1,676	
		(127,218)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		405,332
OPEB		7,571
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB (assets)/liabilities are reported as pension/OPEB expense in the statement of activities.		
Pension		(363,865)
OPEB		585,338
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		
		(289)
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(27,500)
Change in Net Position of Governmental Activities		\$ 2,311,653

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2021

	<u>Custodial Funds</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 8,424
Cash in Segregated Accounts	3,370
<b>Total Assets</b>	<b>\$ 11,794</b>
<b>Liabilities</b>	
Due to Other Governments	\$ 4,350
Due to Other Individuals	7,444
<b>Total Liabilities</b>	<b>\$ 11,794</b>
<b>Net Position</b>	<b>\$ -</b>

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
Hamilton County, Ohio  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2021

	<u>Custodial Funds</u>
<b>Additions</b>	
Income Taxes Collected for Other Governments	\$ 86,361
Fines, Licenses and Permits Collected for Other Governments	49,970
Other Amounts Collected for Distribution	25,151
Total Additions	161,482
<b>Deductions</b>	
Distributions to Other Governments	136,331
Other Distributions	25,151
Total Deductions	161,482
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position Beginning of Year	-
Net Position End of Year	\$ -

See accompanying notes to the basic financial statements

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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**NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY**

The City of Mt. Healthy (the “City”) was incorporated in 1817 and adopted its Charter in 2012. The City is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under a Mayor-Council-Manager form of government.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government represents the primary City operations which are directly responsible to the Mayor and Council. The City is divided into departments and financial management and control systems. Services provided include police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, community development, and public health and welfare. A staff provides support (e.g., payroll processing, accounts payable, revenue collection) to the service providers. The operation and control of these activities are provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures. Water and sewer services are provided by the City of Cincinnati.

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

The component unit column in the government-wide financial statements identifies the financial data of the City's discretely presented component unit, the Mt. Healthy Community Improvement Corporation (CIC). The CIC is reported separately to emphasize that it is legally separate from the City.

The CIC was created as a not-for-profit corporation under Sections 1724.01 et. seq., Ohio Revised Code. The CIC was established in January, 1990, for the purpose of acquiring and developing real property located in the City of Mt. Healthy to increase the opportunities for employment and strengthen the economic development of the City. The CIC's original cash balances were established from the sale of property that was donated by the City, and the City occasionally provides funding for the purchase of properties to be restored and resold by the CIC. The CIC is governed by a nine member Board of Trustees, six of which are elected or appointed officials of the City. Based on the City's history of providing financial support to the CIC and the City's appointment of a voting majority of the CIC board, the CIC is presented as a component unit of the City. Separately issued financial statements can be obtained from the Mt. Healthy Community Improvement Corporation, 7700 Perry St., Mt. Healthy, Ohio 45231.

Information for the CIC is presented in Note 14.



**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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The Mayor's Court has been included in the City's financial statements as a custodial fund. The Mayor is the City official who has fiduciary responsibility for the collection and distribution of the court fees and fines.

The City participates in an organization defined as a jointly governed organization and one which is defined as a joint venture. These organizations are the Center for Local Government and the Joint Economic Development District and Zone. These organizations are presented in Note 12 of the basic financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

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

**Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements normally distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities; however, the City has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental 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. 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 governmental program is self-financing or draws from the general revenues of the City.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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**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 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. Fiduciary funds are reported by type.

**Fund Accounting**

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

**Governmental Funds**

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

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

Safety Tax Fund - The Safety Tax Fund is used to account for and report monies received from property taxes levied restricted to support the City's fire department.

ARPA Fund – The American Rescue Plan Act (ARPA) Fund is used to account for and report monies received from the federal government under the American Rescue Plan Act.

Capital Improvement Fund - The Capital Improvement Fund is used to account for and report monies received from property taxes levied restricted to support street improvements and repairs.

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

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 a proprietary fund. The City has four custodial funds which are used to account for money held for individuals and organizations. These funds account for the collection and distribution of court fees, the collection of seized and forfeited monies in criminal cases distributed to parties outside the City as determined by the court, and the collection and distribution of taxes related to a JEDD/JEDZ with Springfield Township.

**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. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred outflows of resources are generally 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 governmental fund financial statements.

**Basis of Accounting**

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

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 4.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. 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. The deferred outflows of resources related to pension and OPEB plans are explained in the pension and OPEB footnotes.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, other taxes, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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**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.

**Cash and Cash Equivalents**

To improve cash management, all cash received by the City is pooled. Monies for all 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.

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 reported on the financial statements as cash equivalents. The City had no investments during the year or at December 31, 2021.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Investment income credited to the General Fund during 2021 amounted to \$2,943.

**Internal Activities**

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

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

**Capital Assets**

All of the City's capital assets are classified as general capital assets. General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in 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.

Most capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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All capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Descriptions</u>	<u>Estimated Life</u>
Land/Site Improvements	10-25 years
Buildings and Building Improvements	20-30 years
Equipment and Vehicles	3-20 years
Furnitures, Fixtures, and Equipment	3-10 years
Infrastructure	10-60 years

The City's infrastructure consists of streets, curbs and gutters, sidewalks and street lighting. The City reported infrastructure for the first time in 2004 and is only reporting infrastructure additions prospectively.

