OHIO AUDITOR OF STATE
KEITH FABER

CITY OF MARIETTA
WASHINGTON COUNTY
DECEMBER 31, 2021

TABLE OF CONTENTS

CITY OF MARIETTA
WASHINGTON COUNTY
DECEMBER 31, 2021

TABLE OF CONTENTS
(Continued)

TITLE **PAGE**

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

City of Marietta
Washington County
301 Putnam Street
Marietta, Ohio 45750

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit**,** each major fund, and the aggregate remaining fund information of the City of Marietta, Washington County, Ohio (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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Marietta, Washington County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Street Fund, Community Development Fund, and Local Fiscal Recovery Fund 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 3 to the financial statements, during 2021, the City restated net position and fund balances at December 31, 2020 to correctly account for prior year intergovernmental receivables. 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* and Schedules of Net Pension (Asset) and Other Post-Employment Benefit Liabilities (Assets) and Pension and Other Post-Employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 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.

Keith Faber
Auditor of State
Columbus, Ohio

September 26, 2022

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The discussion and analysis of the City of Marietta's financial performance provides an overall review 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; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- In total, net position increased $6,159,778. Net position of governmental activities increased $3,408,230 while the business-type activities increased in the amount of $2,751,548.

- General governmental revenues accounted for $14,598,817 in revenues or 61% of all revenues in governmental activities. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for $9,521,544 or 39% of total revenues of $24,120,361.

Using this Annual Financial Report

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

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

Reporting the City of Marietta as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in those assets. This change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as the condition of City capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

Governmental Activities - Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our Sewer and Water Funds.

Business-Type Activities - Sewer and water services have charges based upon the amount of usage. The City charges fees to recoup the cost of the entire operations of our Sewer and Water Treatment Plants as well as all depreciation associated with the facilities.

Reporting the City of Marietta's Most Significant Funds

Fund Financial Statements

Fund financial statements begin on page 20. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Marietta, our major funds are the General Fund, Street, Community Development, and Local Fiscal Recovery Special Revenue Funds; and the Sewer and Water Enterprise Funds.

Governmental Funds Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future 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 as part of the financial statements.

Proprietary Funds When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

The City of Marietta as a Whole

Recall that 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		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	$15,810,356	$11,421,972	$11,866,159	$12,119,056	$27,676,515	$23,541,028
OPEB Asset	448,711	0	263,530	0	712,241	0
Capital Assets, Net	43,193,843	44,489,164	47,619,444	46,234,817	90,813,287	90,723,981
Total Assets	59,452,910	55,911,136	59,749,133	58,353,873	119,202,043	114,265,009
Deferred Outflows of Resources						
Pension	2,323,334	2,507,590	378,878	538,886	2,688,836	2,968,579
OPEB	1,339,431	1,645,693	168,748	360,547	1,499,728	1,963,905
Asset Retirement Obligations	0	0	1,104,587	793,400	1,104,587	793,400
	3,662,765	4,153,283	1,652,213	1,692,833	5,293,151	5,725,884
Liabilities						
Current and Other Liabilities	5,408,977	2,003,756	899,746	1,135,526	6,308,723	3,139,282
Long-term Liabilities						
Due Within One Year	794,406	599,481	572,794	1,309,694	1,367,200	1,909,175
Due in More Than One Year:						
Net Pension Liability	16,019,083	17,683,478	2,270,288	2,970,735	18,289,371	20,654,213
Net OPEB Liability	1,888,897	5,251,505	0	1,996,990	1,888,897	7,248,495
Other Amounts	6,840,570	7,313,575	39,644,477	38,241,843	46,485,047	45,555,418
Total Liabilities	30,951,933	32,851,795	43,387,305	45,654,788	74,339,238	78,506,583
Deferred Inflows of Resources						
Property Taxes	688,365	666,643	0	0	688,365	666,643
Pension	3,527,170	2,853,742	979,861	630,155	4,493,655	3,406,000
OPEB	2,292,257	1,444,519	805,189	284,320	3,088,995	1,686,504
Total Deferred Inflows of Resources	6,507,792	4,964,904	1,785,050	914,475	8,271,015	5,759,147
Net Position						
Net Investment in Capital Assets	36,408,044	37,282,538	12,309,346	10,447,333	48,717,390	47,729,871
Restricted	6,311,627	5,054,821	0	0	6,311,627	5,054,821
Unrestricted (Deficits)	(17,063,721)	(20,089,639)	3,919,645	3,030,110	(13,144,076)	(17,059,529)
Total Net Position	$25,655,950	$22,247,720	$16,228,991	$13,477,443	$41,884,941	$35,725,163

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2021, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." Under GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," the City significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

Total assets increased $4,937,034. Governmental activities increased $3,541,774, as well as the business-type activities by $1,395,260. Total liabilities decreased $4,167,345. Governmental activities decreased $1,899,862 as well as the business-type activities by $2,267,483.

Notable changes in the governmental activities assets are increases in equity in pooled cashed of $3,872,252, intergovernmental receivable of $450,217, and income taxes of $80,893. Offsetting those increases are an accounts receivable decrease of $46,484 and the combination of depreciable and non-depreciable assets of $1,295,321. Liabilities of governmental activities decreased $1,899,862. Liabilities that decreased include contracts and retainage of $4,486 and $29,023, respectively. The net pension liability alone decreased $1,664,395. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability. These decreases were offset by increases in accrued wages of $28,004, vacation and compensatory benefits payable of $9,579 and long-term liabilities of $473,005 due mainly to a new capital lease.

For business-type activities, assets did not change significantly. Equity in pooled cash decreased $313,016 while accounts receivable increased $17,837. The largest increase was in capital assets of $1,384,627, mainly associated with construction in progress of the sewer treatment and water plant upgrades. Current liabilities decreased in accounts payable, contracts payable, and accrued interest payable by $27,197, $270,724, and $1,302 respectively. Accrued wages, retainage payable, intergovernmental payable, and vacation and compensatory benefits payable increased by $5,241, $23,985, $608, and $33,609, respectively. The largest decrease in liabilities can be attributed to the net OPEB liability decrease of $1,996,990. The largest increase in liabilities is related to debt with a net increase of $1,402,634.

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

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	$3,049,671	$2,937,185	$9,235,976	$8,920,499	$12,285,647	$11,857,684
Operating Grants, Contributions and Interest	6,136,426	4,975,597	256,034	0	6,392,460	4,975,597
Capital Grants and Contributions	335,447	3,787,029	0	250,000	335,447	4,037,029
Total Program Revenues	9,521,544	11,699,811	9,492,010	9,170,499	19,013,554	20,870,310
General Revenues						
Property Taxes	605,833	611,436	0	0	605,833	611,436
Income Taxes	12,770,715	11,858,554	0	0	12,770,715	11,858,554
Payments in Lieu of Taxes	108,450	126,002	0	0	108,450	126,002
Hotel Tax	276,915	279,847	0	0	276,915	279,847
Franchise Taxes	172,245	169,815	0	0	172,245	169,815
Grants and Entitlements	419,718	379,661	0	0	419,718	379,661
Gain on Sale of Capital Assets	54,109	37,708	61,257	6,660	115,366	44,368
Investment Earnings	63,194	175,420	0	0	63,194	175,420
Donations	12,518	4,351	0	0	12,518	4,351
Other	115,120	1,341,313	34,646	176,101	149,766	1,517,414
Total General Revenues	14,598,817	14,984,107	95,903	182,761	14,694,720	15,166,868
Total Revenues	24,120,361	26,683,918	9,587,913	9,353,260	33,708,274	36,037,178
Program Expenses						
General Government:						
Legislative and Executive	3,914,562	5,479,439	0	0	3,914,562	5,479,439
Court	1,428,744	2,149,681	0	0	1,428,744	2,149,681
Security of Persons and Property:						
Police	3,896,277	4,251,256	0	0	3,896,277	4,251,256
Fire	4,754,522	4,756,329	0	0	4,754,522	4,756,329
Public Health Services	51,912	15,696	0	0	51,912	15,696
Intergovernmental	85,477	200,000	0	0	85,477	200,000
Community Environment	496,358	459,174	0	0	496,358	459,174
Intergovernmental	2,403,087	2,302,902	0	0	2,403,087	2,302,902
Street	2,498,057	3,345,244	0	0	2,498,057	3,345,244
Transportation	46,194	36,863	0	0	46,194	36,863
Leisure Time Activities	931,642	516,354	0	0	931,642	516,354
Interest and Fiscal Charges	205,299	203,113	0	0	205,299	203,113
Sewer	0	0	3,542,413	6,072,976	3,542,413	6,072,976
Water	0	0	3,293,952	3,912,904	3,293,952	3,912,904
Total Program Expenses	20,712,131	23,716,051	6,836,365	9,985,880	27,548,496	33,701,931
Changes in Net Position	3,408,230	2,967,867	2,751,548	(632,620)	6,159,778	2,335,247
Net Position Beginning of Year	22,247,720	19,279,853	13,477,443	14,110,063	35,725,163	33,389,916
Net Position End of Year	$25,655,950	$22,247,720	$16,228,991	$13,477,443	$41,884,941	$35,725,163

Governmental Activities

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. Incomes taxes reported an increase of only $912,161 for 2021. The income tax rate is 1.85 percent. The City monitors this revenue source very closely for fluctuations because it represents 53 percent of all revenues in the governmental activities.

Intergovernmental revenues (operating and capital grants) and contributions accounted for 68 percent of all program revenues. These revenues are not generated from the City's own resources. Such revenues are often unpredictable and accompanied by administrative requirements. The lower this percentage, the better in regards to independence.

Other changes in revenues occurred in other revenue which decreased $1,226,193 due to not receiving a large workers comp refund. Also, grants and entitlements increased $40,057.

A large activity of the City is the general government – legislative and executive program. Included in this program is the activity of the following departments: Council, Mayor, Auditor, Treasurer, Income Tax, Law Director, Engineer, Equipment and Utility Maintenance, Planning, Service Administration, Information Systems, and Land, Buildings, and Parks. This program is primarily funded with general revenues.

Security of persons and property is normally the largest activity of the City. These activities are, for the most part, funded by the municipal income tax. The City attempts to supplement the income and activities of the police department with grants to enable the police department to widen the scope of its activities. The operations of the fire department are also being supplemented by the third-party billings. For 2021, the statements reflect a more typical picture for these expenses. For 2019, OP&F recognized a change in benefit terms for their OPEB plan. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

Street activities of the City accounted for over 12% of the governmental expenses. Street paving, patching, depreciation, and street lighting expenses during 2021 amounted to $2,498,057, a decrease of $847,187 from 2020.

Business-Type Activities

The City's business-type activities consist of the sewer and water departments. During 2021, the City did not experience a large change in collections; $234,653 more was collected over the prior year. The City also spent $3,149,515 less in operating expenses.

The City's Funds

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $25,587,027 and expenditures of $23,388,655.

The fund balance of the General Fund decreased $302,394. The General Fund's Unassigned Fund Balance of $1,433,628 represented 11% of current year expenditures. Most of this balance remains in the City's treasury and is invested.

The fund balance of the Street Fund increased $295,641. The Street Fund's Restricted Fund Balance of $1,336,636 represented 53% of current year expenditures.

The fund balance of the Community Development Fund decreased $31,538. The Fund's Restricted Fund Balance of $253,542 represented 9% of current year expenditures.

The fund balance of the local fiscal recovery fund increased $404. The Fund has a restricted fund balance of $404.

During 2021, the Sewer Fund had operating revenues of $5,107,417 and operating expenses of $2,983,392. The Water Fund had operating revenues of $4,163,205 and operating expenses of $3,055,630. The major operating expenses for these funds are salaries and wages, fringe benefits, and contractual services.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. From time to time during the year, the fund's budget may be amended as needs or conditions change.

During the course of 2021, the City amended its General Fund budgeted appropriations several times. Since the legal level of budgetary control is at the object level, any budgetary modifications at this level may only be made by resolution of the Council. All recommendations for a budget change are given to the City Auditor, who processes them when there are sufficient resources to make such a change, and are then sent to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. Most of the expenditure changes are presented to the City Auditor by the Administration.

In the event that additional revenues are assured, the City Auditor will make a change in the estimated resources and report the same to the County Budget Commission. When the estimated resources are increased, then and only then are the increased resources allowed to be appropriated through Council action.

Estimated revenues were not amended during 2021. Actual revenues were $404,622 over estimated revenues. The original appropriations were increased $859,357. All expenditure lines except Public Health Services were increased due to higher anticipated spending. Actual expenditures were $615,668 under final appropriations.

The funds of the City are closely monitored and, currently, historical analysis of trends in revenues and expenditures are used to project future revenues and expenditures. In light of the tighter picture of the City's finances, those holding financial positions are using a zero based approach to our appropriations and, consequentially, many adjustments are needed to be made on a bimonthly schedule that coincides with Council actions.

Capital Assets and Debt Administration

Capital Assets

Note 11 (Capital Assets) provides capital asset activity during 2021. Table 3 shows year 2021 balances compared to 2020.

(Table 3)
Capital Assets at December 31, 2021

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$1,458,037	$1,422,963	$606,027	$606,027	$2,064,064	$2,028,990
Buildings and Improvements	18,004,861	19,098,881	166,445	173,720	18,171,306	19,272,601
Machinery and Equipment	1,400,831	1,234,888	823,159	831,895	2,223,990	2,066,783
Vehicles	924,412	1,110,307	57,256	79,438	981,668	1,189,745
Infrastructure	20,395,390	20,031,906	24,980,255	25,671,186	45,375,645	45,703,092
Construction in Progress	1,010,312	1,590,219	20,986,302	18,872,551	21,996,614	20,462,770
Totals	$43,193,843	$44,489,164	$47,619,444	$46,234,817	$90,813,287	$90,723,981

Debt

The City's overall debt limit at December 31, 2021, is $30,115,974. Additional information on the City's debt can be found in Notes 17, 18, and 23 of this report. Table 4 below is a summary of the City's debt obligations:

(Table 4)
Outstanding Debt, at Year End

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
2014 Municipal Court Bonds	$1,875,000	$2,000,000	$0	$0
2014 Municipal Software Bonds	48,000	69,000	32,000	46,000
2020 Various Purpose Bonds	3,290,000	3,445,000	0	0
Armory Loan	200,000	250,000	0	0
SIB Loan	193,537	220,125	0	0
Capital Leases	653,527	560,159	156,517	205,815
OPWC Loans	496,185	533,154	0	0
Asset Retirement Obligation	0	0	1,689,090	1,333,330
2013 Water Refunding Bonds	0	0	0	385,000
2014 Water Bonds	0	0	1,340,000	1,430,000
2014 Sewer Bonds	0	0	600,000	640,000
Water OWDA Loans	0	0	7,965,143	7,105,350
Sewer OWDA Loans	0	0	27,652,867	27,585,357
Water OPWC Loans	0	0	111,843	138,440
Sewer OPWC Loan	0	0	436,942	480,606
Totals	$6,756,249	$7,077,438	$39,984,402	$39,349,898

Current Financial Issues

The City of Marietta's General Fund commenced the 2021 calendar year with a cash carry forward balance of $2,909,688 which was heavily influenced by extraordinary federal and state support from the bureau of workers' compensation's premium rebates and COVID 19 subsidies. The City income tax revenues bounced back from 2020. The court fines and fees revenues also experienced a partial rebound to norm from the COVID impacted shortfall experienced in 2020.

The City also benefited from the exercise of an ARPA enabled "Lost Revenue" subsidy amounting to $744,571 with the capability to realize another such extraordinary revenue flow in year 2022 based upon 2021 results. The decision to employ this capability has not been made at the time of this analysis.

Conversely, hotel taxes continued to be negatively impacted by the pandemic as 2021 revenues initially declined but have taken an upward tick. The City did not employ a full scale Central Services Cost Allocation in 2021 given City Council's decision to step down on Street, Capital Improvement, and Fire Levy Fund charges that have traditionally been levied. The decision to relax the cost allocation will benefit the financial profiles of the funds that avoided the allocation charge.

