CITY OF OAKWOOD
MONTGOMERY COUNTY

REGULAR AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2022

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OHIO AUDITOR OF STATE
KEITH FABER

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

Honorable Mayor and the City Council
City of Oakwood
30 Park Avenue
Dayton, OH 45419

We have reviewed the *Independent Auditor's Report* of the City of Oakwood, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

May 06, 2023

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City of Oakwood, Ohio

Basic Financial Statements
For the Year Ended December 31, 2022

with

Independent Auditor's Report

Prepared by:

Department of Finance

Cindy S. Stafford, CPA

Director of Finance

CITY OF OAKWOOD, OHIO

CITY OFFICIALS

William D. Duncan, Mayor
Steven Byington, Vice Mayor
Robert P. Stephens
Anne Hilton
Leigh Turben

CITY MANAGER

Norbert S. Klopsch

INDEPENDENT AUDITORS

Plattenburg & Associates, Inc.
Certified Public Accountants

DEPARTMENT OF FINANCE

Staff

Cindy S. Stafford, CPA	Director of Finance
Tracy L. Martin	Assistant Finance Director
Linda M. Merker	Income Tax Administrator
Gloria Corona-Luna	Account Clerk II
Hannah R. Thirey	Account Clerk I
Tracy L. Davidson	Account Clerk II - Income Tax
Stacy M. Vreeland-Mathes	Part-time Income Tax Clerk

CITY OF OAKWOOD, OHIO

MONTGOMERY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2022

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CITY OF OAKWOOD, OHIO
MONTGOMERY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2022

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CITY OF OAKWOOD

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and the City Council
City of Oakwood, Ohio

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Dayton, Ohio
April 28, 2023

CITY OF OAKWOOD, OHIO

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

Our discussion and analysis of the City of Oakwood, Ohio's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2022.

Financial Highlights

- Net position increased by $4,114,828 or 9.026% and unrestricted net position increased to $9,440,858 from 5,775,021.
- Total revenues increased $1,098,824 or 5.54% and total expenses increased $2,535,200 or 17.75%.
- Income taxes increased $705,028 or 7.31%.
- Total fund balances of governmental activities increased by $1,484,862 or 8.26%.
- Governmental fund revenues increased $709,890 or 4.37% and governmental fund expenditures increased $1,128,058 or 7.87%.
- The net position of the City's business-type activities increased by $344,132 or 5.28%.
- Total revenue of business-type activities decreased $6,966 or 0.20% and total expenses increased $855,694 or 37.58%.
- The General Fund balance increased $1,210,328 or 9.36%.
- The General Fund revenues increased $661,469 or 4.40% and expenditures increased $366,885 or 3.25%.

Using this Annual Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements provide the next level of detail. For governmental activities, these financial statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside government.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Activities help to answer this question. These statements include all assets and deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's position and changes in that net position. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements should take into account non-financial factors that also impact the City. Some of these factors include the City's tax base, the condition of its capital assets, and the reputation of the public schools to assess the overall health of the City.

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

- Governmental Activities – Most of the City's services are reported here including police and fire protection, recreation and parks, community environment, street repair and maintenance, and general government.

- Business-Type Activities – These services include the water, sanitary sewer and stormwater departments where the fees charged for these services are based upon the amount of usage and the intent is to recoup operational costs through the user fees.

Reporting the City's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about each major fund. The major funds of the City include the General, Health District, Local Fiscal Recovery, Water, Sanitary Sewer and Stormwater funds. The City uses many funds to account for a multitude of financial transactions. However, the focus of the fund financial statements is on the City's most significant funds, and therefore only the major funds are presented in separate columns. All other funds are combined into one column for reporting purposes.

Governmental Funds

Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds, and the balances left at year-end which would be available for spending in future periods. These funds are reported using an accounting method called modified accrual, 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 in the financial statements.

Proprietary Funds

When the City charges citizens for the services it provides, with the intent of recouping operating costs, 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. Internal service funds are used to report activities that provide services to the City's other funds and departments.

Custodial Fiduciary Funds

The financial activity of custodial funds, for which the City acts as the fiscal agent, is reported separately in the Statement of Assets and Liabilities. This financial activity is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes.