**Compensated Absences**

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

Compensatory time is accumulated by employees at the applicable overtime rate for each hour of overtime worked. The City records a liability for compensatory time payable for the balance carried over at year-end. City employees must use their compensatory time balance that has been carried forward within 180 days of earning it.

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

For purposes of measuring the net pension/OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to 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.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability/(asset) 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.

**Fund Balance**

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

Nonspendable

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

Restricted

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

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

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Committed

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

Assigned

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City.

Unassigned

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

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

**Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Estimates**

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



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**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

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

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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Commercial paper and bankers acceptances if trading requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2); and
7. The State Treasurer's investment pool (STAROhio).

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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;
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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

### ***Deposits***

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. At year end, \$2,756,850 of the City's bank balance of \$3,006,850 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money have been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

### **NOTE 4 – PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes were levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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.

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Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

Category	Assessed Value	Percentage
Real Property		
Residential/Agricultural	\$ 50,333,100	60.12%
Commercial/Industrial/Public Utility	25,626,150	30.61%
Public Utility Personal	7,765,130	9.27%
Total Property Taxes	\$ 83,724,380	100%

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Mt. Healthy. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2021, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2021 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is offset by deferred inflows of resources.

**NOTE 5 – INCOME TAXES**

The City levies a municipal income tax of 2 percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 1.6 percent of the City’s current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

In 2021, income tax proceeds were allocated to the General Fund, Police Levy Fund and the Joint Economic Development District Special Revenue Fund.

**NOTE 6 – RECEIVABLES**

Receivables at December 31, 2021, consisted of intergovernmental receivables, arising from grants and entitlements, fines, fees and shared revenues, taxes, and accounts. All receivables, except property and income taxes, are considered fully collectible and will be collected within one year. Property and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

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**NOTE 7 – CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2021, was as follows:

	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 581,919	\$ 272,239	\$ -	\$ 854,158
Construction in Progress	66,300	937,240	-	1,003,540
Total Capital Assets, Not Being Depreciated	<u>648,219</u>	<u>1,209,479</u>	<u>-</u>	<u>1,857,698</u>
Depreciable Capital Assets:				
Land/Site Improvements	453,394	-	-	453,394
Buildings and Building Improvements	1,647,691	-	-	1,647,691
Equipment and Vehicles	2,400,254	75,911	-	2,476,165
Infrastructure	8,151,690	-	-	8,151,690
Total Depreciable Capital Assets	<u>12,653,029</u>	<u>75,911</u>	<u>-</u>	<u>12,728,940</u>
Less Accumulated Depreciation:				
Land/Site Improvements	(395,447)	(17,354)	-	(412,801)
Buildings and Building Improvements	(787,350)	(56,868)	-	(844,218)
Equipment and Vehicles	(1,895,139)	(93,756)	-	(1,988,895)
Infrastructure	(1,913,214)	(201,424)	-	(2,114,638)
Total Accumulated Depreciation	<u>(4,991,150)</u>	<u>(369,402) *</u>	<u>-</u>	<u>(5,360,552)</u>
Depreciable Capital Assets, Net	<u>7,661,879</u>	<u>(293,491)</u>	<u>-</u>	<u>7,368,388</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,310,098</u>	<u>\$ 915,988</u>	<u>\$ -</u>	<u>\$ 9,226,086</u>

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

General Government	\$ 14,171
Security of Persons and Property	65,010
Leisure Time Activities	77,470
Transportation	<u>212,751</u>
Total Depreciation Expense	<u>\$ 369,402</u>

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**NOTE 8 – DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may

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be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple

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annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local	Public Safety	Law Enforcement
<b>2021 Statutory Maximum Contribution Rates</b>			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
<b>2021 Actual Contribution Rates</b>			
Employer:			
Pension	14.0%	18.1%	18.1%
Post-employment Health Care Benefits	0.0%	0.0%	0.0%
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>12.0%</u>	<u>13.0%</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$104,676 for 2021. Of this amount, \$8,723 is reported as accrued wages and benefits payable.

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

City full-time police and fire fighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164. Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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

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The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

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

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

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

	Police	Firefighters
<b>2021 Statutory Maximum Contribution Rates</b>		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
 <b>2021 Actual Contribution Rates</b>		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
 Total Employer	 19.50%	 24.00%
 Employee	 12.25%	 12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$300,656 for 2021. Of this amount \$25,054 is reported as accrued wages and benefits payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2021, the specific liability of the City was \$30,979 payable in semi-annual payments through the year 2035.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's



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total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$ 968,606	\$ 2,335,401	\$ 3,304,007
Proportion of the Net Pension Liability			
Current Measurement Date	0.006541%	0.034258%	
Prior Measurement Date	0.005491%	0.039096%	
Change in Proportionate Share	0.001050%	-0.004838%	
Pension Expense	\$ 88,744	\$ 275,121	\$ 363,865