The City continues to experience a high portion of personnel cost in its total General Fund spending profile and along these lines City labor factions received two percent raises in year 2021 pursuant to previously negotiated collective bargaining agreements along with the decision to extend the same pay increases to non-union ranks. Labor contracts call for another two percent increase in 2022 followed by a two and one half percent increase in year 2023. A major concern for future years centers around the present inflation rate and its potential impact on labor costs.

The City has effectively curbed inflationary pressure on certain spend categories, most notably electricity and natural gas which were subject to three year price locks basis sealed bid procurement exercises that were conducted in 2021. Other commodity prices including gasoline and diesel fuel have been more impacted by recent inflationary trends and are a concern in the near future. Additional future areas of concern attach to unfunded severance payments given the aging of the City work force along with health and medical plan premiums. The City adopted an 85/15 employer, employee split of annual medical, dental, and vision plan premiums. Teamster union ranks are subject to a 90/10 split.

Contacting the City Auditor's Department

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with an 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 Sherri Hess, Marietta City Auditor, 301 Putnam Street, Marietta, Ohio 45750, 740-373-0473.

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City of Marietta, Ohio
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total*	Marietta and Belpre Joint Consolidated Health District
Assets				
Equity in Pooled Cash and Cash Equivalents	$11,128,356	$9,399,684	$20,528,040	$0
Cash and Cash Equivalents in Segregated Accounts	65,689	307,972	373,661	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	220,422
Investments	315,434	100,000	415,434	0
Hotel Taxes Receivable	39,516	0	39,516	0
Permissive Motor Vehicle License Receivable	2,395	0	2,395	0
Accounts Receivable	181,951	1,776,885	1,958,836	21,090
Payments in Lieu of Taxes Receivable	124,836	0	124,836	0
Accrued Interest Receivable	62	0	62	0
Intergovernmental Receivable	1,592,464	883	1,593,347	53,771
Municipal Income Tax Receivable	1,297,351	0	1,297,351	0
Materials and Supplies Inventory	49,886	132,802	182,688	0
Prepaid Items	309,014	147,933	456,947	23,768
Property Taxes Receivable	703,402	0	703,402	0
Non-Depreciable Capital Assets	2,468,349	21,592,329	24,060,678	0
Depreciable Capital Assets, Net	40,725,494	26,027,115	66,752,609	56,046
Net OPEB Asset	448,711	263,530	712,241	46,873
Total Assets	59,452,910	59,749,133	119,202,043	421,970
Deferred Outflows of Resources				
Pension	2,323,334	378,878	2,688,836	88,231
OPEB	1,339,431	168,748	1,499,728	41,090
Asset Retirement Obligations	0	1,104,587	1,104,587	0
Total Deferred Outflows of Resources	3,662,765	1,652,213	5,293,151	129,321
Liabilities				
Accounts Payable	198,998	109,845	308,843	3,284
Contracts Payable	40,869	161,485	202,354	0
Accrued Wages Payable	235,702	73,028	308,730	12,271
Retainage Payable	0	29,580	29,580	0
Accrued Interest Payable	23,507	5,933	29,440	0
Intergovernmental Payable	242,290	48,474	290,764	24,847
Unearned Revenue	3,529,391	0	3,529,391	0
Vacation and Compensatory Benefits Payable	1,138,220	262,421	1,400,641	26,298
Customer Deposits Payable	0	208,980	208,980	0
Long-Term Liabilities:				
Due Within One Year	794,406	572,794	1,367,200	0
Due In More Than One Year:				
Net Pension Liability	16,019,083	2,270,288	18,289,371	418,469
Net OPEB Liability	1,888,897	0	1,888,897	0
Other Amounts Due In More Than One Year	6,840,570	39,644,477	46,485,047	691
Total Liabilities	30,951,933	43,387,305	74,339,238	485,860
Deferred Inflows of Resources				
Property Taxes	688,365	0	688,365	0
Pension	3,527,170	979,861	4,493,655	180,948
OPEB	2,292,257	805,189	3,088,995	146,035
Total Deferred Inflows of Resources	6,507,792	1,785,050	8,271,015	326,983
Net Position				
Net Investment in Capital Assets	36,408,044	12,309,346	48,717,390	56,046
Restricted for:				
Street	1,552,685	0	1,552,685	0
Cemetery	80,846	0	80,846	0
Community Development	502,469	0	502,469	0
Fire Operations	1,452,379	0	1,452,379	0
Police Operations	220,316	0	220,316	0
Court Operations	1,126,323	0	1,126,323	0
Recreation	24,444	0	24,444	0
Health	0	0	0	204,987
Capital Projects	762,226	0	762,226	0
Perpetual Care:				
Expendable	21,120	0	21,120	0
Non-expendable	485,053	0	485,053	0
Park - Non-expendable	711	0	711	0
Unclaimed Monies	22,606	0	22,606	0
Other Purposes	60,449	0	60,449	0
Unrestricted (Deficit)	(17,063,721)	3,919,645	(13,144,076)	(522,585)
Total Net Position	$25,655,950	$16,228,991	$41,884,941	($261,552)

*After deferred inflows and deferred outflows related to the change in internal proportionate share of pension-related items have been eliminated.

See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Activities
For the Year Ended December 31, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	$3,914,562	$583,520	$542,386	$0
Court	1,428,744	989,196	1,135,121	0
Security of Persons and Property:				
Police	3,896,277	92,018	73,461	0
Fire	4,754,522	539,694	108,609	0
Public Health Services	51,912	41,313	3,929	0
Intergovernmental	85,477	0	0	0
Community Environment	496,358	0	426,114	0
Intergovernmental	2,403,087	0	2,537,222	0
Street	2,498,057	32,957	1,079,337	56,731
Transportation	46,194	72,300	0	0
Leisure Time Activities	931,642	698,673	230,247	278,716
Interest and Fiscal Charges	205,299	0	0	0
Total Governmental Activities	20,712,131	3,049,671	6,136,426	335,447
Business-Type Activities				
Sewer	3,542,413	5,077,625	203	0
Water	3,293,952	4,158,351	255,831	0
Total Business-Type Activities	6,836,365	9,235,976	256,034	0
Total	$27,548,496	$12,285,647	$6,392,460	$335,447
Component Unit				
Marietta and Belpre Joint Comsolidated Health District	$545,261	$412,438	$491,896	$0

General Revenues
Property Taxes Levied for General Purposes
Income Taxes Levied for:
General Purposes
Street
Fire Operations
Capital Outlay
Payments in Lieu of Taxes
Hotel Tax
Franchise Taxes
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Contributions
Gain on Sale of Capital Assets
Investment Earnings
Contributions from Primary Government
Other

Total General Revenues

Change in Net Position

Net Position (Deficit) Beginning of Year

Net Position (Deficit) End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Marietta and Belpre Joint Consolidated Health District
($2,788,656)	$0	($2,788,656)	$0
695,573	0	695,573	0
(3,730,798)	0	(3,730,798)	0
(4,106,219)	0	(4,106,219)	0
(6,670)	0	(6,670)	0
(85,477)	0	(85,477)	0
(70,244)	0	(70,244)	0
134,135	0	134,135	0
(1,329,032)	0	(1,329,032)	0
26,106	0	26,106	0
275,994	0	275,994	0
(205,299)	0	(205,299)	0
(11,190,587)	0	(11,190,587)	0
0	1,535,415	1,535,415	0
0	1,120,230	1,120,230	0
0	2,655,645	2,655,645	0
(11,190,587)	2,655,645	(8,534,942)	0
0	0	0	359,073
605,833	0	605,833	0
8,467,184	0	8,467,184	0
1,655,337	0	1,655,337	0
1,985,686	0	1,985,686	0
662,508	0	662,508	0
108,450	0	108,450	0
276,915	0	276,915	0
172,245	0	172,245	0
419,718	0	419,718	0
12,518	0	12,518	0
54,109	61,257	115,366	0
63,194	0	63,194	0
0	0	0	85,477
115,120	34,646	149,766	450
14,598,817	95,903	14,694,720	85,927
3,408,230	2,751,548	6,159,778	445,000
22,247,720	13,477,443	35,725,163	(706,552)
$25,655,950	$16,228,991	$41,884,941	($261,552)

See accompanying notes to the basic financial statements

City of Marietta, Ohio

Balance Sheet

Governmental Funds

December 31, 2021

	General	Street	Community Development	Local Fiscal Recovery	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$2,668,729	$1,137,136	$117,652	$3,134,563	$4,047,670	$11,105,750
Cash and Cash Equivalents in Segregated Accounts	39,792	0	0	0	25,897	65,689
Restricted Cash	22,606	0	0	0	0	22,606
Investments	0	0	0	0	315,434	315,434
Receivables:						
Hotel Taxes	19,758	0	0	0	19,758	39,516
Permissive Motor Vehicle License	0	2,395	0	0	0	2,395
Accounts	115,386	1,200	0	0	65,365	181,951
Payments in Lieu of Taxes	0	0	0	0	124,836	124,836
Accrued Interest	15	0	0	0	47	62
Interfund	223,881	0	38,691	0	51,264	313,836
Municipal Income Tax	856,688	169,480	0	0	271,183	1,297,351
Property Taxes	703,402	0	0	0	0	703,402
Intergovernmental	163,922	395,443	448,114	0	584,985	1,592,464
Materials and Supplies Inventory	23,070	26,816	0	0	0	49,886
Prepaid Items	231,252	25,304	0	0	52,458	309,014
Total Assets	$5,068,501	$1,757,774	$604,457	$3,134,563	$5,558,897	$16,124,192
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	$128,393	$29,175	$5,327	$1,875	$34,228	$198,998
Contracts Payable	0	16,888	0	0	23,981	40,869
Accrued Wages Payable	181,340	23,287	1,470	0	29,605	235,702
Intergovernmental Payable	174,783	14,469	17,412	0	35,626	242,290
Interfund Payable	38,691	0	75,000	0	200,145	313,836
Unearned Revenue	0	0	0	3,132,284	397,107	3,529,391
Total Liabilities	523,207	83,819	99,209	3,134,159	720,692	4,561,086
Deferred Inflows of Resources						
Property Taxes	688,365	0	0	0	0	688,365
Unavailable Revenue	300,119	285,199	251,706	0	672,883	1,509,907
Total Deferred Inflows of Resources	988,484	285,199	251,706	0	672,883	2,198,272
Fund Balances						
Nonspendable	276,928	52,120	0	0	538,222	867,270
Restricted	0	1,336,636	253,542	404	3,316,182	4,906,764
Committed	0	0	0	0	331,295	331,295
Assigned	1,846,254	0	0	0	0	1,846,254
Unassigned (Deficit)	1,433,628	0	0	0	(20,377)	1,413,251
Total Fund Balances	3,556,810	1,388,756	253,542	404	4,165,322	9,364,834
Total Liabilities and Fund Balances	$5,068,501	$1,757,774	$604,457	$3,134,563	$5,558,897	$16,124,192

See accompanying notes to the basic financial statements

City of Marietta, Ohio

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2021

Total Governmental Fund Balances		$9,364,834
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.		43,193,843
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	15,037	
Charges for Services	4,028	
Fines, Licenses and Permits	77,032	
Municipal Income Tax	186,037	
Payments in Lieu of Taxes	124,836	
Intergovernmental Revenues	1,102,937	1,509,907
The net pension and net OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	2,323,334	
Deferred Inflows - Pension	(3,527,170)	
Net Pension Liability	(16,019,083)	
Deferred Outflows - OPEB	1,339,431	
Deferred Inflows - OPEB	(2,292,257)	
Net OPEB Asset	448,711	
Net OPEB Liability	(1,888,897)	(19,615,931)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonds Payable	(5,397,319)	
Accrued Interest Payable	(23,507)	
Loans Payable	(889,722)	
Capital Lease Payable	(653,527)	
Compensated Absences Payable - Sick Leave	(694,408)	
Vacation and Compensatory Benefits Payable	(1,138,220)	(8,796,703)
Net Position of Governmental Activities		$25,655,950

See accompanying notes to the basic financial statements

City of Marietta, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2021

	General	Street	Community Development	Local Fiscal Recovery	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$610,690	$0	$0	$0	$0	$610,690
Hotel Tax	276,915	0	0	0	277,280	554,195
Permissive Motor Vehicle License	0	32,957	0	0	0	32,957
Municipal Income Tax	8,457,846	1,652,686	0	0	2,643,938	12,754,470
Payments in Lieu of Taxes	0	0	0	0	109,616	109,616
Charges for Services	857,003	0	0	0	698,220	1,555,223
Fines, Licenses and Permits	606,454	0	0	0	486,346	1,092,800
Franchise Taxes	172,245	0	0	0	0	172,245
Intergovernmental	1,194,080	1,085,050	2,729,356	90,320	1,242,458	6,341,264
Investment Earnings	63,599	2,535	0	937	5,205	72,276
Donations	15,418	0	0	0	63,269	78,687
Rent	84,709	0	0	0	12,775	97,484
Other	55,967	31,848	0	0	27,305	115,120
Total Revenues	12,394,926	2,805,076	2,729,356	91,257	5,566,412	23,587,027
Expenditures						
Current:						
General Government:						
Legislative and Executive	5,010,220	0	0	15,957	201,856	5,228,033
Court	917,570	0	0	0	802,150	1,719,720
Security of Persons and Property:						
Police	3,906,784	0	0	0	31,418	3,938,202
Fire	2,710,522	0	0	74,896	2,193,541	4,978,959
Public Health Services	0	0	0	0	33,031	33,031
Community Environment	0	0	357,807	0	74,848	432,655
Street	0	2,435,205	0	0	150	2,435,355
Transportation	0	0	0	0	39,217	39,217
Leisure Time Activities	0	0	0	0	628,044	628,044
Capital Outlay	0	0	0	0	699,764	699,764
Intergovernmental	85,477	0	2,403,087	0	0	2,488,564
Debt Service:						
Principal Retirement	0	64,916	0	0	484,611	549,527
Interest and Fiscal Charges	0	6,406	0	0	211,178	217,584
Total Expenditures	12,630,573	2,506,527	2,760,894	90,853	5,399,808	23,388,655
Excess of Revenues Over (Under) Expenditures	(235,647)	298,549	(31,538)	404	166,604	198,372
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	0	0	0	0	65,737	65,737
Inception of Capital Lease	0	0	0	0	226,979	226,979
Transfers In	0	0	0	0	424,782	424,782
Transfers Out	(66,747)	(2,908)	0	0	(355,127)	(424,782)
Total Other Financing Sources (Uses)	(66,747)	(2,908)	0	0	362,371	292,716
Net Change in Fund Balances	(302,394)	295,641	(31,538)	404	528,975	491,088
Fund Balances Beginning of Year	3,859,204	1,093,115	285,080	0	3,636,347	8,873,746
Fund Balances End of Year	$3,556,810	$1,388,756	$253,542	$404	$4,165,322	$9,364,834

See accompanying notes to the basic financial statements

City of Marietta, 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		$491,088
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	1,332,823	
Depreciation	(2,616,516)	
Excess of Depreciation Expense over Capital Outlay		(1,283,693)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the loss on the disposal of assets:		
Proceeds from Sale of Capital Assets	(65,737)	
Gain on Sale of Capital Assets	54,109	(11,628)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Investment Earnings	(1,681)	
Delinquent Property Taxes	(4,857)	
Charges for Services	(2,609)	
Fines, Licenses and Permits	(3,464)	
Municipal Income Tax	16,245	
Payments in Lieu of Taxes	(1,166)	
Intergovernmental Revenues	476,757	479,225
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,539,000	
OPEB	27,353	1,566,353
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities:		
Pension	(732,289)	
OPEB	2,629,966	1,897,677
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:		
Bond Premium Amortization	11,578	
Accrued Interest Payable	707	12,285
The inception of a capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net position.		(226,979)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Bonds	301,000	
Loans	113,557	
Capital Leases	133,611	548,168
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Intergovernmental Payable	1,359	
Vacation and Compensatory Benefits Payable	(9,579)	
Compensated Absences Payable - Sick Leave	(56,046)	(64,266)
Change in Net Position of Governmental Activities		$3,408,230