The City as a Whole

The following table presents condensed information on Net Position for the year:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	$27,153,055	$24,263,345	$ 5,528,483	$ 5,424,965	$32,681,538	$29,688,310
Capital assets, net	35,119,083	34,932,301	2,903,877	2,762,428	38,022,960	37,694,729
Total assets	62,272,138	59,195,646	8,432,360	8,187,393	70,704,498	67,383,039
Deferred outflows of resources:						
Pensions	3,300,238	1,911,768	194,067	119,706	3,494,305	2,031,474
Other postemployment benefits	767,050	1,115,462	4,486	52,765	771,536	1,168,227
Total deferred outflows of resources	4,067,288	3,027,230	198,553	172,471	4,265,841	3,199,701
Current and other liabilities	2,095,876	1,516,265	458,729	473,281	2,554,605	1,989,546
Long-term liabilities:						
Due within one year	732,548	677,293	67,712	62,024	800,260	739,317
Due in more than one year	11,886,731	14,367,558	528,756	811,897	12,415,487	15,179,455
Total liabilities	14,715,155	16,561,116	1,055,197	1,347,202	15,770,352	17,908,318
Deferred inflows of resources:						
Property taxes	2,417,429	2,398,514	-	-	2,417,429	2,398,514
Pensions	5,122,213	2,395,881	545,093	313,101	5,667,306	2,708,982
Other postemployment benefits	1,240,858	1,794,290	162,938	261,075	1,403,796	2,055,365
Total deferred inflows of resources	8,780,500	6,588,685	708,031	574,176	9,488,531	7,162,861
Net position:						
Invested in capital assets, net	35,119,083	34,932,301	2,903,877	2,762,428	38,022,960	37,694,729
Restricted	2,247,638	2,126,878	-	-	2,247,638	2,126,878
Unrestricted	5,477,050	2,013,896	3,963,808	3,761,125	9,440,858	5,775,021
Total net position	$42,843,771	$39,073,075	$ 6,867,685	$ 6,523,553	$49,711,456	$45,596,628

The largest impacts on the City's financial statements in 2022 and 2021 had absolutely no impact on the City's financial condition; GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension" (OPEB). GASB Statement No. 75 and GASB Statement No. 68 required the City to recognize a liability of $1.3 million for OPEB and $10.1 million for pension. For reasons discussed below, these liabilities serve only to distort the true financial position of the City. 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 and the net pension and OPEB liabilities to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB. The resulting net position would be $63,071,568, which is $13.4 million more than the net position presented.

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 Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law or actuarially determined, which may or may not be sufficient to fully fund each plan's *net pension liability or net OPEB liability.* GASB Statements No. 68 and No. 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 require additional explanation to properly understand the information presented in these statements. GASB Statements No. 68 and 75 require the net pension liability and the net OPEB liability (asset) to equal the City's share of each plan's:

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

GASB notes that pension and OPEB obligations and assets, 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 and OPEB 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 plans. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension and OPEB system *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 and 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 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 Statement No. 68 and GASB Statement No. 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.

For 2022, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by a total of $49.7 million. This represents an increase of 9.02% from the prior year.

Explanations for larger fluctuations between years are as follows:

- The increase in income tax revenues is due in part to individual income taxes associated with the impact of the advent of work from home as well as the average 4.7% rise in US salaries during 2022.
- Charges for services in leisure time activities increased in 2022 compared to 2021 as a result of an increase in pool memberships as well as participation in leisure programs.
- Investment earnings were offset in 2022 by $400,506 of unrealized losses; it is the intention of the City to hold assets to maturity so as not realize any losses. The rising interest rate market resulted in the City holding investments with lower interest rates resulting in discounted investments.
- Expenses increased in 2022 because of the impact of GASB Statements No. 68 and 75. The annual pension expense and an annual OPEB expense for the proportionate share of each plan's *change* in net pension liability and net OPEB liability resulted in a decrease of expense of $3.4 million in 2021. The impact of GASB Statements No. 68 and 75 was a decrease of $1.5 million in 2022.