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

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Changes in employer proportion and differences between contributions and proportionate share of contributions	\$ 129,925	\$ 190,025	\$ 319,950
Differences between expected and actual experience	-	103,398	103,398
Change in Assumptions	-	39,632	39,632
Entity contributions subsequent to the measurement date	104,676	300,656	405,332
Total Deferred Outflows of Resources	<u>\$ 234,601</u>	<u>\$ 633,711</u>	<u>\$ 868,312</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 377,534	\$ 121,983	\$ 499,517
Differences between expected and actual experience	40,518	103,773	144,291
Changes in employer proportion and differences between contributions and proportionate share of contributions	4,302	271,980	276,282
	<u>\$ 422,354</u>	<u>\$ 497,736</u>	<u>\$ 920,090</u>

The City reported \$405,332 as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	OPERS	OP&F	Total
Year Ending December 31:			
2022	\$ (77,496)	\$ 43,211	\$ (34,285)
2023	(9,547)	44,774	35,227
2024	(153,896)	(159,063)	(312,959)
2025	(51,490)	(67,712)	(119,202)
2026	-	(25,891)	(25,891)
Total	\$ (292,429)	\$ (164,681)	\$ (457,110)

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Measurement and Valuation Date	December 31, 2020
Experience Study	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.2 percent
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (including wage inflation at 3.25%)
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3% simple Post-1/7/2013 Retirees: 1.40% simple through 2020, then 2.15% simple

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

The 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.

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The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic 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, 2020, these best estimates are summarized in the following table:

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

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

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Entity's proportionate share of the net pension liability	\$ 1,847,571	\$ 968,606	\$ 237,700

**Changes Subsequent to the Measurement Date.** In September 2021, the Board approved several changes to the pension plan based on the completed five-year experience study covering the period 2016-2020. In addition to other changes, the Board approved to decrease the assumed pension investment rate of return

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from 7.20% to 6.90%. These changes are not reflected in the current measurement period but are expected to increase the associated pension liability.

***Actuarial Assumptions – OPF***

OPF’s total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2020, are presented below:

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Cost of Living Increases (COLA)	2.20% simple per year
Salary Increases	3.75% to 10.50%
Payroll Growth	2.75% plus productivity increase rate of 0.5%
Inflation	2.75%

*Healthy Mortality* – 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 Conduent 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%

*Disabled Mortality* – 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.

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

Best estimates of the long-term expected real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2020 are summarized below:

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

Note: Assumptions are geometric

\* levered 2X

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

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

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

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	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Entity's proportionate share of the net pension liability	\$ 3,251,174	\$ 2,335,401	\$ 1,568,987

**NOTE 9 – DEFINED BENEFIT OPEB PLANS**

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

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

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

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

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

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

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

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan.

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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 Combined plans. This trust is also used to fund health care for Member-Directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other post employment benefit (OPEB) as described in GASB Statement No. 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 statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of Traditional Pension and Combined plans' employer contributions allocated to health care was zero in 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

The City's contractually required contribution was \$0 for 2021.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan. 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 changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. OP&F has contracted

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with a vendor who can assist 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.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to 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 24.0 percent of covered payroll for fire employer units. The Ohio Revised Code states that the employer contribution may not exceed 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

OP&F maintains funds for health care in two separate accounts. There is 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. An IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

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

The City's contractually required contribution to OP&F was \$7,571 for 2021. Of this amount, \$631 is reported as accrued wages and benefits payable.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020 and was determined by rolling forward the total OPEB liability as of January 1, 2020 to December 31, 2020. The City's proportion of the net OPEB liability/(asset) was based on the City's share of contributions to the retirement plan relative to



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the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of Net OPEB Liability/(Asset)	\$ (109,032)	\$ 362,969	\$ 253,937
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.006120%	0.034258%	
Prior Measurement Date	<u>0.005170%</u>	<u>0.039096%</u>	
Change in Proportionate Share	<u>0.000950%</u>	<u>-0.004838%</u>	
OPEB Expense	\$ (641,467)	\$ 56,129	\$ (585,338)

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in employer proportion and differences between contributions and proportionate share of contributions	\$ 79,239	\$ 126,606	\$ 205,845
Differences between expected and actual experience	-	-	-
Change in Assumptions	53,601	209,421	263,022
Contributions subsequent to the measurement date	-	7,571	7,571
Total Deferred Outflows of Resources	<u>\$ 132,840</u>	<u>\$ 343,598</u>	<u>\$ 476,438</u>

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on OPEB plan investments	\$ 58,072	\$ 14,878	\$ 72,950
Differences between expected and actual experience	98,401	63,461	161,862
Change in Assumptions	176,665	64,879	241,544
Changes in employer proportion and differences between contributions and proportionate share of contributions	<u>6,329</u>	<u>47,015</u>	<u>53,344</u>
	<u>\$ 339,467</u>	<u>\$ 190,233</u>	<u>\$ 529,700</u>

\$7,571 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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	OPERS	OP&F	Total
Year Ending December 31:			
2022	(103,796)	36,494	(67,302)
2023	(70,752)	39,727	(31,025)
2024	(25,236)	34,079	8,843
2025	(6,843)	36,980	30,137
2026	-	3,131	3,131
Thereafter	-	(4,617)	(4,617)
Total	<u>\$ (206,627)</u>	<u>\$ 145,794</u>	<u>\$ (60,833)</u>