See accompanying notes to the basic financial statements

City of Marietta, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual

General Fund

For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
Revenues				
Property Taxes	$600,000	$600,000	$610,690	$10,690
Hotel Tax	355,160	355,160	274,327	(80,833)
Municipal Income Tax	7,806,516	7,806,516	8,421,070	614,554
Charges for Services	1,290,561	1,290,561	851,119	(439,442)
Fines, Licenses and Permits	731,826	731,826	601,404	(130,422)
Franchise Tax	212,000	212,000	170,767	(41,233)
Intergovernmental	381,536	381,536	1,190,935	809,399
Investment Earnings	58,019	58,019	64,321	6,302
Donations	6,636	6,636	15,418	8,782
Rent	79,783	79,783	125,074	45,291
Other	453,852	453,852	55,426	(398,426)
Total Revenues	11,975,889	11,975,889	12,380,551	404,662
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,729,835	5,415,827	4,997,803	418,024
Court	904,612	936,706	911,472	25,234
Security of Persons and Property:				
Police	3,843,062	3,977,802	3,959,701	18,101
Fire	2,749,836	2,756,367	2,716,581	39,786
Public Health Services	200,000	200,000	85,477	114,523
Total Expenditures	12,427,345	13,286,702	12,671,034	615,668
Excess of Revenues Under Expenditures	(451,456)	(1,310,813)	(290,483)	1,020,330
Other Financing Sources (Uses)				
Advances In	75,000	75,000	4,097	(70,903)
Advances Out	(75,000)	(75,000)	(75,000)	0
Transfers Out	(102,739)	(102,739)	(66,747)	35,992
Total Other Financing Sources (Uses)	(102,739)	(102,739)	(137,650)	(34,911)
Net Change in Fund Balance	(554,195)	(1,413,552)	(428,133)	985,419
Fund Balance Beginning of Year	2,783,457	2,783,457	2,783,457	0
Prior Year Encumbrances Appropriated	102,476	102,476	102,476	0
Fund Balance End of Year	$2,331,738	$1,472,381	$2,457,800	$985,419

See accompanying notes to the basic financial statements

City of Marietta, Ohio

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

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
Revenues				
Permissive Motor Vehicle License Tax	$99,250	$99,250	$32,983	($66,267)
Municipal Income Tax	1,518,571	1,518,571	1,641,966	123,395
Intergovernmental	2,863,597	2,863,597	990,165	(1,873,432)
Investment Earnings	2,633	2,633	2,462	(171)
Other	64,127	64,127	30,671	(33,456)
Total Revenues	4,548,178	4,548,178	2,698,247	(1,849,931)
Expenditures				
Current:				
Street	4,795,028	3,127,807	2,553,350	574,457
Debt Service:				
Principal Retirement	29,774	100,874	64,916	35,958
Interest and Fiscal Charges	6,245	6,406	6,406	0
Total Expenditures	4,831,047	3,235,087	2,624,672	610,415
Excess of Revenues Over (Under) Expenditures	(282,869)	1,313,091	73,575	(1,239,516)
Other Financing Uses				
Operating Transfers Out	(3,815)	(3,815)	(2,908)	907
Net Change in Fund Balance	(286,684)	1,309,276	70,667	(1,238,609)
Fund Balance Beginning of Year	618,042	618,042	618,042	0
Prior Year Encumbrances Appropriated	241,059	241,059	241,059	0
Fund Balance End of Year	$572,417	$2,168,377	$929,768	($1,238,609)

See accompanying notes to the basic financial statements

City of Marietta, Ohio

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Intergovernmental	$2,372,394	$3,191,979	$2,731,748	($460,231)
Expenditures				
Current:				
Community Environment	127,265	455,275	392,976	62,299
Intergovernmental	1,800,000	2,403,087	2,403,087	0
Total Expenditures	1,927,265	2,858,362	2,796,063	62,299
Excess of Revenues Over (Under) Expenditures	445,129	333,617	(64,315)	(397,932)
Other Financing Sources				
Advances In	0	0	75,000	75,000
Net Change in Fund Balance	445,129	333,617	10,685	(322,932)
Fund Balance Beginning of Year	63,119	63,119	63,119	0
Prior Year Encumbrances Appropriated	22,850	22,850	22,850	0
Fund Balance End of Year	$531,098	$419,586	$96,654	($322,932)

See accompanying notes to the basic financial statements

City of Marietta, Ohio

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

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Intergovernmental	$4,862,810	$3,222,604	$3,222,604	$0
Investment Earnings	0	0	533	533
Total Revenues	4,862,810	3,222,604	3,223,137	533
Expenditures				
Current:				
General Government - Legislative and Executive	4,787,914	3,147,708	435,498	2,712,210
Security of Persons and Property - Fire	74,896	74,896	74,896	0
Total Expenditures	4,862,810	3,222,604	510,394	2,712,210
Net Change in Fund Balance	0	0	2,712,743	2,712,743
Fund Balance Beginning of Year	0	0	0	0
Fund Balance End of Year	$0	$0	$2,712,743	$2,712,743

See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Fund Net Position
Enterprise Funds
December 31, 2021

	Sewer	Water	Total Enterprise Funds
Assets			
Current:			
Equity in Pooled Cash and Cash Equivalents	$5,643,320	$3,647,384	$9,290,704
Cash and Cash Equivalents in Segregated Accounts	158,808	149,164	307,972
Accounts Receivable	966,873	810,012	1,776,885
Intergovernmental Receivable	437	446	883
Materials and Supplies Inventory	46,782	86,020	132,802
Restricted Assets:			
Customer Deposits:			
Equity in Pooled Cash and Cash Equivalents	53,400	55,580	108,980
Investments	49,000	51,000	100,000
Prepaid Items	70,057	77,876	147,933
Total Current Assets	6,988,677	4,877,482	11,866,159
Noncurrent:			
Non-Depreciable Capital Assets	19,263,589	2,328,740	21,592,329
Depreciable Capital Assets, Net	19,415,872	6,611,243	
Net OPEB Asset	128,204	135,326	263,530
Total Noncurrent Assets	38,807,665	9,075,309	47,882,974
Total Assets	45,796,342	13,952,791	59,749,133
Deferred Outflows of Resources			
Pension	177,812	203,933	381,745
OPEB	78,348	92,570	170,918
Asset Retirement Obligations	1,104,587	0	1,104,587
Total Deferred Outflows of Resources	1,360,747	296,503	1,657,250
Liabilities			
Current:			
Accounts Payable	52,445	57,400	109,845
Contracts Payable	115,627	45,858	161,485
Accrued Wages Payable	38,595	34,433	73,028
Retainage Payable	29,580	0	29,580
Intergovernmental Payable	24,934	23,540	48,474
Vacation and Compensatory Benefits Payable	125,194	137,227	262,421
Compensated Absences Payable	3,202	35,837	39,039
Accrued Interest Payable	2,005	3,928	5,933
Capital Leases Payable	50,894	0	50,894
General Obligation Bonds Payable	48,000	103,000	151,000
OPWC Loans Payable	22,037	13,498	35,535
OWDA Loans Payable	193,657	102,669	296,326
Customer Deposits Payable from Restricted Assets	102,400	106,580	208,980
Total Current Liabilities	808,570	663,970	1,472,540
Long-Term:			
Compensated Absences Payable	56,277	104,889	161,166
Capital Leases Payable	105,623	0	105,623
General Obligation Bonds Payable	578,252	1,275,412	1,853,664
OPWC Loans Payable	414,905	98,345	513,250
OWDA Loans Payable	27,459,210	7,862,474	35,321,684
Asset Retirement Obligations	1,689,090	0	1,689,090
Net Pension Liability	1,104,465	1,165,823	2,270,288
Total Long-Term Liabilities	31,407,822	10,506,943	41,914,765
Total Liabilities	32,216,392	11,170,913	43,387,305
Deferred Inflows of Resources			
Pension	479,555	503,173	982,728
OPEB	393,884	413,475	807,359
Total Deferred Outflows of Resources	873,439	916,648	1,790,087
Net Position			
Net Investment in Capital Assets	9,671,928	2,637,418	12,309,346
Unrestricted (Deficit)	4,395,330	(475,685)	3,919,645
Total Net Position	$14,067,258	$2,161,733	$16,228,991

See accompanying notes to the basic financial statements

City of Marietta, Ohio

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

	Sewer	Water	Total Enterprise Funds
Operating Revenues			
Charges for Services	$5,077,625	$4,158,351	$9,235,976
Other Operating Revenues	29,792	4,854	34,646
Total Operating Revenues	5,107,417	4,163,205	9,270,622
Operating Expenses			
Salaries and Wages	1,065,402	1,177,723	2,243,125
Fringe Benefits	(236,370)	(234,176)	(470,546)
Contractual Services	1,154,474	1,501,079	2,655,553
Materials and Supplies	184,964	331,257	516,221
Other Operating Expenses	52,805	38,040	90,845
Depreciation	762,117	241,707	1,003,824
Total Operating Expenses	2,983,392	3,055,630	6,039,022
Operating Income	2,124,025	1,107,575	3,231,600
Non-Operating Revenues (Expenses)			
Intergovernmental	203	255,831	256,034
Gain on Sale of Capital Assets	1,184	60,073	61,257
Interest and Fiscal Charges	(559,021)	(238,322)	(797,343)
Total Non-Operating Revenues (Expenses)	(557,634)	77,582	(480,052)
Change in Net Position	1,566,391	1,185,157	2,751,548
Net Position Beginning of Year	12,500,867	976,576	13,477,443
Net Position End of Year	$14,067,258	$2,161,733	$16,228,991

See accompanying notes to the basic financial statements

City of Marietta, Ohio

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

	Sewer	Water	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	$5,056,186	$4,178,543	$9,234,729
Cash Payments for Employee Services and Benefits	(1,660,991)	(1,781,647)	(3,442,638)
Cash Payments to Suppliers for Goods and Services	(1,407,992)	(1,838,095)	(3,246,087)
Other Operating Revenues	29,942	4,361	34,303
Other Operating Expenses	(54,447)	(36,647)	(91,094)
Customer Deposits Received	14,210	14,790	29,000
Customer Deposits Returned	(13,446)	(13,994)	(27,440)
Net Cash Provided by Operating Activities	1,963,462	527,311	2,490,773
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(1,745,667)	(873,998)	(2,619,665)
Intergovernmental	203	255,831	256,034
Proceeds from Sale of Capital Assets	1,184	42,345	43,529
Loan Proceeds	1,226,856	1,183,001	2,409,857
Principal Paid on Debt	(1,250,010)	(831,805)	(2,081,815)
Interest Paid on Debt	(554,160)	(247,627)	(801,787)
Net Cash Used for Capital and Related Financing Activities	(2,321,594)	(472,253)	(2,793,847)
Net Increase (Decreased) in Cash and Cash Equivalents	(358,132)	55,058	(303,074)
Cash and Cash Equivalents Beginning of Year	6,213,660	3,797,070	10,010,730
Cash and Cash Equivalents End of Year	$5,855,528	$3,852,128	$9,707,656
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	$2,124,025	$1,107,575	$3,231,600
Adjustments:			
Depreciation	762,117	241,707	1,003,824
(Increase)/Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	(20,564)	20,455	(109)
Intergovernmental Receivable	39	40	79
Materials and Supplies Inventory	(2,371)	(15,426)	(17,797)
Prepaid Items	(5,860)	(8,762)	(14,622)
Deferred Outflows of Resources - Pension	230,812	271,754	502,566
Deferred Outflows of Resources - OPEB	136,125	157,385	293,510
Deferred Outflows of Resources - Asset Retirement Obligations	(44,573)	0	(44,573)
Increase/(Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable	(11,232)	2,360	(8,872)
Accrued Wages Payable	5,484	(243)	5,241
Intergovernmental Payable	(995)	1,603	608
Vacation and Compensatory Benefits Payable	13,762	19,847	33,609
Compensated Absences Payable	14,059	26,311	40,370
Net Pension Liability	(5,919)	(6,245)	(12,164)
Net OPEB Liability	(619,578)	(653,998)	(1,273,576)
Decrease in Deferred Inflows - Pension	(334,014)	(347,121)	(681,135)
Decrease in Deferred Inflows - OPEB	(277,855)	(289,931)	(567,786)
Net Cash Provided by Operating Activities	$1,963,462	$527,311	$2,490,773

See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2021

Assets	
Cash and Cash Equivalents in Segregated Accounts	$105,074
Accounts Receivable	144,804
Total Assets	249,878
Liabilities	
Accounts Payable	54,955
Intergovernmental Payable	50,119
Total Liabilities	105,074
Net Position	
Restricted for Individuals, Organizations, and Other Governments	$144,804

See accompanying notes to the basic financial statements

City of Marietta, Ohio

Statement of Changes in Fiduciary Net Position

Custodial Fund

For the Year Ended December 31, 2021

Additions	
Fines and Forfeitures for Other Governments	$974,669
Contributions from Individuals	443,891
Total Additions	1,418,560
Deductions	
Distributions to the State of Ohio	530,370
Distributions to Other Governments	230,747
Distributions to Individuals	621,368
Miscellaneous	46,405
Total Deductions	1,428,890
Net Decrease in Fiduciary Net Position	(10,330)
Net Position Beginning of Year	155,134
Net Position End of Year	$144,804

See accompanying notes to the basic financial statements

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Marietta (the "City") is a body politic, incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the laws of the State of Ohio. The City is organized as a Mayor/Council form of government. Located in Washington County in southern Ohio at the confluence of the Muskingum and Ohio Rivers, Marietta was the first village incorporated in the Northwest Territory. Marietta became a city in 1825. The City serves as the county seat.

The Mayor, Auditor, Treasurer, and Law Director, all with four year terms; the Municipal Court Judge, with a six year term; and a seven member Council, with two year terms, are elected. Department directors and public members of various boards and commissions are appointed by the Mayor.

Report Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Marietta, this includes police and fire protection, emergency medical, recreation (including parks), planning, zoning, street maintenance and repair, water and water pollution control, and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. These City operations form the legal entity of the City and are included as the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; 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 budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The City's only component unit is the Marietta and Belpre Joint Consolidated Health District (the Health District).

The Health District was created as a legally separate organization under chapter 3709 of the Ohio Revised Code. Among its various duties, the Health District provides for the prompt diagnosis and control of communicable diseases. The Health District may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The Health District is operated by a board with two members appointed by the Mayor of Marietta; two members appointed by the Mayor of Belpre; and one member jointly appointed by the Mayors of Marietta and Belpre. The rates charged by the Health District are subject to the approval of respective City Councils. However, the City of Marietta solely provides funding to the Health District, thus the City of Marietta can impose will on the Health District, and the Health District imposes a financial burden to the City. Therefore, the Health District is considered a discretely presented component unit of the City of Marietta. Separately issued financial statements can be obtained from City Auditor Sherri Hess at the City of Marietta, 301 Putnam Street, Marietta, Ohio 45750. (See Note 26)

The City participates in the Buckeye Hills Regional Council, the Washington-Morgan Community Action Corporation, and the Wood, Washington, and Wirt Planning Commission, which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 20.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Street Fund The Street Fund is used to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

Community Development Fund The Community Development Fund is used to account for federal grant monies for projects to improve the community within the City and to be passed thru to the Community Action Program Corporation of Washington-Morgan Counties.

Local Fiscal Recovery Fund The Local Fiscal Recovery Fund accounts for restricted Coronavirus funding from the federal government through the American Rescue Plan Act. The money can be used to address the Coronavirus pandemic's harmful economic and health effects.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The City's proprietary funds are all classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. All of the City's enterprise funds are major funds.

Sewer Fund The Sewer Fund is used to account for the revenues generated from the charges for sanitary sewer services provided to the residential and commercial users of the City.

Water Fund The Water Fund is used to account for the revenues generated from the charges for distribution of water to the residential and commercial users of the City.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's fiduciary funds are custodial funds. The City's custodial funds account for amounts collected and distributed on behalf of another government or organization. The City's custodial funds account for the amounts collected by the municipal court that are paid to other governments.

C. <u>Measurement Focus</u>

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenditures) in total net position.

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

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). 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 a nonexchange transaction must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net 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 asset retirement obligations, pension, and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized 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 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, payments in lieu of taxes, charges for services, intergovernmental grants, and fines, licenses and permits. 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 Balances to Net Position of Governmental Activities found on page 21. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

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.