The following table presents condensed information on Changes in Net Position for the year:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	$ 2,503,326	$ 2,402,902	$ 3,487,775	$ 3,469,755	$ 5,991,101	$ 5,872,657
Operating grants & contributions	704,090	700,923	-	-	704,090	700,923
Capital grants & contributions	15,000	72,000	-	-	15,000	72,000
General revenues:						
Income taxes	10,799,997	9,766,133	-	-	10,799,997	9,766,133
Property taxes	2,743,657	2,773,623	-	-	2,743,657	2,773,623
Unrestricted grants & contributions	660,790	541,807	-	-	660,790	541,807
Investment earnings (loss)	(139,687)	5,863	(31,269)	(402)	(170,956)	5,461
Miscellaneous	169,651	87,783	20,212	14,331	189,863	102,114
Total revenues	17,456,824	16,351,034	3,476,718	3,483,684	20,933,542	19,834,718
Program Expenses						
Security of persons and property	5,650,827	4,310,505	-	-	5,650,827	4,310,505
Public health services	136,613	120,435	-	-	136,613	120,435
Leisure time activities	1,119,743	1,000,984	-	-	1,119,743	1,000,984
Community environment	2,123,775	1,845,409	-	-	2,123,775	1,845,409
Transportation	1,450,597	1,329,839	-	-	1,450,597	1,329,839
General government	2,541,384	2,268,738	-	-	2,541,384	2,268,738
Public works	663,189	1,130,712	-	-	663,189	1,130,712
Interest and fiscal charges	-	-	-	-	-	-
Water	-	-	1,192,718	680,924	1,192,718	680,924
Sanitary Sewer	-	-	1,766,580	1,441,489	1,766,580	1,441,489
Stormwater	-	-	173,288	154,479	173,288	154,479
Total expenses	13,686,128	12,006,622	3,132,586	2,276,892	16,818,714	14,283,514
Changes in net position	3,770,696	4,344,412	344,132	1,206,792	4,114,828	5,551,204
Net position, beginning of year	39,073,075	34,728,663	6,523,553	5,316,761	45,596,628	40,045,424
Net position, end of year	$42,843,771	$39,073,075	$ 6,867,685	$ 6,523,553	$49,711,456	$45,596,628

The following table shows the percentage of total expenses each functional area comprises, the net cost of each functional area and the percentage of each functional area expenses financed with general revenues.

ANALYSIS OF PROGRAM EXPENSES
GOVERNMENTAL ACTIVITIES

	Total Expense by Function / Program	Percentage of Total Program Expenses	Total Program Revenue	Net Expense of Function	Percentage of Function Financed with General Revenues
Program Expenses					
Security of persons and property	$ 5,650,827	41.29%	$ (290,673)	$ 5,360,154	94.86%
Public health services	136,613	1.00%	(38,515)	98,098	71.81%
Leisure time activities	1,119,743	8.18%	(571,749)	547,994	48.94%
Community environment	2,123,775	15.52%	(1,420,618)	703,157	33.11%
Transportation	1,450,597	10.60%	(648,887)	801,710	55.27%
General government	2,541,384	18.57%	(251,974)	2,289,410	90.09%
Public works	663,189	4.84%	-	663,189	100.00%
	$ 13,686,128	100.00%	$ (3,222,416)	$ 10,463,712	76.45%

As indicated by the table above, the City is spending more than half of its resources (56.81%) on the security of person and property (public safety) and community environment activities. The operation of the public safety department is 41.29% of total program expenses, revenues generated by the public safety department cover only 5.14% of functional expenses. This means that general revenues collected by the City, principally income and property taxes, must cover the remaining 94.86% of expenses reported by the public safety department. Refuse collection fees are the most significant program revenue source that helps offset the expenses reported for the community environment functions.

General government functions, principally legislative, administration and judicial activities, comprise 18.57% of the total governmental expenses. Most of the program revenue generated by this function is associated with court fees and fines, as well as other charges for services and operating grants. Charges for services and fees associated with the leisure department accounted for 51.06% of the leisure time activities functional expenses. Expenses associated with street resurfacing, street maintenance, snow removal and operation of the public works department are all included within the transportation function. General revenues comprise 81.54% of the total governmental revenues collected by the City during 2022. Principal components of general revenues; including income taxes (75.87%) and property taxes (19.27%), are used to furnish the quality of life and services to citizens and businesses to which they have become accustomed.