***Actuarial Assumptions - OPERS***

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

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

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25% to 10.75%, including wage inflation
Single Discount Rate:	
Current Measurement Date	6.00%
Prior Measurement Date	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate	
Current Measurement Date	2.00%
Prior Measurement Date	2.75%
Health Care Cost Trend Rate	
Current Measurement Date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement Date	10.50% initial, 3.50% ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Health Care portfolio’s target asset allocation as of December 31, 2020, 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%	1.07%
Domestic Equities	25.00%	5.64%
Real Estate Investment Trust	7.00%	6.48%
International Equities	25.00%	7.36%
Other investments	9.00%	4.02%
Total	100.00%	4.43%

**Discount Rate** A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax- exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

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

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	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Entity's proportionate share of the net OPEB asset	\$ (27,112)	\$ (109,032)	\$ (176,378)

***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 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Entity's proportionate share of the net OPEB asset	\$ (111,690)	\$ (109,032)	\$ (106,060)

***Actuarial Assumptions – OP&F***

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

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

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

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any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single Discount Rate:	
Current Measurement Date	2.96%
Prior Measurement Date	3.56%
Municipal Bond Rate:	
Current Measurement Date	2.12%
Prior Measurement Date	2.75%
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 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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.

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	0.00%
Domestic Equity	21.00%	4.10%
Non-US Equity	14.00%	4.80%
Private Markets	8.00%	6.40%
Core Fixed Income*	23.00%	0.90%
High Yield Fixed Income	7.00%	3.00%
Private Credit	5.00%	4.50%
U.S Inflation Linked Bonds*	17.00%	0.70%
Master Limited Partnerships	5.00%	5.60%
Real Assets	8.00%	5.80%
Gold	5.00%	1.90%
Private Real Estate	12.00%	5.30%
	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** Total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. 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 2.12 percent at December 31, 2020 was blended with the long-term rate of 8.00 percent, which resulted in a blended discount rate of 2.96 percent.

**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 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
Entity's proportionate share of the net OPEB liability	\$ 452,602	\$ 362,969	\$ 289,033

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

**NOTE 10 – TRANSFERS FROM/TO OTHER FUNDS**

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers From	Transfers To		
	General Fund	Safety Tax	Nonmajor
		Fund	Governmental
	\$ 180,000	\$ 178,702	\$ 358,702

**NOTE 11 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations during 2021 were as follows:

	Balance at December 31, 2020	Increase	Decrease	Balance at December 31, 2021	Amounts Due Within One Year
<u>General Obligation Bonds:</u>					
2011 Various Purpose Real Property					
Acquisition and Refunding Bonds	\$ 1,110,000	\$ -	\$ 80,000	\$ 1,030,000	\$ 80,000
2020 General Obligation Bonds	252,000	-	28,000	224,000	28,000
2021 General Obligation Bonds	-	275,000	-	275,000	24,772
Premium on Bonds Issued	23,568	-	2,244	21,324	-
Total - General Obligation Bonds	<u>1,385,568</u>	<u>275,000</u>	<u>110,244</u>	<u>1,550,324</u>	<u>132,772</u>
<u>Loans:</u>					
OPWC Loan CB07Q - 0.00%	97,615	-	6,100	91,515	2,034
OPWC Loan CB47R- 0.00%	84,597	-	4,880	79,717	1,625
OPWC Loan CB44R - 0.00%	91,150	-	5,259	85,891	1,751
OPWC Loan CB20S - 0.00%	120,110	-	6,435	113,675	2,145
OPWC Loan CB32S - 0.00%	150,640	-	8,070	142,570	2,690
OPWC Loan CB30U - 0.00%	144,776	-	7,362	137,414	2,454
Total - Loans	<u>688,888</u>	<u>-</u>	<u>38,106</u>	<u>650,782</u>	<u>12,699</u>
<u>Other Long-Term Obligations:</u>					
Compensated Absences	143,000	86,500	59,000	170,500	72,000
Police Pension Liability	32,655	-	1,676	30,979	1,748
Total - Other Long-Term Obligations	<u>175,655</u>	<u>86,500</u>	<u>60,676</u>	<u>201,479</u>	<u>73,748</u>
Total - General Long-Term Obligations	<u>\$2,250,111</u>	<u>\$ 361,500</u>	<u>\$ 209,026</u>	<u>\$2,402,585</u>	<u>\$219,219</u>

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

On June 9, 2011, the City issued the 2011 Various Purpose Real Property Acquisition and Refunding Bonds at \$1,745,000 to acquire property within the City and to refund the City's general obligation debt that was outstanding on June 9, 2011. The bonds will mature on December 1, 2031, and be retired from the Debt Service Fund.

The City has six interest-free loans through the Ohio Public Works Commission. Principal payments are due semi-annually thru July, 2048. The loans will be repaid from the Capital Improvement Fund.

The City issued Series 2020 general obligation bonds in the amount of \$280,000 at 3.85%. The Series 2020 bonds mature over a 10 year period ending in December 2029. The bonds will be retired from the Debt Service Fund.