E. Budget Process

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

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

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

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool, except for the investments of the customer deposits and the Cemetery Trust Permanent Funds which are invested separately. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2021, investments were limited to certificates of deposit, which are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Investment earnings credited to the General Fund during 2021 amounted to $63,599, of which $53,606 was assigned from other funds.

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 presented on the financial statements as cash equivalents.

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented in the financial statements as "Cash and Cash Equivalents in Segregated Accounts" since they are not deposited into the City's treasury.

G. Restricted Assets

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

Restricted assets represent utility deposits from customers that are classified as restricted because their use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer. Unclaimed monies that are required to be held for five years before they may be utilized by the City are reported as restricted.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Capital Assets

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

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

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

Description	Governmental Activities	Business-Type Activities
Buildings and Improvements	10 - 50 years	40 - 50 years
Machinery and Equipment	5 - 15 years	10 - 15 years
Vehicles	5 - 15 years	5 - 8 years
Infrastructure	10 - 25 years	10 - 50 years

The City's infrastructure consists of City streets, street signs, decorative lights, traffic signals, and water and sewer systems and includes infrastructure acquired prior to December 31, 1980.

K. 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 employer will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation and compensatory benefits payable". The balances are to be used by employees in the year following the year in which the benefit was earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated, unused sick leave with the following criteria by department: after twelve years of service for the Fire Department, after fifteen years of service for the Water, Sewer, Street, Engineer, Maintenance, Cemetery, Recreation, Parks, and Income Tax Departments, after twenty years of service for the Police, Community Development Clerk, Court, and Information Systems Department, and after twenty five years for Law Director's office, Clerk of Council, Mayor's Office, Community Development, Auditor's Office, and Clerk of Courts and Bailiff.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. 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 are 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. It also includes the long-term amount of interfund loans, if any.

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandates 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.

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 are 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 City Council or a City official delegated that authority by City ordinance or by State Statute. The City Council assigned fund balance to cover the gap between the estimated resources and appropriations in the 2022's appropriated budget.

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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which 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.

N. Net Position

Net Position represents the difference between assets and liabilities. 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 their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the law director's office and for monies received for the Local Fiscal Recovery Fund.

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer and water utility services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting the definition are reported as non-operating.

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of 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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Interfund Assets and Liabilities

On the fund financial statements, outstanding interfund loans and unpaid amounts for internal services are reported as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Deferred inflows of resources and deferred outflows of resources from the change in internal proportionate share related to pension items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position.

R. Bond Premiums

Bond premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the government fund financial statements, bond premiums are recognized in the period in which bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and that are either unusual in nature or infrequent in occurrence.

T. Estimates

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

U. 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 positon 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.

T. Unearned Revenue

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For 2021, the City implemented the Governmental Accounting Standards Board's (GASB) Statement No. 98, *The Annual Comprehensive Financial Report.* GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The City is also implementing *Implementation Guide No. 2019-1*. These changes were incorporated in the City's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General Fund and the major special revenue funds 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 are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Outstanding year end encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).

4. Unrecorded cash and interest, segregated accounts, and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.

5. Advances in and advances out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the General Fund and the major special revenue funds.

Net Change in Fund Balance

	General	Street	Community Development	Local Fiscal Recovery
GAAP Basis	($302,394)	$295,641	($31,538)	$404
Net Adjustment for Revenue Accruals	(1,656)	(106,756)	2,392	3,131,880
Beginning of Year:				
Unrecorded Cash	19,168	0	0	0
Unrecorded Interest	4,587	147	0	0
Prepaid Items	230,724	22,681	1,928	0
Segregated Accounts	32,030	0	0	0
End of Year:				
Unrecorded Cash	(24,669)	0	0	0
Unrecorded Interest	(4,043)	(220)	0	0
Prepaid Items	(231,252)	(25,304)	0	0
Segregated Accounts	(39,792)	0	0	0
Net Adjustment for Expenditure Accruals	164,890	91,626	(16,099)	1,875
Advances In	4,097	0	75,000	0
Advances Out	(75,000)	0	0	0
Encumbrances	(204,823)	(207,148)	(20,998)	(421,416)
Budget Basis	($428,133)	$70,667	$10,685	$2,712,743

NOTE 5 - FUND BALANCES

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

Fund Balances	General	Street	Community Development	Local Fiscal Recovery	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepaid Items	$231,252	$25,304	$0	$0	$52,458	$309,014
Park Endowments	0	0	0	0	711	711
Cemetery Endowments	0	0	0	0	485,053	485,053
Unclaimed Monies	22,606	0	0	0	0	22,606
Inventory	23,070	26,816	0	0	0	49,886
Total Nonspendable	276,928	52,120	0	0	538,222	867,270
Restricted for:						
Street	0	1,336,636	0	0	0	1,336,636
Cemetery	0	0	0	0	78,263	78,263
Community Development	0	0	253,542	0	0	253,542
Cemetery Trust	0	0	0	0	21,120	21,120
Fire Operations	0	0	0	0	1,647,591	1,647,591
Police Operations	0	0	0	0	211,023	211,023
Court Operations	0	0	0	0	664,427	664,427
Recreation	0	0	0	0	24,444	24,444
Other Purposes	0	0	0	404	48,863	49,267
Bond and Note Retirement	0	0	0	0	41,064	41,064
Court Improvements	0	0	0	0	257,620	257,620
Capital Improvements	0	0	0	0	321,767	321,767
Total Restricted	0	1,336,636	253,542	404	3,316,182	4,906,764
Committed to:						
Recreation	0	0	0	0	28,375	28,375
Parking	0	0	0	0	298,925	298,925
Other Local Funds	0	0	0	0	3,995	3,995
Total Committed	0	0	0	0	331,295	331,295
Assigned to:						
2022 Appropriations	1,645,806	0	0	0	0	1,645,806
Purchases on Order	200,448	0	0	0	0	200,448
Total Assigned	1,846,254	0	0	0	0	1,846,254
Unassigned (Deficit):	1,433,628	0	0	0	(20,377)	1,413,251
Total Fund Balances	$3,556,810	$1,388,756	$253,542	$404	$4,165,322	$9,364,834

NOTE 6 - FUND DEFICITS

The Marietta Harbor and Armory Cultural Facilities Gym Capital Projects Funds have deficit fund balances of $6,152 and $14,225 as of December 31, 2021, respectively. These deficits are the result of short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 7 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

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

5. Bonds and other obligations of the State of Ohio, and with certain limitations, bonds and other obligations or political subdivisions of the State of Ohio;

6. The State Treasurer's investment pool (STAR Ohio);

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

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

NOTE 8 - 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.

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 full tax rate for all City operations for the year ended December 31, 2021, was $2.40 per $1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property	$277,976,250
Public Utility Property	8,842,550
Total	$286,818,800

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2021, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2021 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Tax Abatements

As of December 31, 2021, the City provided tax abatements through a Community Reinvestment Area (CRA) Tax Abatement with Hippodrome/Colony Historical Theater Association and Perry & Associates. Pursuant to Ohio Revised Code 3735.67, the City established the CRA to provide property tax abatements to encourage revitalization of the existing buildings. The abatements were obtained through application by the property owners, including proof that the improvements have been made, and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatements are deducted from the recipients' tax bill. The amount of property taxes abated for 2021 were $795 and $1,234, respectively.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2021, consisted of taxes, accounts (billings for user charged services including unbilled utility services and third party billings), payments in lieu of taxes, interfund, accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered collectible in full. Delinquent sewer accounts receivable (billings for user charged services) are certified and collected as a special assessment, subject to foreclosure for nonpayment.

As provided by State law, the City entered into Tax Increment Financing Agreement in 2012 with First Colony Center, LLC for the purpose of construction of a hotel and a public access road. To encourage these improvements, the company was granted an exemption from paying 75% of their property taxes on the new construction; however, payments in lieu of taxes are made to the City in an amount equal to the real property taxes that otherwise would have been due in that current year. These payments are being used to finance public infrastructure improvements that will directly benefit the parcels of the First Colony Center and will continue for ten years. A receivable has been recorded in the amount of $124,836, which represents amounts to be received by the City in 2022.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	Amount
Gasoline Tax and Motor Vehicle License	$393,144
Community Based Corrections Grant	296,880
Housing and Urban Development Grant	204,903
Housing Voucher Program	196,408
Justice Reinvestment and Incentive Grant	150,012
Local Government	124,505
COVID Court Mitigation	52,194
Community Housing Impact and Preservation	46,803
Homestead and Rollback	31,656
ODNR Grant	23,981
Victims of Crime Act Grant	23,935
Stop Violence Against Women Grant	16,155
Specialized Docket Subsidy	12,000
COVID Police Grant	5,000
Court Reimbursements from Washington County	4,889
Bureau of Workers' Compensation Payments	3,503
COVID CDBG	3,252
Excess IRP	2,040
Indigent Drivers' Alcohol Treatment Reimbursements	1,204
Total Governmental Activities	1,592,464
Business-Type Activities:	
Bureau of Workers' Compensation Payments	883
Total	$1,593,347

NOTE 10 - INCOME TAX

The City levies a municipal income tax of 1.85 percent on substantially all earned income arising from employment, residency, or business activities within the City as well as income of residents earned outside of the City. The City allows a credit of 100 percent for the income tax paid to another municipality, not to exceed 1.85 percent of taxable income, to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds were distributed to funds in the following manner: 66% to the General Fund, 13% to the Street Special Revenue Fund, 16% to the Fire Levy Special Revenue Fund, and 5% to the Capital Improvement Capital Projects Fund.

NOTE 11 - CAPITAL ASSETS

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

	Balance 12/31/2020	Increases	Decreases	Balance 12/31/2021
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$1,422,963	$35,074	$0	$1,458,037
Construction in Progress	1,590,219	389,598	(969,505)	1,010,312
Total Capital Assets not being Depreciated	3,013,182	424,672	(969,505)	2,468,349
Capital Assets being Depreciated:				
Buildings and Improvements	34,896,238	61,200	0	34,957,438
Machinery and Equipment	4,530,379	401,942	0	4,932,321
Vehicles	4,507,889	17,805	(115,145)	4,410,549
Infrastructure	47,785,254	1,396,709	0	49,181,963
Total Capital Assets being Depreciated	91,719,760	1,877,656	(115,145)	93,482,271
Less Accumulated Depreciation:				
Buildings and Improvements	(15,797,357)	(1,155,220)	0	(16,952,577)
Machinery and Equipment	(3,295,491)	(235,999)	0	(3,531,490)
Vehicles	(3,397,582)	(192,072)	103,517	(3,486,137)
Infrastructure	(27,753,348)	(1,033,225)	0	(28,786,573)
Total Accumulated Depreciation	(50,243,778)	(2,616,516) *	103,517	(52,756,777)
Total Capital Assets being Depreciated, Net	41,475,982	(738,860)	(11,628)	40,725,494
Governmental Activities Capital Assets, Net	$44,489,164	($314,188)	($981,133)	$43,193,843

* Depreciation expense was charged to governmental programs as follows:

General Government - Legislative and Executive	$434,611
General Government - Court	313,284
Security of Persons and Property:	
Police	123,811
Fire	197,742
Public Health Services	18,881
Community Environment	97,998
Street	1,098,163
Transportation	6,977
Leisure Time Activities	325,049
Total Depreciation Expense	$2,616,516

	Balance 12/31/2020	Increases	Decreases	Balance 12/31/2021
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	$606,027	$0	$0	$606,027
Construction in Progress	18,872,551	2,273,024	(159,273)	20,986,302
Total Capital Assets not being Depreciated	19,478,578	2,273,024	(159,273)	21,592,329
Capital Assets being Depreciated:				
Buildings and Improvements	365,380	0	0	365,380
Machinery and Equipment	3,096,100	82,552	0	3,178,652
Vehicles	795,528	0	(114,835)	680,693
Infrastructure	77,721,929	192,148	0	77,914,077
Total Capital Assets being Depreciated	81,978,937	274,700	(114,835)	82,138,802
Less Accumulated Depreciation:				
Buildings and Improvements	(191,660)	(7,275)	0	(198,935)
Machinery and Equipment	(2,264,205)	(91,288)	0	(2,355,493)
Vehicles	(716,090)	(22,182)	114,835	(623,437)
Infrastructure	(52,050,743)	(883,079)	0	(52,933,822)
Total Accumulated Depreciation	(55,222,698)	(1,003,824)	114,835	(56,111,687)
Total Capital Assets being Depreciated, Net	26,756,239	(729,124)	0	26,027,115
Business-Type Activities Capital Assets, Net	$46,234,817	$1,543,900	($159,273)	$47,619,444

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City contracts with Peoples Insurance Agency who, on behalf of the City, negotiates property and casualty insurance coverage with U.S. Specialty Insurance Company. U.S. Specialty provides commercial general liability insurance, which has a $1,000,000 per occurrence limit with an additional $6,000,000 in umbrella liability coverage. The following lists the coverage limits and deductibles:

Property	Limit	Deductible
Real and Personal Property	$129,546,638	$20,000
Boiler and Machinery	129,546,638	20,000

Liability	Limit (Per Occurrence)	Aggregate	Deductible
Commercial General	$1,000,000	$3,000,000	$1,000
Employee Benefits	1,000,000	3,000,000	1,000
Employer Liability	1,000,000	1,000,000	5,000
Public Officials Wrongful Acts	1,000,000	1,000,000	5,000
Law Enforcement	1,000,000	1,000,000	10,000

Vehicles are covered by U.S. Specialty and have a $1,000 deductible for comprehensive and $1,000 for collision. Automobile liability has a $1,000,000 combined single limit for bodily injury and liability for property damage. The Assistant Safety-Service Director reviews all claims.

There were no significant reductions in coverage from prior years. Settlements have not exceeded coverage in any of the last three years.

The City participates in the Workers' Compensation Program provided by the State of Ohio. The City belongs to a group with other Ohio cities through the Ohio Municipal League for a workers' compensation group rating program, which utilized Comp Management as a third-party administrator.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

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

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

The net pension/OPEB liability (asset) represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB* or a long-term *net pension/OBEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment. When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

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

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

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

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

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

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

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

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

For 2021, the City's contractually required contribution was $875,482 for the traditional plan. Of these amounts, $119,191 is reported as an intergovernmental payable.

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

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

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

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

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

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $987,447 for 2021. Of this amount, $105,326 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 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 (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	Traditional Plan	OP&F	
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.04143700%	0.17827920%	
Prior Measurement Date	0.04062100%	0.18741380%	
Change in Proportionate Share	0.00081600%	-0.00913460%	
Proportionate Share of the:			Total
Net Pension Liability	$6,135,917	$12,153,454	$18,289,371
Pension Expense	154,477	711,008	865,485

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

	OPERS Traditional Plan	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$0	$508,055	$508,055
Changes of assumptions	0	203,819	203,819
Changes in proportion and differences between City contributions and proportionate share of contributions	112,359	1,674	114,033
City contributions subsequent to the measurement date	875,482	987,447	1,862,929
Total Deferred Outflows of Resources	$987,841	$1,700,995	$2,688,836
Deferred Inflows of Resources			
Differences between expected and actual experience	$256,671	$473,462	$730,133
Changes of assumptions	0	0	0
Net difference between projected and actual earnings on pension plan investments	2,391,602	589,523	2,981,125
Changes in proportion and differences between City contributions and proportionate share of contributions	6,862	775,535	782,397
Total Deferred Inflows of Resources	$2,655,135	$1,838,520	$4,493,655

$1,862,929 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OP&F	Total
Year Ending December 31:			
2022	($941,934)	($289,977)	($1,231,911)
2023	(299,764)	46,425	(253,339)
2024	(974,899)	(667,212)	(1,642,111)
2025	(326,179)	(177,374)	(503,553)
2026	0	(36,834)	(36,834)
Total	($2,542,776)	($1,124,972)	($3,667,748)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	1.4 percent, simple through 2020, then 2.15 percent, simple	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent 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 most recent experience study was completed for the five year period ended December 31, 2015.