Business-Type Activities

The City's business-type activities include the Water, Sanitary Sewer and Stormwater operations.

Water – The water department at the City of Oakwood is responsible for the production, treatment and delivery of quality water to businesses and citizens within the boundaries of the City. Various functions within the water department include administration, water production, water distribution and maintaining and upgrading the infrastructure used to produce, treat and distribute the water. The water department in 2022 experienced operating income of $62,099, compared to income of $395,928 in 2021. Operating results for the water fund can vary greatly depending in large part on the amount of irrigation water used throughout the city during the summer months, which is a function of the amount of rainfall during any given year. The impact of GASB Statements No. 68 and 75, pension and OPEB, significantly reduced personnel expenses in 2021. At December 31, 2022 the unrestricted net position represented 91.72% of the operating expenses reported for 2022.

Sanitary Sewer – The City's sanitary sewer department is responsible for the collection and disposal of sanitary wastewater generated throughout the City. The City does not treat sanitary wastewater within our City and must rely on the City of Dayton and Montgomery County for this service. The cost for this sanitary wastewater treatment service represents about 68% of our sanitary sewer costs. Various functions within the sanitary sewer department include administration, disposal, and maintaining and upgrading infrastructure used in the collection and disposal of sanitary wastewater. The sanitary sewer department recognized operating income of $77,344 during 2022 as compared to operating income of $406,332 reported for 2021.

Stormwater – The City's stormwater department is responsible for managing stormwater runoff in a manner consistent with the EPA's National Pollutant Discharge System standards. Citizens are charged a stormwater fee based on their impervious area of developed property. The fund experienced operating income in 2022 of $294,210 as compared to operating income of $317,876 reported in 2021.

Overall, the City's business-type activities generated $3.49 million in program revenue during 2022, while program expenses were $3.13 million. The business-type activities incurred an overall increase in net position of $344,132. It should be noted that the unrestricted net position of the business-type activities totaled $3.96 million at the end of 2022. The amount of unrestricted net position for business-type activities reported at December 31, 2022 equaled 126.53% of the total expenses reported for business-type activities for 2022. Management will continue to monitor utility rate charges and necessary adjustments will be made to provide any additional financial resources needed.

The City's Funds

The governmental funds of the City are reported using the modified accrual basis of accounting. These funds had total revenues of $16.95 million and expenditures of $15.47 million for 2022. In total, the governmental funds reported a $1,484,862 increase in total fund balance for the year. In 2021, the fund balance of the City's governmental funds increased by $1,903,030. The decrease in 2022 is primarily the result of the capital projects during the year. The restricted, committed, assigned, and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year; these fund balances at December 31, 2022 were $19.06 million, or 123.20% of the total expenditures reported for the governmental funds for 2022.

The City's General Fund realized a $1,210,328 increase in fund balance during 2022 as compared to the $1,811,272 increase in 2021. Annually, the General Fund transfers amounts to other funds to cover recreation, street maintenance, state highway and other programs. These transfers also pay for capital improvement projects and construction of capital assets. The General Fund transferred $2,819,019 to other funds in 2022 as compared to $1,923,491 to other funds in 2021.

Explanation of the changes in the three enterprise funds of the City, the water, sanitary sewer and stormwater funds, follow the same explanations as those provided in the assessment of the business-type activities noted above since enterprise funds are accounted for using full accrual accounting, the same accounting basis used in the city-wide statements.

General Fund Budgeting Highlights

The City's budget is adopted on a fund basis. Before the budget is adopted, council reviews the detailed budgets of each department within the General Fund and other funds, and then adopts the budget on a fund basis. Within each departmental budget, a department head, with the City Manager's approval, may make small line adjustments within their budget, as long as the total operational and maintenance amount does not exceed their budgetary allotment.

For the General Fund, budget basis revenue was $13.16 million as compared to the actual revenues received of $14.20 million. The City's variances in revenues received were from the following:

- Income tax revenue was $744,460 more than budget because of a continued increase in annual wages as well as the impacts of working remotely.
- Property tax revenue was $172,644 more than budget as a result of City property tax collections were better than the county anticipated rate of 95% which was used for budgeting purposes.