The City issued Series 2021 general obligation bonds in the amount of \$275,000 at 2.30%. The Series 2021 bonds mature over a 10 year period ending in December 2031. The bonds will be retired from the Debt Service Fund.

Compensated absences will be paid from the General Fund, the Street Construction, Maintenance and Repair Fund and the Safety Tax Fund. The capital leases will be repaid from the General Fund.

The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police personnel in 1967. The original liability was \$54,126. The liability is payable semiannually from the General Fund.

Principal and interest requirements to retire the City's outstanding bond and loan obligations at December 31, 2021, are:

	General Obligation Bonds		Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 132,772	\$ 67,556	\$ 12,699	\$ -	\$ 145,471	\$ 67,556
2023	138,342	60,801	25,405	-	163,747	60,801
2024	143,925	54,890	25,405	-	169,330	54,890
2025	154,522	48,716	25,405	-	179,927	48,716
2026	160,131	42,028	25,405	-	185,536	42,028
2027-2031	799,308	97,896	127,022	-	926,330	97,896
2032-2036	-	-	127,022	-	127,022	-
2037-2041	-	-	127,022	-	127,022	-
2042-2046	-	-	118,891	-	118,891	-
2047-2050	-	-	36,506	-	36,506	-
<b>Total</b>	<b>\$ 1,529,000</b>	<b>\$ 371,888</b>	<b>\$ 650,782</b>	<b>\$ -</b>	<b>\$ 2,179,782</b>	<b>\$ 371,888</b>



**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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Principal and interest requirements to retire the City’s police pension liability at December 31, 2021, are:

	Police Pension Liability	
	Principal	Interest
2022	\$ 1,748	\$ 1,298
2023	1,823	1,223
2024	1,902	1,145
2025	1,983	1,063
2026	2,069	978
2027-2031	11,784	3,447
2032-2036	9,670	833
Total	\$ 30,979	\$ 9,987

**NOTE 12 – JOINTLY GOVERNED ORGANIZATION / JOINT VENTURE**

**Center for Local Government**

The Center for Local Government (the Center) was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Center is governed by a five member board of trustees. Each of the trustees is the chief administrative officer of the entity that they represent. Trustees are volunteer members, ratified by the general members of the Center. The City does not have any financial interest in or responsibility for the Center. Information can be obtained from the Center by writing to Lee Meyer, Director of the Center for Local Government, 4144 Crossgate Drive, Cincinnati, Ohio 45236.

**Joint Economic Development District and Zone**

The City participates in joint ventures with Springfield Township of Hamilton County – the joint economic development district (the JEDD) and the Joint Economic Development Zone (JEDZ).

The purpose of the JEDD is to facilitate economic development along the Hamilton Avenue Corridor and to create and preserve jobs and employment opportunities in the area of the contracting parties. The Board of Directors of the JEDD consists of five members, including one municipal member, one Township member, one business owner, one worker and one member selected by the other four members. The City Council selects the municipal member and the Township Board of Trustees selects the Township member. The Township Board of Trustees selects the business and the worker members. The Board of Directors of the JEDD levied an income tax for the JEDD territory at the rate of one and one-half percent and entered into a contract with the City to collect and administer the taxes. Seventy-five percent of the income taxes collected will be distributed to the Township and 25 percent will be distributed to the City. The Township shall use a portion of the income taxes it receives from the JEDD to expand public services to the JEDD area. The City will provide transportation network improvements to benefit the JEDD area.

Springfield Township residents voted in 2014 to establish a Joint Economic Development Zone (JEDZ). The creation of the JEDZ enables the implementation of an earnings tax on individuals working in the Zone and on the net profits of businesses located in the Zone. The designated Zone includes properties in Springfield Township where businesses are located and/or individuals work, excluding home-based

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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businesses. The revenue generated through the JEDZ earnings tax will be used to continue current services and implement economic development initiatives for the improvement of existing commercial districts and the neighborhoods that support local businesses. State law requires a partnering jurisdiction to implement any earnings tax for townships. Springfield Township's partnering jurisdiction is the City of Mt. Healthy. All businesses and/or employers located within the JEDZ are responsible for withholding a one and one-half percent (1.5%) earnings tax on the wages of all employees working in the Zone. Eighty-five percent of the earnings taxes collected are distributed to the Township and fifteen percent are distributed to the City.

**NOTE 13 – CONTINGENT LIABILITIES**

Litigation – The City is not party to any known claims or legal proceedings.

Federal and State Grants – For the period January 1, 2021, thru December 31, 2021, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial to the financial statements as a whole.

**NOTE 14 – MT. HEALTHY COMMUNITY IMPROVEMENT CORPORATION**

As indicated in Note 1 to the basic financial statements, the following disclosure is made on behalf of the Mt. Healthy Community Improvement Corporation (CIC).

**Basis of Accounting**

The CIC prepares financial statements on the accrual basis of accounting in conformity with generally accepted accounting principles. Revenues to the CIC consisted primarily of interest income and operating grants and contributions. Expenditures of the CIC were made for the purpose of furthering economic development within the City. The CIC had no investments as of December 31, 2021.