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

Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 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
Total	100.00 %	5.43 %

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

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	$11,704,295	$6,135,917	$1,505,821

Changes between the Measurement Date and the Reporting Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions – OP&F

OP&F'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 OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, 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	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

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

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

Note: Assumptions are geometric.
* levered 2.5x

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

Discount Rate 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 of 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$16,919,164	$12,153,454	$8,165,035

NOTE 14 - DEFINED BENEFIT OPEB PLANS

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

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

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

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

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

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

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after

January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 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. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $6,935 for 2021. Of this amount, $942 is reported as an intergovernmental payable.

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

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

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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 $22,984 for 2021. Of this amount, $2,449 is reported as an intergovernmental payable.

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.039978%	0.1782792%	
Prior Measurement Date	0.039075%	0.1874138%	
Change in Proportionate Share	0.000903%	-0.0091346%	Total
Proportionate Share of the Net			
Net OPEB Liability	$0	$1,888,897	$1,888,897
Net OPEB Asset	$712,241	$0	$712,241
OPEB Expense	(4,298,666)	123,414	(4,175,252)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes of assumptions	$350,145	$1,043,513	$1,393,658
Changes in proportion and differences between City contributions and proportionate share of contributions	76,151	0	76,151
City contributions subsequent to the measurement date	6,935	22,984	29,919
Total Deferred Outflows of Resources	$433,231	$1,066,497	$1,499,728
Deferred Inflows of Resources			
Differences between expected and actual experience	$642,792	$311,567	$954,359
Changes of assumptions	1,154,042	301,125	1,455,167
Net difference between projected and actual earnings on OPEB plan investments	379,349	70,195	449,544
City contributions subsequent to the measurement date	6,857	223,068	229,925
Total Deferred Inflows of Resources	$2,183,040	$905,955	$3,088,995

$29,919 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2022	($913,641)	$23,779	($889,862)
2023	(633,554)	40,401	(593,153)
2024	(164,851)	14,195	(150,656)
2025	(44,698)	26,625	(18,073)
2026	0	19,827	19,827
Thereafter	0	12,731	12,731
Total	($1,756,744)	$137,558	($1,619,186)

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.50 percent, 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. Postretirement 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. Postretirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, 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 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed 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 liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	($177,103)	($712,241)	($1,152,166)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB liability 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 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	($729,599)	($712,241)	($692,819)

Changes between Measurement Date and Reporting Date

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

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

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

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

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	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 percent
Cost of Living Adjustments	2.2 percent simple

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

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

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

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

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

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate:

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	$2,355,347	$1,888,897	$1,504,131

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

NOTE 15 - OTHER EMPLOYEE BENEFITS

A. Deferred Compensation Plans

City employees and elected officials participate in a statewide deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

B. Employee Health Benefits

The City provides $20,000 in accidental death and dismemberment insurance to its full-time employees, part-time employees hired after July 1, 1992 and working a minimum of thirty hours per week, and all elected public officials through Hartford Life Insurance.

The City provides comprehensive major medical, vision, and dental insurance under the Michigan Conference of Teamsters Welfare Fund through Blue Cross and Blue Shield. Premiums are based on a per week, per employee (no family or single rates) basis. The City pays 85% for non-union employees, 85% for police and fire employees, and 90% for teamster employees. Rates are $373.15 per week per employee. Premiums are paid from the same funds that pay the employees' salaries.

C. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Upon retirement, all employees hired prior to January 1, 1988, except Firemen and Teamsters, are paid 100% of their sick leave up to a maximum of 120 days. All employees hired after January 1, 1988, except Firemen and Teamsters, are paid fifty percent of their sick leave at the time of retirement up to a maximum of 120 days accumulation. If hired before January 1, 1991, firemen whose employment with the City is terminated either by retirement or after twelve years of consecutive employment by the City, are paid for accumulated sick leave up to a maximum of 120 days accumulation. If hired after January 1, 1991, firemen whose employment with the City is terminated either by retirement or after twelve years of consecutive employment by the City, are paid fifty percent of their accumulated sick leave up to a maximum 120 days accumulation. Teamsters hired prior to January 1, 1992, are paid 100% of their sick leave at the time of retirement up to a maximum of 120 days accumulation. Teamsters hired after January 1, 1992, are paid fifty percent of their sick leave at the time of retirement up to a maximum of 120 days accumulation. Upon voluntary termination, death, or retirement, all employees will receive 100% of vacation earned and not previously taken.

NOTE 16 - SIGNIFICANT COMMITMENTS

A. Contractual Commitments

As of December 31, 2021, the City had contractual purchase commitments for projects in various funds. The amount for each project is as follows:

Project	Purchase Commitments	Amount Expended	Amount Remaining on Contracts
East Muskingum Park - Start Westward			
Start Westward Monument Fund	$431,578	$417,243	$14,335
Fiber Optic Project			
Street Fund	269,292	266,296	2,996
Safe Routes to School			
Street Fund	208,789	208,789	0
304 Generator Replacement			
Capital Improvement Fund	13,700	13,700	0
SR7 Urban Fund			
Street Fund	104,284	104,284	0
Water Treatment Plant Upgrade			
Water Fund	1,875,245	1,783,693	91,552
Telemetry System Upgrade			
Sewer Fund	185,113	165,895	19,218
State Route 7 North Sewer Extension			
Sewer Fund	106,400	96,661	9,739
Waste Water Treatment Aeration Upgrade Project			
Sewer Fund	1,621,706	1,509,952	111,754
Waste Water Treatment Plant Upgrade			
Sewer Fund	17,436,615	17,430,101	6,514
Total All Projects	$22,252,722	$21,996,614	$256,108

B. Encumbrances

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

Governmental Funds:	
General Fund	$204,823
Street Fund	207,148
Community Development Fund	20,998
Local Fiscal Recovery Fund	421,416
Nonmajor Governmental Funds	119,207
Total Governmental Funds	973,592
Enterprise Funds:	
Water Fund	265,396
Sewer Fund	686,877
Total Enterprise Funds	952,273
Total	$1,925,865

NOTE 17 - CAPITAL LEASES - LESSEE DISCLOSURE

In 2019, the City entered into lease agreement totaling $84,000 for a lift truck to be used by the street department. In 2018, the City entered into lease agreements totaling $484,196 for a street sweeper to be used by the street department and vacuum truck to be used by the sewer department. In 2020, the City entered into a lease agreement in the amount of $432,317 for a fire truck to be used by the fire department. The City also entered into a lease agreement in 2021 for an ambulance for the fire department in the amount of $226,979. All of these leases meet the criteria of a capital lease which is defined as transferring benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the enterprise fund. Governmental activities capitalized leased assets are reflected net of accumulated depreciation for a book value of $787,221. Business-type activities capitalized leased asset is reflected net of accumulated depreciation for a book value of $260,533. Principal payments for the capital leases during 2021 totaled $182,909.

Future minimum lease payments through 2025 are as follows:

	Governmental Activities		Business-Type Activities	
Year	Principal	Interest	Principal	Interest
2022	$224,674	$20,499	$50,894	$4,402
2023	164,489	13,326	52,543	2,754
2024	169,494	8,322	53,080	2,214
2025	94,870	3,163	0	0
Total	$653,527	$45,310	$156,517	$9,370

NOTE 18 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City for the year ended December 31, 2021, were as follows:

	Principal Outstanding 12/31/2020	Additions	Deletions	Principal Outstanding 12/31/2021	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2020 Various Purpose Bonds:					
Serial Bonds - 4%	$680,000	$0	$155,000	$525,000	$160,000
Serial Bonds - 1.75%	325,000	0	0	325,000	0
Term Bonds - 1.75%	735,000	0	0	735,000	0
Term Bonds - 3.0%	1,705,000	0	0	1,705,000	0
Bond Premium	160,864	0	8,537	152,327	0
Municipal Court Bonds					
2014 - $2,865,000 - 1.5 - 4.0%	2,000,000	0	125,000	1,875,000	130,000
Premium on Bonds	33,794	0	2,616	31,178	0
Municipal Software Bonds					
2014 - $216,000 - 1.5 - 3.0%	69,000	0	21,000	48,000	24,000
Premium on Bonds	1,239	0	425	814	0
Total Bonds	5,709,897	0	312,578	5,397,319	314,000
Net Pension Liability:					
OPERS	5,058,283	0	1,192,654	3,865,629	0
OPF	12,625,195	0	471,741	12,153,454	0
Total Net Pension Liability	17,683,478	0	1,664,395	16,019,083	0
Net OPEB Liability:					
OPERS	3,400,282	0	3,400,282	0	0
OPF	1,851,223	37,674	0	1,888,897	0
Total Net OPEB Liability	5,251,505	37,674	3,400,282	1,888,897	0
Loans from Direct Borrowings					
Armory Loan - 4.99%	250,000	0	50,000	200,000	50,000
OPWC 2016 Paving Loan - 0%	29,936	0	2,494	27,442	1,247
OPWC Hill Crest Slip Repair - 0%	16,551	0	1,141	15,410	571
OPWC 2020 Paving Loan - 0%	100,000	0	6,667	93,333	3,333
OPWC 2019 Paving Loan - 0%	386,667	0	26,667	360,000	13,333
SIB Loan - 3%	220,125	0	26,588	193,537	27,392
Total Long-Term Loans from Direct Borrowings	1,003,279	0	113,557	889,722	95,876
Intergovernmental Payable	1,359	0	1,359	0	0
Capital Leases	560,159	226,979	133,611	653,527	224,674
Compensated Absences	638,362	120,693	64,647	694,408	159,856
Total Governmental Activities	$30,848,039	$385,346	$5,690,429	$25,542,956	$794,406

(continued)

(continued)	Principal Outstanding 12/31/2020	Additions	Deletions	Principal Outstanding 12/31/2021	Amounts Due in One Year
Business-Type Activities:					
General Obligation Bonds:					
Water Refunding Bonds					
2013 - $2,840,000 - 2.0 - 3.0%	$385,000	$0	$385,000	$0	$0
Bond Premium	6,162	0	6,162	0	0
Water Bonds					
2014 - $2,045,000 - 1.5 - 3.75%	1,430,000	0	90,000	1,340,000	95,000
Bond Premium	23,997	0	1,857	22,140	0
Water Software Bonds					
2014 - $72,000 - 1.5 - 3.0%	23,000	0	7,000	16,000	8,000
Bond Premium	414	0	142	272	0
Sewer Bonds					
2014 - $920,000 - 1.5 - 4.0%	640,000	0	40,000	600,000	40,000
Bond Premium	10,817	0	837	9,980	0
Sewer Software Bonds					
2014 - $72,000 - 1.5 - 3.0%	23,000	0	7,000	16,000	8,000
Bond Premium	414	0	142	272	0
Total Bonds	2,542,804	0	538,140	2,004,664	151,000
OWDA Loans from Direct Borrowings:					
Sewer Grit					
2002 - $458,437 - 3.89%	78,356	0	30,440	47,916	15,665
Sewer Treatment Plant:					
2011 Phase 1 - $5,507,326 - 3.0%	3,814,355	0	255,660	3,558,695	130,714
2013 Phase 2 - $6,558,131 - 2.38%	4,744,271	0	299,230	4,445,041	0
Construction Phase 3:					
2016 Scope - $6,825,175 - 0.57%	6,114,762	0	212,833	5,901,929	0
2016 Muskingum River Forcemain - $1,033,032 - 2.27%	945,329	0	26,358	918,971	13,404
2018 Scope - $9,582,433 - 1.89%	9,119,374	43,921	246,836	8,916,459	0
2016 Harmar Lift - $1,082,349- 2.05%	987,445	0	28,384	959,061	14,410
2017 Meter Replacement - Sewer - $1,004,554 - 2.98%	828,727	0	38,075	790,652	19,464
2018 Harmar Village & Post Street - Sewer - $930,390 - 1.97% - 2.98%	905,128	0	21,530	883,598	0
2020 Aeration System Upgrade $1,296,250 - 1.03%	47,610	1,182,935	0	1,230,545	0
Total Sewer OWDA Loans	27,585,357	1,226,856	1,159,346	27,652,867	193,657
Water Treatment Plant:					
2017 Planning - $2,002,680 - 3.48%	1,015,561	520,101	93,348	1,442,314	0
2017 Distribution Building - $54,522 - 3.48%	47,184	1,411	2,446	46,149	0
Waterline Replacements:					
2017 Greene Street and Colegate Drive - $1,800,489 - 3.10%	1,665,523	0	41,307	1,624,216	21,135
2017 Hadley Lane and Sherry Drive - $730,230 - 3.10%	675,491	0	16,753	658,738	8,572
2017 Meter Replacement - Water - $936,422 - 2.98%	828,727	0	38,075	790,652	19,464
Water Tank Painting:					
2017 Ground Storage - $1,163,272 - 2.88-2.98%	1,052,347	0	46,698	1,005,649	23,868
2017 676 and Harmar - $634,781 - 2.98%	510,796	0	37,847	472,949	19,347
2017 Northhills - $337,372 - 2.98%	271,476	0	20,115	251,361	10,283
2018 Alta and Lancaster - $1,107,189 - 2.29%	1,028,541	0	26,619	1,001,922	0
2020 Pine Meadows Tank, East Norwood and Glendale Reservoir - 1.73% $760,790	9,704	661,489	0	671,193	0
Total Water OWDA Loans	7,105,350	1,183,001	323,208	7,965,143	102,669
Total OWDA Loans	$34,690,707	$2,409,857	$1,482,554	$35,618,010	$296,326

(continued)

(continued)	Principal Outstanding 12/31/2020	Additions	Deletions	Principal Outstanding 12/31/2021	Amounts Due in One Year
OPWC Loans from Direct Borrowings:					
2004 Water Glendale Tank - $479,936 - 2%	$138,440	$0	$26,597	$111,843	$13,498
2000 Sewer Sludge Belt Press - $461,023 - 2%	41,294	0	27,392	13,902	13,902
2016 Sewer Treatment Plant - $448,125 - 0%	439,312	0	16,272	423,040	8,135
Total Sewer OPWC Loans	480,606	0	43,664	436,942	22,037
Total OPWC Loans	619,046	0	70,261	548,785	35,535
Net Pension Liability - OPERS:					
Sewer	1,445,224	0	340,759	1,104,465	0
Water	1,525,511	0	359,688	1,165,823	0
Total Net Pension Liability	2,970,735	0	700,447	2,270,288	0
Net OPEB Liability - OPERS:					
Sewer	971,509	0	971,509	0	0
Water	1,025,481	0	1,025,481	0	0
Total Net OPEB Liability	1,996,990	0	1,996,990	0	0
Capital Leases	205,815	0	49,298	156,517	50,894
Asset Retirement Obligations	1,333,330	355,760	0	1,689,090	0
Compensated Absences	159,835	40,370	0	200,205	39,039
Total Business-Type Activities	$44,519,262	$2,805,987	$4,837,690	$42,487,559	$572,794

Capital leases will be paid from the Capital Improvement Capital Projects Fund and the Sewer Enterprise Fund. Compensated absences reported in the "compensated absences payable" account will be paid from the fund which the employees' salaries are paid, which are the General Fund; the Street, Fire Levy, Law Director and Community Development Special Revenue Funds; and the Water and Sewer Enterprise Funds. There are no repayment schedules for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: the General Fund; the Street, Fire Funds, Court, and Community Development Special Revenue Funds; and the Water and Sewer Enterprise Funds. For additional information related to the net pension/OPEB liabilities, see Notes 13 and 14.

On April 15, 2014, the City issued $6,190,000 of Various Purpose General Obligation Bonds for purposes listed as follows:

Purpose	Amount
Municipal Court	$2,865,000
Municipal Software	216,000
Water	2,045,000
Water Software	72,000
Sewer	920,000
Sewer Software	72,000
	$6,190,000

The bonds maturing on or after December 1, 2024, are subject to prior optional redemption, by and at the sole option of the City, in whole or in part as selected by the City (in whole multiples of $5,000) on any date on or after December 1, 2023, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

In 2020, the City issued $3,535,000 of Various Purpose General Obligation Bonds to refund the Various Purpose Bond Anticipation Notes for building renovations and asphalt paving. The Various Purpose Bond Anticipation Notes were issued to finance renovations of City Hall and the administration building, for street garage roof repairs, and paving. The notes were retired and refinanced during May of 2020.