The budgeted expenditures of the City did not change from the original budget to the final budget. Actual expenditures were $531,148 less than budgeted. For the year ended December 31, 2022 the total actual budgetary change in fund balance for the General Fund was an increase of $210,110 resulting in a reported $9,305,059 ending budgetary fund balance. The ending budgetary fund balance or unencumbered fund balance reported at the end of the year was 102.00% of the total budgetary expenditures of the General Fund for 2022.

Capital Assets

At the end of 2022, the City had a total of $81.17 million invested in capital assets less accumulated depreciation of $43.15 million resulting in total capital assets, net of accumulated depreciation of $38.02 million.

During 2022, significant asset additions were as follows:

- Asphalt and concrete street, sidewalk, curb and apron replacement totaling $804,340;
- Construction of the recycling center at the Public Works facility totaling $342,629;
- Construction of a storage building at the Public Works facility for use by the Leisure Services Department totaling $272,082;
- Purchase of a refuse vehicles including 2 scooters, a wheel loader and a packer totaling $395,262;
- Purchase of a used ambulance totaling $110,438; and
- Sanitary Sewer equipment totaling $184,098.

The following table shows 2022 capital asset balances compared to those of 2021:

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Construction in progress	$ 276,098	$ 400,973	$ -	$ -	$ 276,098	$ 400,973
Land	5,205,477	5,205,477	283,820	283,820	5,489,297	5,489,297
Buildings	6,217,928	6,432,654	302,779	300,708	6,520,707	6,733,362
Land Improvements	1,860,181	1,606,547	41,531	47,607	1,901,712	1,654,154
Equipment	927,696	963,622	493,090	297,708	1,420,786	1,261,330
Vehicles	1,521,785	1,047,568	521,337	524,503	2,043,122	1,572,071
Infrastructure	19,109,918	19,275,460	1,261,320	1,308,082	20,371,238	20,583,542
Total	$35,119,083	$34,932,301	$ 2,903,877	$ 2,762,428	$38,022,960	$37,694,729

Additional information on the City's capital assets can be found in Note 4 to the basic financial statements.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances. If you have questions or need additional financial information, please contact Cindy Stafford, CPA Director of Finance, City of Oakwood, 30 Park Avenue, Oakwood, Ohio 45419 or call (937) 298-0402.

CITY OF OAKWOOD, OHIO

Statement of Net Position

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled cash and investments	$ 19,919,426	$ 4,402,488	$ 24,321,914
Cash in segregated accounts	8,575	-	8,575
Receivables:			
Property taxes	2,435,945	-	2,435,945
Income taxes	3,237,375	-	3,237,375
Accounts	203,661	305,866	509,527
Special assessments	151,691	42,250	193,941
Interest	52,288	11,061	63,349
Intergovernmental	569,509	-	569,509
Prepaid expenses	145,233	19,850	165,083
Internal balances	(535,762)	535,762	-
Inventory	221,368	53,894	275,262
Net other postemployment benefits asset	743,746	157,312	901,058
Nondepreciable capital assets	5,481,575	283,820	5,765,395
Depreciable capital assets (net of accumulated depreciation)	29,637,508	2,620,057	32,257,565
Total assets	$ 62,272,138	$ 8,432,360	$ 70,704,498
Deferred Outflows of Resources			
Pensions	3,300,238	194,067	3,494,305
Other postemployment benefits	767,050	4,486	771,536
Total deferred outflows of resources	4,067,288	198,553	4,265,841
Liabilities			
Accounts payable	47,767	124,993	172,760
Contracts payable	38,425	2,161	40,586
Accrued wages payable	277,776	27,321	305,097
Intergovernmental payable	207,295	304,254	511,549
Unearned revenue - income tax credits	584,821	-	584,821
Unearned revenue - other	939,792	-	939,792
Long-term liabilities:			
Due within one year	732,548	67,712	800,260
Due within more than one year			
Net pension liability	9,681,082	447,564	10,128,646
Net other postemployment benefits	1,327,263	-	1,327,263
Other amounts	878,386	81,192	959,578
Total liabilities	14,715,155	1,055,197	15,770,352
Deferred Inflows of Resources			
Property taxes	2,417,429	-	2,417,429
Pensions	5,122,213	545,093	5,667,306
Other postemployment benefits	1,240,858	162,938	1,403,796
Total deferred inflows of resources	8,780,500	708,031	9,488,531
Net Position			
Net investment in capital assets	35,119,083	2,903,877	38,022,960
Restricted for:			
Capital purposes	332,999	-	332,999
Other purposes	1,864,471	-	1,864,471
Permanent endowment:			
Nonexpendable	50,000	-	50,000
Expendable	168	-	168
Unrestricted	5,477,050	3,963,808	9,440,858
Total net position	$ 42,843,771	$ 6,867,685	$ 49,711,456