**NOTE 15 – TAX ABATEMENTS**

Government Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, requires that certain tax abatements be disclosed in the notes to the basic financial statements. The City does not have any material tax abatements that are required to be disclose in accordance with GASB Statement No. 77.

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2021

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**NOTE 16 – SUBSEQUENT EVENTS**

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 continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will 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 Mt. Healthy**  
Hamilton County, Ohio  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property Taxes	\$ 322,350	\$ 322,350	\$ 325,732	\$ 3,382
Income Taxes	1,950,000	2,046,000	2,046,696	696
Charges for Services and Sales	752,879	870,879	871,853	974
Fees, Licenses and Permits	80,000	80,000	78,068	(1,932)
Fines and Forfeitures	130,000	130,000	162,567	32,567
Intergovernmental	132,900	132,900	132,700	(200)
Interest	1,500	1,500	2,943	1,443
Other	86,850	111,000	98,557	(12,443)
Total Revenues	<u>3,456,479</u>	<u>3,694,629</u>	<u>3,719,116</u>	<u>24,487</u>
<b>Expenditures</b>				
Current:				
General Government	833,846	833,846	802,351	31,495
Security of Persons and Property	1,479,127	1,484,127	1,419,385	64,742
Public Works	550,566	550,566	549,044	1,522
Leisure Time Activities	111,431	111,431	99,986	11,445
Community Environment	100,323	100,323	93,608	6,715
Capital Outlay	24,500	24,500	21,172	3,328
Debt Service:				
Principal Retirement	37,700	37,702	-	37,702
Total Expenditures	<u>3,137,493</u>	<u>3,142,495</u>	<u>2,985,546</u>	<u>156,949</u>
Excess of Revenues Over Expenditures	<u>318,986</u>	<u>552,134</u>	<u>733,570</u>	<u>181,436</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(269,000)</u>	<u>(381,000)</u>	<u>(358,702)</u>	<u>22,298</u>
Total Other Financing Sources (Uses)	<u>(269,000)</u>	<u>(381,000)</u>	<u>(358,702)</u>	<u>22,298</u>
Net Change in Fund Balance	49,986	171,134	374,868	203,734
Fund Balance at Beginning of Year	<u>928,027</u>	<u>928,027</u>	<u>928,027</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 978,013</u>	<u>\$ 1,099,161</u>	<u>\$ 1,302,895</u>	<u>\$ 203,734</u>

See accompanying notes to the required supplementary information

**City of Mt. Healthy**  
Hamilton County, Ohio  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
Safety Tax Fund  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property Taxes	\$ 1,262,260	\$ 1,262,260	\$ 1,294,144	\$ 31,884
Payment in Lieu of Taxes	2,000	2,000	9,091	7,091
Intergovernmental	33,300	33,300	53,986	20,686
Other	8,500	54,739	55,079	340
<b>Total Revenues</b>	<u>1,306,060</u>	<u>1,352,299</u>	<u>1,412,300</u>	<u>60,001</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	1,491,973	1,568,473	1,226,051	342,422
<b>Total Expenditures</b>	<u>1,491,973</u>	<u>1,568,473</u>	<u>1,226,051</u>	<u>342,422</u>
Excess of Revenues Over (Under) Expenditures	(185,913)	(216,174)	186,249	402,423
<b>Other Financing Sources</b>				
Transfers In	240,000	240,000	180,000	(60,000)
<b>Total Other Financing Sources</b>	<u>240,000</u>	<u>240,000</u>	<u>180,000</u>	<u>(60,000)</u>
Net Change in Fund Balance	54,087	23,826	366,249	342,423
Fund Balance at Beginning of Year	457	457	457	-
Fund Balance at End of Year	<u>\$ 54,544</u>	<u>\$ 24,283</u>	<u>\$ 366,706</u>	<u>\$ 342,423</u>

See accompanying notes to the required supplementary information

**City of Mt. Healthy**  
Hamilton County, Ohio  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
American Rescue Plan Act (ARPA) Fund  
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 352,802	\$ 352,802
Total Revenues	-	-	352,802	352,802
<b>Expenditures</b>				
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	352,802	352,802
Net Change in Fund Balance	-	-	352,802	352,802
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,802</u>	<u>\$ 352,802</u>

See accompanying notes to the required supplementary information

City of Mt. Healthy  
Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Ohio Public Employees Retirement System - Traditional Plan  
Last Eight Years \*

	2021	2020	2019	2018	2017
Entity's Proportion of the Net Pension Liability	0.0065410%	0.0054910%	0.0056820%	0.0062880%	0.0064105%
Entity's Proportionate Share of the Net Pension Liability	\$ 968,606	\$ 1,085,428	\$ 1,556,133	\$ 986,420	\$ 1,455,709
Entity's Covered Payroll	\$ 925,550	\$ 781,009	\$ 775,069	\$ 838,781	\$ 836,521
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	104.65%	138.98%	200.77%	117.60%	174.02%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%
	2016	2015	2014		
Entity's Proportion of the Net Pension Liability	0.0062290%	0.0060170%	0.0060170%		
Entity's Proportionate Share of the Net Pension Liability	\$ 1,078,936	\$ 725,688	\$ 709,297		
Entity's Covered Payroll	\$ 784,209	\$ 744,577	\$ 778,346		
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	137.58%	97.46%	91.13%		
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	81.08%	86.45%	86.36%		

\* Information prior to 2014 is not available.  
Amounts presented as of the Entity's measurement date which is the prior fiscal year end.