The bonds maturing on or after December 1, 2031, are subject to prior optional redemption, by and at the sole option of the City, in whole or in part as selected by the City (in whole multiples of $5,000) on any date on or after December 1, 2030, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.-

The parking lot bonds, software bonds, Armory Loan, and part of the municipal court bonds will be paid from general property tax revenues. The remaining amounts of the municipal court bonds will be paid from court costs.

During 2018, the City entered into a loan with the State Infrastructure Bank to help finance phase V of the Riverfront Trail Bike Path.

During 2016, the City entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of $100,000 at zero percent interest for the purpose of paving certain City streets. Principal payments are due July 1 of each year through 2033.

During 2019, the City entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of $400,000 at zero percent interest for the purpose of paving certain City streets. Principal payments are due July 1 of each year through 2035.

During 2020, the City entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of $100,000 at zero percent interest for the purpose of paving certain City streets. Principal payments are due July 1 of each year through 2036.

During 2020, the City entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of $17,122 at zero percent interest for the purpose of repairing a slip on Hillcrest Drive. Principal payments are due July 1 of each year through 2035.

The intergovernmental payable consisted of amounts owed to Marietta Township for a Cooperative agreement between the City and the Township for a joint paving project thru the Ohio Public Works Commission. The loan from OPWC is in the name of the Township. The City agreed to pay 49.60% of the ten year 0% interest $54,779.11 loan. The total biannual payments are $2,738.96. All payments were made from the Street Special Revenue Fund.

Enterprise fund obligations will be paid from user fees in the respective enterprise funds. The Ohio Public Works Commission (OPWC) loan in the Water Enterprise Fund, which is a general obligation, was obtained to help finance a water tank project. The OPWC loans in the Sewer Enterprise Fund, also general obligations, were obtained to help finance the sludge belt press project and the sewer treatment plant upgrade.

The Ohio Water Development Authority (OWDA) loans for the sewer treatment plant upgrades were issued in various years. Not all of the loans have made final draws; some amortization schedules have not been established. The following loans do not have amortization schedules established: Phase 3 2016 and 2018 scopes, Phase 2 Reno, Harmar Village and Post Street Sewer Improvements, and Aeration System Upgrade.

The Ohio Water Development Authority (OWDA) loans for the water treatment plant upgrades were issued in various years. Not all of the loans have made final draws; some amortization schedules have not been established. The following loans do not have amortization schedules established: Water Treatment Plant upgrades planning and distribution building loans, Alta and Lancaster Street Waterlines, and Pine Meadows Tank, East Norwood and Glendale Reservoir.

The City has pledged future sewer customer revenues to repay the OWDA loans. The loans are payable solely from net revenues and are payable through 2047. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans as compared to net future revenues are not estimable but are expected to be less than net revenues in each year the loans are outstanding. The total principal and interest remaining to be paid on the loans is $29,129,544. Principal and interest payments for the current year were $1,633,893, net revenues were $2,887,529, and total revenues were $5,108,804.

The City has pledged future water customer revenues to repay the OWDA loans. The loans are payable solely from net revenues and are payable through 2047. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans as compared to net future revenues are not estimable but are expected to be less than net revenues in each year the loans are outstanding. The total principal and interest remaining to be paid on the loans is $17,564,712. Principal and interest payments for the current year were $497,987, net revenues were $1,665,186, and total revenues were $4,479,109.

On November 27, 2013, the City issued general obligation refunding bonds, in the amount of $2,840,000, to currently refund bonds previously issued in 2003 for $5,650,000 for water construction projects. The current refunding was undertaken to take advantage of lower interest rates. The bonds were issued with interest rates from 2 to 3 percent and were issued for an eight year period with final maturity on December 1, 2021. The bonds were sold at a premium of $53,772. The proceeds of the refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for the redemption. The refunded bonds were called on December 27, 2013. The refunding bonds are not subject to redemption prior to maturity.

Principal and interest requirements to retire the governmental activities bonds outstanding at December 31, 2021, are as follows:

	Municipal Court Bonds		Software Bonds		Various Purpose Bonds	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2022	$130,000	$65,325	$24,000	$1,440	$160,000	$90,700
2023	135,000	61,425	24,000	720	170,000	84,300
2024	140,000	57,375	0	0	175,000	77,500
2025	140,000	53,175	0	0	150,000	74,438
2026	145,000	48,975	0	0	180,000	71,812
2027-2031	815,000	163,525	0	0	950,000	306,549
2032-2036	370,000	20,775	0	0	1,105,000	161,700
2037-2039	0	0	0	0	400,000	19,050
	$1,875,000	$470,575	$48,000	$2,160	$3,290,000	$886,049

Principal and interest requirements to retire the Armory and the SIB Loan at December 31, 2021, are as follows:

	Armory		SIB	
Year	Principal	Interest	Principal	Interest
2022	$50,000	$9,980	$27,392	$5,602
2023	50,000	7,485	28,220	4,774
2024	50,000	4,990	29,073	3,921
2025	50,000	2,495	29,952	3,043
2026	0	0	30,857	2,137
2027-2028	0	0	48,043	1,448
	$200,000	$24,950	$193,537	$20,926

The City's outstanding Armory and SIB Loan from direct borrowings related to governmental activities contain provisions that in the event of default, outstanding amounts shall become immediately due and payable.

Principal and interest requirements to retire the OPWC loans at December 31, 2021, are as follows:

	Principle OPWC Loans			
Year	2016 Paving	Hillcrest Drive Slip Repair	2019 Paving	2020 Paving
2022	$1,247	$571	$13,333	$3,333
2023	2,494	1,141	26,667	6,667
2024	2,494	1,141	26,667	6,667
2025	2,494	1,141	26,667	6,667
2026	2,494	1,141	26,667	6,667
2027-2031	12,475	5,710	133,333	33,333
2032-2036	3,744	4,565	106,666	29,999
	$27,442	$15,410	$360,000	$93,333

The City's outstanding OPWC loan from direct borrowings related to governmental activities of $496,185 contain a provision that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

Principal and interest requirements to retire the Water Fund bonds outstanding at December 31, 2021, are as follows:

	Water Bonds		Water Software Bonds	
Year	Principal	Interest	Principal	Interest
2022	$95,000	$46,650	$8,000	$480
2023	95,000	43,800	8,000	240
2024	100,000	40,950	0	0
2025	100,000	37,950	0	0
2026	105,000	34,950	0	0
2027-2031	580,000	116,400	0	0
2032-2033	265,000	14,837	0	0
	$1,340,000	$335,537	$16,000	$720

Principal and interest requirements to retire the Sewer Fund bonds outstanding at December 31, 2021, are as follows:

	Sewer Bonds		Sewer Software Bonds	
Year	Principal	Interest	Principal	Interest
2022	$40,000	$20,900	$8,000	$480
2023	45,000	19,700	8,000	240
2024	45,000	18,350	0	0
2025	45,000	17,000	0	0
2026	45,000	15,650	0	0
2026-2030	260,000	52,300	0	0
2031-2033	120,000	6,675	0	0
	$600,000	$150,575	$16,000	$720

Principal and interest requirements to retire the Water Enterprise Fund loan liabilities at December 31, 2021, are as follows:

	OPWC Glendale Tank		OWDA Loans	
Year	Principal	Interest	Principal	Interest
2022	$13,498	$1,384	$102,669	$76,710
2023	27,403	1,830	209,995	120,262
2024	27,954	1,279	216,360	135,961
2025	28,516	718	222,919	129,443
2026	14,472	145	229,678	121,293
2027-2031	0	0	1,257,143	469,348
2032-2036	0	0	1,118,865	354,655
2037-2041	0	0	738,150	166,339
2042-2046	0	0	580,569	57,449
2047	0	0	127,217	2,966
	$111,843	$5,356	$4,803,565	$1,634,426

Principal and interest requirements to retire the Sewer Enterprise Fund loan liabilities at December 31, 2021, are as follows:

	OPWC Loans			OWDA Loans	
	Sludge Belt Press		Sewer Treatment Plant	Sewer	
Year	Principal	Interest	Principal	Principal	Interest
2022	$13,902	$139	$8,135	$193,657	$86,353
2024	0	0	16,270	395,923	164,099
2025	0	0	16,270	374,173	152,654
2026	0	0	16,270	384,982	142,992
2027	0	0	16,270	396,103	131,847
2027-2031	0	0	81,350	2,159,081	480,248
2032-2036	0	0	81,350	1,343,393	190,474
2037-2041	0	0	81,350	489,608	87,952
2042-2046	0	0	81,350	443,761	38,458
2047	0	0	24,425	94,614	1,600
	$13,902	$139	$423,040	$6,275,295	$1,476,677

The City's outstanding OPWC loans from direct borrowings related to business type activities of $548,785 contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

The City's outstanding OWDA loans from direct borrowings related to business type activities of $35,618,010 contain provisions that in an event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

As of December 31, 2021, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was $24,054,316.

NOTE 19 - INTERFUND TRANSFERS AND BALANCES

A. Balances

Internal Balances – Change in Proportionate Share

The City uses an internal proportionate share to allocate its net pension/OPEB liabilities and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position, thus allowing the total column to present the change in proportionate share for the City as a whole.

	Deferred Outflows	Deferred Inflows
Governmental Activities		
Governmental Activities	$0	$21,827
Business-Type Activities		
Water	366	5,037
Sewer	26,498	0
Total Business-Type Activities	26,864	5,037
Total	$26,864	$26,864

Other Internal Balances

At year end, the Marietta Harbor Capital Projects Fund owed the General Fund $6,890 for advanced grant monies. The Recreation Special Revenue Fund owed the General Fund $46,677 for expenditures paid by the General Fund that should have been paid for by the Recreation Fund. The Fire Special Revenue Fund owed the General Fund $95,314 for expenditures paid by the General Fund that should have been paid for by the Fire Levy Fund. Also, the Armory Cultural Facilities Gym Special Revenue Fund owed the Capital Improvements Capital Projects Fund $14,225 for advances made until rental income is received. The Court Special Revenue Fund owed the Court Capital Improvement Fund $37,039 for improvements. The Community Development Special Revenue Fund owed the General Fund $75,000 for an advance to be repaid once grant monies are received. However, the General Fund owed the Community Development Fund $38,691 for salaries.

B. Transfers

Interfund transfers for the year ended December 31, 2021, consisted of the following:

	Transfer In
Transfer Out	Other Nonmajor Governmental Funds
Major Funds:	
General	$66,747
Street	$2,908
Other Nonmajor Governmental Funds	355,127
	$424,782

Transfers were made for the payment of debt.

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. The Buckeye Hills Regional Council

The Buckeye Hills Regional Council serves Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The Council was created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The Council is governed by a fifteen member board of directors. The Council is governed by a fifteen member board of directors. The board is composed of one County Commissioner from each county, one member from the City of Athens Council, one member from the City of Marietta Council, four at-large members appointed from the ten government members, and one member from the minority sector. The board has total control over budgeting, personnel, and all other financial matters. The City contributed $1,418 to the Council during 2021. The continued existence of the Council is not dependent on the City's continued participation and no equity interest exists.

B. Washington-Morgan Community Action Corporation

The Community Action Program Corporation of Washington-Morgan Counties, Ohio is operated as a non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program, the Community Action Bus Line (CABL), the Child Development Program, the Senior Nutrition Program, Women, Infants and Children's' Supplemental Nutrition Program, the Home Weatherization Assistance and Energy Program, Housing and Urban Development Section 8 Existing Housing Voucher Program, and various other State and federal programs. The Corporation is the direct recipient of the federal and State monies, except for monies passed thru to it from the City for the Housing and Urban Development Section 8 Existing Housing Voucher and Comprehensive Housing Improvement Programs. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Marietta and Washington and Morgan Counties, provides administrative services to these governments in specific programs. During 2021, the Corporation received no administrative fees from the City. The continued existence of the Corporation is not dependent on the City's continued participation and no equity interest exists.

C. The Wood, Washington, and Wirt Planning Commission

The Wood, Washington, and Wirt Planning Commission was created to fulfill the requirements governing urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration program regulations in Wood, Washington, and Wirt Counties. The Commission was formed pursuant to West Virginia Code Sections and Ohio Revised Code Section 713.30 and serves as a form of a regional planning commission. The Commission is comprised of representatives from county and city governments and a cross section of members from the community appointed by the governmental units. Currently, the Commission has eight governmental representatives and the Mayor of the City of Marietta serves on the Commission. Revenues are derived from Federal Highway and Federal Transportation Administration Grants distributed by the States of Ohio and West Virginia. Local governments contribute a ten percent local match. During 2021, the City of Marietta made no contributions. The continued existence of the Commission is not dependent on the City's continued participation and no equity interest exists.

NOTE 21 - ENDOWMENTS

The City's permanent funds include donor-restricted endowments. Net Position – Perpetual Care – Non-expendable of $485,053 represents the principal portion of the Cemetery endowment. Net Position – Park – Non-expendable of $711 represents the principal portion of the Park endowment. The amount of net appreciation in donor-restricted investments that is available for expenditures by the governing body, for purposes consistent with the endowment's intent $21,120; and is included as Net Position – Perpetual Care – Expendable. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicated that the interest should be used to maintain certain cemetery plots and the Cisler Park each year.

NOTE 22 - CONTINGENCIES

A. Grants

The City received financial assistance from the federal and state agencies in the form of grants. The distribution of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2021.

B. Litigation

The City of Marietta is currently party to pending litigation seeking damages and/or injunctive relief as confirmed by the City Law Director. The possible outcome or impact on the financial statements cannot be determined at this time.

NOTE 23 - ASSET RETIREMENT OBLIGATIONS

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations,* provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their waste water treatment facilities. The City Sewer Superintendent estimates these public safety issues to include removing/filling any tankage, cleaning/removing certain equipment, and backfilling certain exposed areas. This asset retirement obligation (ARO) of $1,689,090 associated with the City waste water treatment facilities was estimated by the City's engineer and Sewer Superintendent. The remaining useful life of these facilities range from 18 to 49 years.

NOTE 24 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency 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.

NOTE 25 - RELATED PARTY TRANSACTIONS

Marietta and Belpre Joint Consolidated Health District (Health District), a discretely component unit of the City of Marietta, received contributions from the City for health services. These contributions are reflected as operating expenses at cost in the basic financial statements in the amount of $84,477 and they are reflected as in-kind contributions by the Health District, discretely presented component unit.

NOTE 26 - MARIETTA AND BELPRE JOINT CONSOLIDATED HEALTH DISTRICT, COMPONENT UNIT NOTE

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Marietta and Belpre Joint Consolidated Health District (Health District) as a body corporate and politic. A seven member Board and a Health Commissioner govern the Health District. The Board consists of five voting members. The Mayor of the City of Marietta and the Mayor of the City of Belpre serve as non-voting members of the Board. The Health Commissioner votes only to break a tie. Consistent with the provisions of Ohio Revised Code Section 3709.36, the Health District is a legally separate organization. Among its various duties, the Health District provides for the prompt diagnosis and control of communicable diseases. The Health District may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The Health District is operated by a board with two members appointed by the Mayor of Marietta; two members appointed by the Mayor of Belpre; and one member jointly appointed by the Mayors of Marietta and Belpre. The rates charged by the Health District are subject to the approval of respective City Councils. However, the City of Marietta solely provides funding to the Health District, thus the City of Marietta can impose will on the Health District, and the Health District imposes a financial burden to the City of Marietta. Therefore, the Health District is considered a discretely presented component unit of the City of Marietta.

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure the financial statements are not misleading. The Marietta and Belpre Joint Consolidated Health District consists of all funds, departments, boards, and agencies that are not legally separate from the Health District.

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the Health District in that the Health District approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Health District. There were no component units of the Health District in 2021.

The Health District's management believes these financial statements present all activities for which the Health District is financially accountable

The Health District participates in a public entity shared risk pool, the Public Entities Pool of Ohio, which is presented in Note 6 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

The Health District'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 Health District as a whole.

The statement of net position presents the financial condition of the Health District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Health District's activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; 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 Health District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental program is self-financing or draws from the general revenues of the Health District.

Fund Financial Statements During the year, the Health District segregates transactions related to certain Health District 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 Health District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

The Health District 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. All of the Health District's funds are governmental funds.