**Notes to Schedule:**

Change in Assumptions - In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2019, a reduction of the discount rate was made from 7.5% to 7.2%.



City of Mt. Healthy  
Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Ohio Police and Fire Pension Fund  
Last Eight Years \*

	2021	2020	2019	2018	2017
Entity's Proportion of the Net Pension Liability	0.0342580%	0.0390960%	0.0384110%	0.0346660%	0.0348951%
Entity's Proportionate Share of the Net Pension Liability	\$ 2,335,401	\$ 2,633,719	\$ 3,135,362	\$ 2,127,601	\$ 2,210,224
Entity's Covered Payroll	\$ 919,135	\$ 1,019,078	\$ 952,870	\$ 823,404	\$ 822,942
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	254.09%	258.44%	329.04%	258.39%	268.58%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	70.65%	69.89%	63.07%	70.91%	68.36%
	2016	2015	2014		
Entity's Proportion of the Net Pension Liability	0.0306775%	0.0246940%	0.0246940%		
Entity's Proportionate Share of the Net Pension Liability	\$ 1,973,502	\$ 1,279,267	\$ 1,202,689		
Entity's Covered Payroll	\$ 631,745	\$ 483,780	\$ 437,484		
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	312.39%	264.43%	274.91%		
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	66.77%	72.20%	73.00%		

\* Information prior to 2014 is not available.  
Amounts presented as of the Entity's measurement date which is the prior fiscal year end.

**Notes to Schedule:**

Change in Assumptions - In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2016. Significant changes included a reduction of the discount rate from 8.25% to 8.0%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

City of Mt. Healthy  
Required Supplementary Information  
Schedule of City Contributions  
Ohio Public Employees Retirement System - Traditional Plan  
Last Nine Years \*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 104,676	\$ 129,577	\$ 109,342	\$ 108,510	\$ 109,994
Contributions in Relation to the Contractually Required Contribution	<u>(104,676)</u>	<u>(129,577)</u>	<u>(109,342)</u>	<u>(108,510)</u>	<u>(109,994)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 747,685	\$ 925,550	\$ 781,009	\$ 775,069	\$ 838,781
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.11%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Contractually Required Contribution	\$ 102,280	\$ 109,789	\$ 104,278	\$ 108,968	
Contributions in Relation to the Contractually Required Contribution	<u>(102,280)</u>	<u>(109,789)</u>	<u>(104,278)</u>	<u>(108,968)</u>	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Entity Covered Payroll	\$ 836,521	\$ 784,209	\$ 744,577	\$ 778,346	
Contributions as a Percentage of Covered Payroll	12.23%	14.00%	14.00%	14.00%	

\* Information prior to 2013 is not available.

City of Mt. Healthy  
Required Supplementary Information  
Schedule of City Contributions  
Ohio Police and Fire Pension Fund  
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 300,656	\$ 177,114	\$ 196,005	\$ 183,361	\$ 160,207
Contributions in Relation to the Contractually Required Contribution	<u>(300,656)</u>	<u>(177,114)</u>	<u>(196,005)</u>	<u>(183,361)</u>	<u>(160,207)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 1,495,510	\$ 919,135	\$ 1,019,078	\$ 952,870	\$ 823,404
Contributions as a Percentage of Covered Payroll	20.10%	19.27%	19.23%	19.24%	19.46%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 159,018	\$ 135,012	\$ 107,185	\$ 96,573	\$ 96,330
Contributions in Relation to the Contractually Required Contribution	<u>(159,018)</u>	<u>(135,012)</u>	<u>(107,185)</u>	<u>(96,573)</u>	<u>(96,330)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 822,942	\$ 631,745	\$ 483,780	\$ 437,484	\$ 437,503
Contributions as a Percentage of Covered Payroll	19.32%	21.37%	22.16%	22.07%	22.02%

City of Mt. Healthy  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net OPEB Liability  
 Ohio Public Employees Retirement System - OPEB Plan  
 Last Five Years \*

	2021	2020	2019	2018	2017
Entity's Proportion of the Net OPEB Liability/(Asset)	0.0061200%	0.0051700%	0.0053440%	0.0059220%	0.0060530%
Entity's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (109,032)	\$ 714,052	\$ 696,677	\$ 643,057	\$ 611,388
Entity's Covered Payroll	\$ 925,550	\$ 781,009	\$ 775,069	\$ 838,781	\$ 836,521
Entity's Proportionate Share of the Net OPEB Liability/ (Asset) as a Percentage of its Covered Payroll	-11.78%	91.43%	89.89%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability/(Asset)	115.57%	47.80%	46.33%	54.14%	54.04%

\* Information prior to 2017 is not available.  
 Amounts presented as of the Entity's measurement date which is the prior fiscal year end.

**Notes to Schedule:**

Change in Assumptions - In 2018, the single discount rate changed from 4.23% to 3.85%.

In 2019, the single discount rate changed from 3.85% to 3.96%. The investment rate of return changed from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16%. The municipal bond rate changed from 3.71% to 2.75%, and the health care cost trend rate changed from 10.0% to 10.5%.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

City of Mt. Healthy  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net OPEB Liability  
 Ohio Police and Fire Pension Fund  
 Last Five Years \*

	2021	2020	2019	2018	2017
Entity's Proportion of the Net OPEB Liability	0.0342580%	0.0390960%	0.0384110%	0.0346660%	0.0348950%
Entity's Proportionate Share of the Net OPEB Liability	\$ 362,969	\$ 386,180	\$ 349,792	\$ 1,964,120	\$ 1,656,394
Entity's Covered Payroll	\$ 919,135	\$ 1,019,078	\$ 952,870	\$ 823,404	\$ 822,942
Entity's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.49%	37.90%	36.71%	238.54%	201.28%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	45.42%	47.08%	46.57%	14.13%	15.96%

\* Information prior to 2017 is not available.  
 Amounts presented as of the Entity's measurement date which is the prior fiscal year end.

**Notes to Schedule:**

Change in Assumptions - In 2018, the single discount rate changed from 3.79% to 3.24%.

In 2019, the single discount rate changed from 3.24% to 4.66%.

Change in Benefit Terms - Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model, depositing stipends into health reimbursement accounts that retirees will use to be reimbursed for health care expenses.

In 2020, the single discount rate changed from 4.66% to 3.56%.

In 2021, the single discount rate changed from 3.56% to 2.96%.

City of Mt. Healthy  
Required Supplementary Information  
Schedule of City Contributions  
Ohio Public Employees Retirement System - OPEB  
Last Six Years \*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ 7,436
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	(7,436)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 747,685	\$ 925,550	\$ 781,009	\$ 775,069	\$ 838,781
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.89%
	<u>2016</u>				
Contractually Required Contribution	\$ 14,832				
Contributions in Relation to the Contractually Required Contribution	(14,832)				
Contribution Deficiency (Excess)	<u>\$ -</u>				
Entity Covered Payroll	\$ 836,521				
Contributions as a Percentage of Covered Payroll	1.77%				

\* Information prior to 2016 is not available.

City of Mt. Healthy  
 Required Supplementary Information  
 Schedule of City Contributions - OPEB  
 Ohio Police and Fire Pension Fund  
 Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 7,571	\$ 4,658	\$ 5,165	\$ 4,829	\$ 3,855
Contributions in Relation to the Contractually Required Contribution	<u>(7,571)</u>	<u>(4,658)</u>	<u>(5,165)</u>	<u>(4,829)</u>	<u>(3,855)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 1,495,510	\$ 919,135	\$ 1,019,078	\$ 952,870	\$ 823,404
Contributions as a Percentage of Covered Payroll	0.51%	0.51%	0.51%	0.51%	0.47%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 3,827	\$ 3,173	\$ 2,729	\$ 17,566	\$ 32,614
Contributions in Relation to the Contractually Required Contribution	<u>(3,827)</u>	<u>(3,173)</u>	<u>(2,729)</u>	<u>(17,566)</u>	<u>(32,614)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 822,942	\$ 631,745	\$ 483,780	\$ 437,484	\$ 437,503
Contributions as a Percentage of Covered Payroll	0.47%	0.50%	0.56%	4.02%	7.45%

**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes to the Required Supplementary Information  
For The Year Ended December 31, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Budgets**

An annual appropriated budget is legally required to be prepared for all funds of the City, except for the custodial funds. The Council passes appropriations at the object level (personal services and other expenditures) within each department and fund. The following are the procedures used by the City in establishing the budgetary data reported in the required supplementary information.

**Tax Budget**

A tax budget of estimated revenues and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year for the period January 1 to December 31 of the following year.

**Estimated Resources**

The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that 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 appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the Council agrees that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2021.

**Appropriations**

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year, for the period January 1 to December 31. The appropriation resolution may be supplemented during the year by action of the Council, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**Lapsing of Appropriations**

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.



**City of Mt. Healthy**  
**Hamilton County, Ohio**  
Notes to the Required Supplementary Information  
For The Year Ended December 31, 2021

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**Encumbrances**

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 GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent year expenditures of governmental funds.

**Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the City's General Fund, Safety Tax Fund and ARPA Fund.

	General	Safety Tax	ARPA
GAAP Basis	\$ 379,567	\$ 349,289	\$ -
Adjustments			
Revenue Accruals	(14,074)	3,136	352,802
Expenditure Accruals	9,375	13,824	-
Budget Basis	\$ 374,868	\$ 366,249	\$ 352,802

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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 Mt. Healthy  
Hamilton County  
7700 Perry Street  
Mt. Healthy, Ohio 45231

To Members of City 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mt. Healthy, Hamilton County, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2022, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City.

***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 purposes 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***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*.

***Purpose of This Report***

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

*BHM CPA Group*

BHM CPA Group, Inc.  
Piketon, Ohio  
June 22, 2022

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF MT. HEALTHY**

**HAMILTON COUNTY**

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

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



**Certified for Release 8/2/2022**

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

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