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

> ***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Home Health Services Fund*** The Home Health Services Fund accounts for donations, governmental reimbursements (welfare, BCMH, Medicare/Medicaid), and fees received for services performed. Expenditures are for medical supplies, home services, and payroll expenses.
>
> ***Food Services Fund*** The Food Services Fund accounts for licenses and permits for food service operations. Expenditures are for supplies, services, and payroll expenses.
> ***Vital Statistics Fund*** The Vital Statistics Fund accounts for fees associated with birth certificates, death certificates, and other vital events.
>
> ***COVID CO21 Fund*** The COVID CO21 Fund accounts for grants received and expenditures related to the COVID-19 pandemic.

Measurement Focus

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

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

Basis of Accounting

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

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

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services, licenses and permits, grants, and donations.

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Health District, deferred inflows of resources include pension, OPEB, and unavailable revenue. 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 Health District, unavailable revenue includes intergovernmental revenue. 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 balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 11 and 12).

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

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

Estimates

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Health Department maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets 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:

Description	Governmental Activities
Machinery and Equipment	10 years
Vehicles	10 years

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 employer will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable". The balances are to be used by employees in the year following the year in which the benefit was earned.

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

Pensions/Other Postemployment Benefits (OPEB)

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

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 year. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

Net Position

Net position represents the difference between all other elements on the statement of financial position. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Health District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Health District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted Fund balance is *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.

Committed The Board can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Health District or a Health District official delegated that authority by resolution, or by State Statute. State Statute authorizes the fiscal officer to assign fund balance for purchases on order, provided those amounts have been lawfully appropriated.

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

The Health District 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.

Interfund Transactions

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 on 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.

Estimates

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

Note 3 – Restatement of Prior Year Balances

At December 31, 2020, the Health District's intergovernmental receivables was understated. The understatement resulted in the following changes:

	General Fund	Home Health Services Fund	Food Service Fund	COVID CO21 Fund	All Other Funds	Total Governmental Funds
Fund Balance (Deficit) at December 31, 2020	$63,935	$8,870	$65,309	($21,189)	$18,185	$135,110
Intergovernmental Receivable Restatement	0	0	0	19,780	101	19,881
Restated Fund Balance (Deficit) at December 31, 2020	$63,935	$8,870	$65,309	($1,409)	$18,286	$154,991

	Governmental Activities
Net Position (Deficit) at December 31, 2020	($783,176)
Intergovernmental Receivable Restatement	76,624
Restated Net Position (Deficit) at December 31, 2020	($706,552)

Note 4 – Deposits and Investments

The City of Marietta Treasurer is custodian for the Health District's deposits. The City's deposit and investment pool holds the Health District's assets, valued at the Treasurer's reported carrying amount.

Note 5 – Receivables

Receivables at December 31, 2021, consisted primarily of intergovernmental receivables arising from grants and governmental reimbursements and accounts receivables from charges. All receivables are considered collectible in full within one year. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable:	
COVID CO21	$13,432
MAC Time Study Reimbursements	23,112
Home Health Services	7,389
Medicare/Medicaid Reimbursements	5,217
Health Subsidy	3,851
BCMH Reimbursements	770
Total	$53,771

Note 6 – Risk Management

The Health District is exposed to various risks of casualty losses and injuries to employees.

Property and Liability

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc., a Sedgwick Company, (York) functions as the administrator of PEP and provides program management, underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. (At December 31, 2021, the Pool retained $500,000 for casualty claims and $250,000 for property claims). The Board of Directors and York periodically review the financial strength of PEP and other market conditions to determine the appropriate level of risk PEP will retain. There has been no significant reduction in coverage from last year.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member.

Financial Position

PEP's financial statements (for which an independent audit is still ongoing) conform to generally accepted accounting principles, and preliminarily show the following assets, liabilities, and net position at December 31, 2021, and 2020:

Casualty and Property Coverage	2021	2020
Assets	$59,340,305	$57,336,499
Liabilities	17,071,953	16,156,805
Net Position - Unrestricted	$42,268,352	$41,179,694

At December 31, 2021, and 2020, the liabilities in the preceding table include unknown amounts of estimated incurred claims payable. The casualty coverage assets and net position in the preceding table include approximately $13.9 million and $13.5 million of unpaid claims to be billed to approximately 589 and 571 member governments in the future, as of December 31, 2021, and 2020, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are expected to increase slightly from those used to determine the historical contributions detailed as follows. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. The Health District's contributions for 2021 totaled $4,974.

After completing one year of membership, members may withdraw on each anniversary date of the date they joined PEP, provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members may receive a partial refund of their capital contributions as defined by the contract. Withdrawing members have no other future obligations to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

Workers' Compensation

The Health District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Other Employee Benefits

Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from Health District policies and State laws. Upon retirement, all employees hired prior to January 1, 1988, are paid 100% of their sick leave up to a maximum of 120 days. All employees hired after January 1, 1988, but before June 1, 2019, are paid fifty percent of their sick leave at the time of retirement up to a maximum of 60 days accumulation. All employees hired on or after June 1, 2019, are paid twenty-five percent of their sick leave at the time of retirement up to a maximum of 30 days accumulation.

Upon voluntary termination, all employees will receive 100% of vacation earned and not previously taken.

Insurance

The Health District provides $20,000 in accidental death and dismemberment insurance to its full-time employees, part-time employees hired before July 1, 1992, and working a minimum of twenty hours per week, part- time employees hired after July 1, 1992, and working a minimum of thirty hours per week, and all elected public officials through Hartford Life Insurance.

The Health District provides comprehensive major medical, vision, and dental insurance under the Michigan Conference of Teamsters Welfare Fund through Blue Cross and Blue Shield. Premiums are based on a per week, per employee (no family or single rates) basis. The Health District pays 85%. Rates are 15% per employee. Premiums are paid from the same funds that pay the employees' salaries.

Note 8 – Long-Term Obligations

A schedule of changes in long-term obligations of the Health District during 2021 follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021	Amounts Due In One Year
Net Pension Liability - OPERS	$512,919	$0	($94,450)	$418,469	$0
Net OPEB Liability - OPERS	333,850	0	(333,850)	0	0
Compensated Absences	8,621	1,036	(8,966)	691	0
Total Long-term Obligations	$855,390	$1,036	($437,266)	$419,160	$0

There are no repayment schedules for the net pension liability; however, employer pension and OPEB contributions are made from the funds benefitting from their service. For additional information related to the net pension liability and the net OPEB liability (asset), see Notes 11 and 12. Compensated absences will be paid from the General Fund.

Note 9 – Contingencies

Grants

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

Litigation

Management is not aware of any pending litigation.

Note 10 – Capital Assets

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

	Balance 12/31/2020	Increases	Decreases	Balance 12/31/2021
Governmental Activities:				
Capital Assets being Depreciated:				
Machinery and Equipment	$0	$16,847	$0	$16,847
Vehicles	0	42,847	0	42,847
Total Capital Assets being Depreciated	0	59,694	0	59,694
Less Accumulated Depreciation:				
Machinery and Equipment	0	(643)	0	(643)
Vehicles	0	(3,005)	0	(3,005)
Total Accumulated Depreciation	0	(3,648)	0	(3,648)
Total Capital Assets being Depreciated, Net	$0	$56,046	$0	$56,046

Note 11 – Defined Benefit Pension Plans

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

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

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

	State and Local
2021	
Employer	14.0 %
Employee *	10.0 %
2021	
Employer:	
Pension ****	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
** This rate is determined by OPERS' Board and has no maximum rate established by ORC.
*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2021, the Health District's contractually required contribution was $56,424 for the traditional plan. Of these amounts, $7,048 is reported as an intergovernmental payable for the traditional plan.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Health District's proportion of the net pension liability (asset) was based on the Health District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the Health District's defined benefit pension plans:

	Traditional Plan
Proportion of the Net Pension Liability/Asset:	
Current Measurement Date	0.00282600%
Prior Measurement Date	0.00259500%
Change in Proportionate Share	0.00023100%
Proportionate Share of the:	
Net Pension Liability	$418,469
Pension Expense	26,861

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

	OPERS Traditional Plan
Deferred Outflows of Resources	
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	31,807
Board of Health contributions subsequent to the measurement date	56,424
Total Deferred Outflows of Resources	$88,231
Deferred Inflows of Resources	
Differences between expected and actual experience	$17,504
Net difference between projected and actual earnings on pension plan investments	163,107
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	337
Total Deferred Inflows of Resources	$180,948

$56,424 reported as deferred outflows of resources related to pension resulting from Health District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

		OPERS Traditional Plan
Year Ending December 31:		
	2022	($48,093)
	2023	(12,316)
	2024	(66,488)
	2025	(22,244)
Total		($149,141)

Actuarial Assumptions - OPERS

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	5 percent, simple through 2021, then 2.15 percent, simple	5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 the 2.15 percent 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 most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 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
Total	100.00 %	5.43 %

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

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Board of Health's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	$798,232	$418,469	$102,697

Changes between the Measurement Date and the Reporting Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Note 12 – Defined Benefit OPEB Plans

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 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. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District did not have a contractually required contribution or intergovernmental payable for 2021.

OPEB 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. The Health District's proportion of the net OPEB asset was based on the Health District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.00263100%
Prior Measurement Date	0.00241700%
Change in Proportionate Share	0.00021400%
Proportionate Share of the Net OPEB Asset	($46,873)
OPEB Expense	($278,688)

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

	OPERS
Deferred Outflows of Resources	
Changes of assumptions	$23,044
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	18,046
Total Deferred Outflows of Resources	$41,090
Deferred Inflows of Resources	
Differences between expected and actual experience	$42,302
Changes of assumptions	75,949
Net difference between projected and actual earnings on OPEB plan investments	24,966
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	2,818
Total Deferred Inflows of Resources	$146,035

There are no amounts reported as deferred outflows of resources related to OPEB resulting from Health District contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2022	($54,520)
2023	(36,634)
2024	(10,849)
2025	(2,942)
Total	($104,945)

Actuarial Assumptions - OPERS

The total OPEB liability is determined by OPERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

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

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

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 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 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed 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 Health District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the Health District's proportionate share of the net OPEB aaset calculated using the single discount rate of 6.00 percent, as well as what the Health District'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:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Board of Health's proportionate share of the net OPEB asset	($11,655)	($46,873)	($75,825)

Sensitivity of the Health District'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
Board of Health's proportionate share of the net OPEB asset	($48,016)	($46,873)	($45,595)

Changes between Measurement Date and Reporting Date

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Note 14 – Encumbrances

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

General Fund	$1,227
Home Health Services Fund	10,966
Food Services Fund	331
Other Governmental Funds	40
Total	$12,564

Note 15 – COVID-19

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

Note 16 – Related Party Transactions

The Health District received contributions of $85,477 from the City of Marietta in 2021.

City of Marietta, Ohio

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 (1)

	2021	2020	2019
City's Proportion of the Net Pension Liability	0.04143700%	0.04062100%	0.04076686%
City's Proportionate Share of the Net Pension Liability	$6,135,917	$8,029,018	$11,165,216
City's Covered Payroll	$5,836,243	$5,716,136	$5,857,729
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.13%	140.46%	190.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.0437390%	0.0450670%	0.0460500%	0.0447790%	0.0447790%
$6,861,802	$10,233,950	$7,976,440	$5,400,850	$5,278,861
$5,780,200	$5,841,708	$5,713,393	$5,489,950	$5,263,897
118.71%	175.19%	139.61%	98.38%	100.28%
84.66%	77.25%	81.08%	86.45%	86.36%

City of Marietta, Ohio

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability

Ohio Police and Fire Pension Fund

Last Eight Years (1)

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.17827920%	0.01874138%	0.1882620%	0.1913490%
City's Proportionate Share of the Net Pension Liability	$12,153,454	$12,625,195	$15,367,154	$11,743,952
City's Covered Payroll	$4,315,455	$4,390,152	$4,196,354	$4,124,587
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	281.63%	287.58%	366.20%	284.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

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

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.1938020%	0.2030680%	0.2019690%	0.2019690%
$12,275,225	$13,063,507	$10,462,836	$9,836,523
$4,097,169	$4,110,039	$3,959,279	$3,459,395
299.60%	317.84%	264.26%	284.34%
68.36%	66.77%	71.71%	73.00%

City of Marietta, Ohio

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)

Ohio Public Employees Retirement System - OPEB Plan

Last Five Years (1)

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.0399780%	0.0390750%	0.0392798%	0.0423100%	0.0436700%
City's Proportionate Share of the Net OPEB Liability(Asset)	($712,240)	$5,397,272	$5,121,155	$4,594,553	$4,410,818
City's Covered Payroll	$5,975,118	$5,897,232	$6,060,975	$5,992,937	$6,035,125
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-11.92%	91.52%	84.49%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	86.88%	47.80%	46.33%	54.14%	54.04%

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

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

See accompanying notes to the report supplementary information

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

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.17827920%	0.18741380%	0.1882620%	0.1913490%	0.1938020%
City's Proportionate Share of the Net OPEB Liability	$1,888,897	$1,851,223	$1,714,414	$10,841,567	$9,199,345
City's Covered Payroll	$4,315,455	$4,390,152	$4,196,354	$4,124,587	$4,097,169
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	43.77%	42.17%	40.85%	262.85%	224.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	47.08%	46.57%	14.13%	15.96%

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

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

See accompanying notes to the report supplementary information

City of Marietta, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System
Last Nine Years (1)(2)

	2021	2020	2019	2018
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	$875,482	$817,074	$800,259	$820,082
Contributions in Relation to the Contractually Required Contribution	(875,482)	(817,074)	(800,259)	(820,082)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll	$6,253,443	$5,836,243	$5,716,136	$5,857,729
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability - OPEB Plan (3)				
Contractually Required Contribution	$6,935	$5,555	$4,355	$3,433
Contributions in Relation to the Contractually Required Contribution	(6,935)	(5,555)	(4,355)	(3,433)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll	$6,426,818	$5,836,243	$5,897,232	$6,060,975
Contributions as a Percentage of Covered Payroll	0.11%	0.10%	0.07%	0.06%

(1) Information prior to 2013 is not available.
(2) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed plan is a defined contribution plan: therefore, the pension side is not included above.
(3) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013
$751,426	$701,005	$685,607	$658,794	$684,307
(751,426)	(701,005)	(685,607)	(658,794)	(684,307)
$0	$0	$0	$0	$0
$5,780,200	$5,841,708	$5,713,393	$5,489,950	$5,263,897
13.00%	12.00%	12.00%	12.00%	13.00%
$62,752	$122,486			
(62,752)	(122,486)			
$0	$0			
$5,992,937	$6,035,125			
1.05%	2.03%			

City of Marietta, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	$987,447	$924,366	$941,875	$901,376
Contributions in Relation to the Contractually Required Contribution	(987,447)	(924,366)	(941,875)	(901,376)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll (1)	$4,592,493	$4,315,455	$4,390,152	$4,196,354
Pension Contributions as a Percentage of Covered Payroll	21.50%	21.42%	21.45%	21.48%
Net OPEB Liability				
Contractually Required Contribution	$22,963	$21,577	$21,951	$20,982
Contributions in Relation to the Contractually Required Contribution	(22,963)	(21,577)	(21,951)	(20,982)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%
Total Contributions as a Percentage of Covered Payroll	22.00%	21.92%	21.95%	21.98%

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
$885,905	$878,981	$880,336	$845,227	$628,970	$556,699
(885,905)	(878,981)	(880,336)	(845,227)	(628,970)	(556,699)
$0	$0	$0	$0	$0	$0
$4,124,587	$4,097,169	$4,110,039	$3,959,279	$3,459,395	$3,681,244
21.48%	21.45%	21.42%	21.35%	18.18%	15.12%
$20,623	$20,486	$20,551	$19,796	$125,115	$248,484
(20,623)	(20,486)	(20,551)	(19,796)	(125,115)	(248,484)
$0	$0	$0	$0	$0	$0
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%
21.98%	21.95%	21.92%	21.85%	21.80%	21.87%

Changes in Assumptions – OPERS Pension– Traditional Plan

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

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

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

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

2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2017 use pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

Changes in Assumptions – OPERS Pension – Combined Plan

For 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

Changes in Assumptions – OP&F Pension

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

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

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

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

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

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

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

Changes in Assumptions – OPERS OPEB

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2021	8.5 percent, initial
	3.5 percent, ultimate in 2035
2020	10.5 percent, initial
	3.5 percent, ultimate in 2030
2019	10.0 percent, initial
	3.25 percent, ultimate in 2029
2018	7.5 percent, initial
	3.25 percent, ultimate in 2028

Changes in Assumptions – OP&F OPEB

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

Changes in Benefit Terms – OPERS OPEB

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

Changes in Benefit Terms – OP&F OPEB

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

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CITY OF MARIETTA, OHIO
WASHINGTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct from Federal Government:				
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-39-0018	$0	$134,125
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-39-0018	0	28,569
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-39-0018	0	9,047
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-39-0018	0	326
COVID-19:Community Development Block Grants/Entitlement Grants	14.218	N/A	47,129	47,129
COVID-19:Community Development Block Grants/Entitlement Grants	14.218	N/A	0	56,307
Total Community Development Block Grants/Entitlement Grants Cluster			47,129	275,503
Family Self Sufficiency Program	14.896	FSS21OH3681	44,053	44,053
Section 8 Housing Choice Vouchers	14.871	N/A	2,143,813	2,143,813
Mainstream Vouchers	14.879	N/A	96,577	96,577
COVID-19: Mainstream Vouchers (CARES Act)	14.879	N/A	42,331	42,331
Total Housing Voucher Cluster			2,282,721	2,282,721
Continuum of Care	14.267	OH0428L5E071908	18,325	18,325
Continuum of Care	14.267	OH0428L5E072009	20,682	20,682
Total Continuum of Care			39,007	39,007
Total U.S. Department of Housing and Urban Development			**2,412,910**	**2,641,284**
U.S. DEPARTMENT OF JUSTICE				
Passed through the Ohio Attorney General's Office:				
Crime Victim Assistance	16.575	2021-VOCA-133873542	0	26,691
Crime Victim Assistance	16.575	2022-VOCA-134715001	0	7,181
Total Crime Victim Assistance			0	33,872
Passed through Ohio Department of Public Safety:				
Violence Against Women Formula Grants	16.588	2019-WF-VA2-8424	0	15,597
Violence Against Women Formula Grants	16.588	2020-WF-VA2-8424	0	43,499
Total Violence Against Women Formula Grants			0	59,096
Total U.S. Department of Justice			**0**	**92,968**
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Highway Administration				
Passed Through Ohio Department of Transportation:				
Highway Planning and Construction	20.205	PID 105024	0	16,173
Total Highway Planning and Construction Cluster			0	16,173
Total U.S. Department of Transportation			**0**	**16,173**
U.S. DEPARTMENT OF TREASURY				
Passed Through Washington County:				
COVID-19: Coronavirus Relief Fund	21.019	N/A	0	304,488
Total U.S. Department of Treasury			**0**	**304,488**
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Ohio Department of Public Safety:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4360-DR-167-47628-00	**0**	72,726
Total U.S. Department of Homeland Security			**0**	**72,726**
Total Expenditures of Federal Awards			**$2,412,910**	**$3,127,639**

The accompanying notes are an integral part of this Schedule.

CITY F MARIETTA
WASHINGTON COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Marietta, Washington County, Ohio (the City) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The City passes certain federal awards received from the United States Department of Housing and Urban Development **to** other governments or not-for-profit agencies (subrecipients). As Note B describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals.

NOTE E - MATCHING REQUIREMENTS

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

CITY OF MARIETTA, OHIO
WASHINGTON COUNTY

FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2021

Line Item No.	Description	14.871 - Section 8 Total		14.879- Mainstream Vouchers		14.MSC- Mainstream Cares Act Funding
111	Cash-unrestricted	132,511				
112	Cash-restricted-modernization and development	25,120				
113	Cash-other restricted	93,833				
114	Cash-tenant security deposits					
115	Cash - Restricted for payment of current liabilities	4,967				
100	**Total Cash**	256,431		0		0
121	Accounts receivable - PHA projects	37,089				
122	Accounts receivable - HUD other projects	0				
124	Account receivable - other government	0				
125	Account receivable - miscellaneous	0				
126	Accounts receivable - tenants	0				
126.1	Allowance for doubtful accounts - tenants	0				
126.2	Allowance for doubtful accounts - other	0				
127	Notes, Loans, & Mortgages Receivable - Current	0				
128	Fraud recovery	0				
128.1	Allowance for doubtful accounts - fraud	0				
129	Accrued interest receivable	0				
120	**Total receivables, net of allowance for doubtful accounts**	37,089		0		0
131	Investments - unrestricted	0				
132	Investments - restricted	0				
135	Investments - Restricted for payment of current liability	0				
142	Prepaid expenses and other assets	0				
143	Inventories	0				
143.1	Allowance for obsolete inventories	0				
144	Inter program - due from	0				
145	Assets held for sale	0				
150	**Total Current Assets**	293,520		0		0
161	Land	0				
162	Buildings	0				
163	Furniture, equipment and machinery - dwellings	0				
164	Furniture, equipment and machinery - administration	0				
165	Leasehold improvements	0				
166	Accumulated depreciation	0				
167	Construction in progress	0				
168	Infrastructure	0				
160	**Total capital assets, net of accumulated depreciation**	0		0		0
171	Notes, Loans, & mortgages receivable – Non-current	0				
172	Notes, Loans, & mortgages receivable – Non-current - past due	0				
173	Grants receivable – Non-current	0				
174	Other assets	0				
176	Investment in joint venture	0				
180	**Total Non-current Assets**	0		0		0
200	Deferred Outflow of Resources	0				
290	**Total Assets and Deferred Outflow of Resources**	293,520		0		0
311	Bank overdraft	0				
312	Accounts payable <= 90 days	1,897				
313	Accounts payable > 90 days past due	0				
321	Accrued wage/payroll taxes payable	3,070				
322	Accrued compensated absences - current portion	0				
324	Accrued contingency liability	0				
325	Accrued interest payable	0				
331	Accounts payable - HUD PHA Programs	0				
332	Accounts payable - PHA Projects	0				
333	Accounts payable - other government	0				
341	Tenant security deposits	0				
342	Unearned revenue	0				
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	0				
344	Current portion of long-term debt - operating borrowings	0				
345	Other current liabilities	0				
346	Accrued liabilities - other	0				
347	Inter program - due to	37,089				
348	Loan liability - current	0				
310	**Total Current Liabilities**	42,056		0		0
351	Long-term debt, net of current - capital projects/mortgage revenue	0				
352	Long-term debt, net of current - operating borrowings	0				
353	Non-current liabilities - other	93,833				
354	Accrued compensated absences- Non-current	0				
355	Loan liability – Non-current	0				
356	FASB 5 Liabilities	0				
357	Accrued Pension and OPEB Liability	0				
350	**Total Non-current liabilities**	93,833		0		0
300	**Total Liabilities**	135,889		0		0
400	Deferred Inflow of Resources	0				
508.4	Net Investment in Capital Assets	0				
511.4	Restricted Net Position	25,120				
512.4	Unrestricted Net Position	132,511				
513	**Total Equity - Net Assets/Position**	157,631		0		0
600	**Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position**	293,520		0		0
70300	Net tenant rental revenue	0				
70400	Tenant revenue - other	0				
70500	Total Tenant Revenue	0		0		0
70600-010	Housing assistance payments	1,949,791		91,058		42,331
70600-020	Ongoing administrative fees earned	260,907				
70600-030	Hard to house fee revenue					
70600-031	FSS Coordinator	10,911				
70600-040	Actual independent public accountant audit costs					
70600-050	Total preliminary fees earned					
70600-060	All other fees					
70600-070	Admin fee calculation description					
70600	**HUD PHA operating grants**	2,221,609		91,058		42,331
70610	Capital grants					
70800	Other government grants					
71100	Investment income - unrestricted	572				
71200	Mortgage interest income					
71300	Proceeds from disposition of assets held for sale					
71310	Cost of sale of assets					
71400	Fraud recovery	2,778				
71500	Other revenue	52,119				
71600	Gain or loss on sale of capital assets					
72000	Investment income - restricted	26				
70000	**Total Revenue**	2,277,104		91,058		42,331

FINANCIAL DATA SCHEDULE
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

91100	Administrative salaries	30,686				
91200	Auditing fees	10,090				
91300	Management Fee	0				
91310	Book-Keeping Fee	0				
91400	Advertising and Marketing	0				
91500	Employee benefit contributions - administrative	13,321				
91600	Office Expenses					
91700	Legal Expense					
91800	Travel	18				
91810	Allocated Overhead					
91900	Other	7,913				
91000	**Total Operating-Administrative**	62,028		0		0
92000	Asset Management Fee	0				
92100	Tenant services - salaries	96,577				
92200	Relocation Costs					
92300	Employee benefit contributions - tenant services	42,220				
92400	Tenant services - other	49,055				
92500	**Total Tenant Services**	187,852		0		0
93100	Water	0				
93200	Electricity	0				
93300	Gas	0				
93400	Fuel	0				
93500	Labor	0				
93600	Sewer	0				
93700	Employee benefit contributions - utilities	0				
93800	Other utilities expense	0				
93000	**Total Utilities**	0		0		0
94100	Ordinary maintenance and operations - labor	0				
94200	Ordinary maintenance and operations - materials and other	0				
94300	Ordinary Maintenance and Operations Contracts	0				
94500	Employee benefit contribution - ordinary maintenance	0				
94000	**Total Maintenance**	0		0		0
95100	Protective services - labor	0				
95200	Protective services - other contract costs	0				
95300	Protective services - other	0				
95500	Employee benefit contributions - protective services	0				
95000	**Total Protective Services**	0		0		0
96110	Property Insurance	0				
96120	Liability Insurance	0				
96130	Workmen's Compensation	0				
96140	All other Insurance	0				
96100	**Total Insurance Premiums**	0		0		0
96200	Other general expenses	0				
96210	Compensated absences	0				
96300	Payments in lieu of taxes	0				
96400	Bad debt - tenant rents	0				
96500	Bad debt - mortgages	0				
96600	Bad debt - other	0				
96800	Severance expense	0				
96000	**Total Other General Expenses**	0		0		0
96710	Interest of Mortgage (or Bonds) Payable	0				
96720	Interest on Notes Payable (Short and Long Term)	0				
96730	Amortization of Bond Issue Costs	0				
96700	**Total Interest Expense and Amortization Cost**	0		0		0
96900	**Total Operating Expenses**	249,880		0		0
97000	**Excess Revenue Over Operating Expenses**	2,027,224		91,058		42,331
97100	Extraordinary maintenance					
97200	Casualty losses- Non-capitalized					
97300-010	Mainstream 1 & 5 year					
97300-020	Home-Ownership	10,439				
97300-025	Litigation					
97300-030	Hope IV					
97300-040	Tenant Protection	916				
97300-041	Portability-Out	15,820				
97300-045	FSS Escrow Deposits	40,747				
97300-049	All Other "Special" Vouchers (i.e. FUP, NED, etc.)	140,422				
97300-050	All Other	1,727,545		91,058		42,331
97300	Housing assistance payments	1,935,889		91,058		42,331
97350	HAP Portability-in	6,616				
97400	Depreciation expense	0				
97500	Fraud losses	0				
97800	Dwelling units rent expense	0				
90000	**Total Expenses**	2,192,385		91,058		42,331
10010	Operating transfer in	0				
10020	Operating transfer out	0				
10030	Operating transfers from / to primary government	0				
10040	Operating transfers from / to component unit	0				
10070	Extraordinary items, net gain/loss	0				
10080	Special items, net gain/loss	0				
10093	Transfers between Programs and Projects - in	0				
10094	Transfers between Programs and Projects - out	0				
10100	**Total other financing sources (uses)**	0		0		0
10000	**Excess (Deficiency) of Revenue Over (Under) Expenses**	84,719		0		0
11020	Required Annual Debt Principal Payments	0		0		0
11030	Beginning equity	72,912		0		0
11040	**Prior period adjustments, equity transfers, and correction of errors**	0		0		0
11170-001	Administrative Fee Equity- Beginning Balance	72,912				
11170-010	Administrative Fee Revenue	260,907				
11170-020	Hard to House Fee Revenue	0				
11170-021	FSS Coordinator Grant	10,911				
11170-030	Audit Costs	0				
11170-040	Investment Income	572				
11170-045	Fraud Recovery Revenue	0				
11170-050	Other Revenue	43,705				
11170-051	Comment for Other Revenue	Port In $6,616, Accounts Receivable $37089				
11170-060	Total Admin Fee Revenues	316,095				
11170-080	Total Operating Expenses	249,880				
11170-090	Depreciation	0				
11170-095	Housing Assistance Portability In	6,616				
11170-100	Other Expenses	0				
11170-101	Comment for Other Expense	Admin fees used to support HAPS				

FINANCIAL DATA SCHEDULE
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

11170-110	Total Expenses	256,496				
11170-002	Net Administrative Fee	59,599				
11170-003	Administrative Fee Equity- Ending Balance	132,511				
11170-005	Pre-2004 Administrative Fee Reserves	0				
11170-006	Post-2003 Administrative Fee Reserves	132,511				
11170	**Administrative Fee Equity**	132,511				
11180-001	Housing Assistance Payments Equity - Begining Balance	0				
11180-010	Housing Assistance Payment Revenues	1,949,791				
11180-015	Fraud Recovery Revenue	2,778				
11180-020	Other Revenue	8,414				
11180-021	Comment for Other Revenue	Escrow Forfeits				
11180-025	Investment Income	26				
11180-030	Total HAP Revenues	1,961,009				
11180-080	Housing Assistance Payments	1,935,889				
11180-090	Other Expenses	0				
11180-091	Comments for Other Expenses	None				
11180-100	Total Housing Assistance Payments Expenses	1,935,889				
11180-002	Net Housing Assistance Payments	25,120				
11180-003	Housing Assistance Payments Equity-Ending Balance	25,120				
11180	**Housing Assistance Payments Equity**	0				
11190-210	Total ACC HCV Units	5,904				
11190-220	Unfunded Units	0				
11190-230	Other Adjustments	0				
11190	**Unit Months Available**	5,904		300		440
11210	**Unit Months Leased**	4,986		202		196

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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 Marietta
Washington County
301 Putnam Street
Marietta, Ohio 45750

To the 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Marietta, Washington 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 and have issued our report thereon dated September 26, 2022 wherein we noted the City restated net position and fund balances at December 31, 2020 to correctly account for prior year intergovernmental receivables.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City's Response to Findings

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

September 26, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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

City of Marietta
Washington County
301 Putnam Street
Marietta, Ohio 45750

To the City Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City of Marietta, Washington County, Ohio (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2021. The City's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the City of Marietta complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

September 26, 2022

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SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • Housing Voucher Cluster, AL# 14.871 and 14.879	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

Finding Number 2021-001

Significant Deficiency- Bank Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The City Treasurer's Office and City Auditor's Office are responsible for reconciling the bank balance to the book (fund) balance, and the City Auditor is responsible for reviewing the reconciliations and related support.

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

Finding Number 2021-001 (Continued)

Significant Deficiency- Bank Reconciliations (Continued)

While monthly bank-to-book reconciliations were prepared and reviewed by City officials, the reconciliations showed an unexplained reconciling item in the amount of $11,909. Failure to reconcile and provide supporting documentation for the reconciliation increases the possibility that the City will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud and could lead to inaccurate reporting in the annual financial statements and could cause the City being declared unauditable.

The City Treasurer and City Auditor should prepare bank to book cash reconciliations, which include all bank accounts and all fund balances, with all variances explained. Variances should be investigated, documented and corrected. In addition, all related support (such as reconciling items) should be included in the reconciliation packet.

Officials' Response: See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

City of Marietta

Sherri J. Hess, Auditor

301 Putnam St. • Marietta, Ohio 45750 • 740-373-0473 • Fax 740-373-0483

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2021

Finding Number:	2021-001
Planned Corrective Action:	The City Auditor is actively working with New World system contacts to correct Reconciliation issues with system.
Anticipated Completion Date:	October 31, 2022
Responsible Contact Person:	Sherri Hess, City Auditor

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF MARIETTA

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 9/29/2022

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