See accompanying notes to the basic financial statements.

CITY OF OAKWOOD, OHIO

Statement of Activities

For the Year Ended December 31, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions / Programs							
Governmental activities:							
Security of persons and property	$ 5,650,827	$ 257,742	$ 32,931	$ -	$ (5,360,154)	$ -	$ (5,360,154)
Public health services	136,613	36,763	1,752	-	(98,098)	-	(98,098)
Leisure time activities	1,119,743	556,506	15,243	-	(547,994)	-	(547,994)
Community environment	2,123,775	1,420,618	-	-	(703,157)	-	(703,157)
Transportation	1,450,597	-	648,887	-	(801,710)	-	(801,710)
General government	2,541,384	231,697	5,277	15,000	(2,289,410)	-	(2,289,410)
Public works	663,189	-	-	-	(663,189)	-	(663,189)
Total governmental activities	$ 13,686,128	$ 2,503,326	$ 704,090	$ 15,000	(10,463,712)	-	(10,463,712)
Business-type activities:							
Water	1,192,718	1,176,824	-	-	-	(15,894)	(15,894)
Sewer	1,766,580	1,843,652	-		-	77,072	77,072
Stormwater	173,288	467,299	-	-	-	294,011	294,011
Total business-type activities	3,132,586	3,487,775	-	-	-	355,189	355,189
Total	$ 16,818,714	$ 5,991,101	$ 704,090	$ 15,000	(10,463,712)	355,189	(10,108,523)
General revenues:							
Taxes:							
Income taxes					10,799,997	-	10,799,997
Property taxes levied for:							
General purposes					2,743,657	-	2,743,657
Grants and contributions not restricted to specific programs					660,790	-	660,790
Investment earnings (loss)					(139,687)	(31,269)	(170,956)
Miscellaneous					169,651	20,212	189,863
Total general revenues					14,234,408	(11,057)	14,223,351
Change in net position					3,770,696	344,132	4,114,828
Net position, beginning of year					39,073,075	6,523,553	45,596,628
Net position, end of year					$ 42,843,771	$ 6,867,685	$ 49,711,456

CITY OF OAKWOOD, OHIO

Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Health District Fund	Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	$ 13,672,907	$ 155,401	$ 939,792	$ 5,012,189	$ 19,780,289
Cash in segregated accounts	7,668	-	-	907	8,575
Receivables:					
Property taxes	2,435,945	-	-	-	2,435,945
Income taxes	3,237,375	-	-	-	3,237,375
Accounts	169,451	-	-	33,181	202,632
Special assessments	22,185	-	-	129,506	151,691
Interest	50,628	-	-	1,660	52,288
Intergovernmental	277,454	-	-	288,837	566,291
Prepaid expenses	124,986	1,715	-	16,577	143,278
Inventory	36,831	-	-	165,268	202,099
Total assets	20,035,430	157,116	939,792	5,648,125	26,780,463
Liabilities					
Accounts payable	30,716	2,205	-	10,453	43,374
Contracts payable	11,243	29	-	26,323	37,595
Accrued wages payable	237,572	3,107	-	30,668	271,347
Intergovernmental payable	185,740	2,753	-	15,191	203,684
Unearned revenue - income tax credits	584,821	-	-	-	584,821
Unearned revenue - other	-	-	939,792	-	939,792
Total liabilities	1,050,092	8,094	939,792	82,635	2,080,613
Deferred Inflows of Resources					
Unavailable revenue - income taxes	2,057,363	-	-	-	2,057,363
Unavailable revenue - property taxes	2,435,945	-	-	-	2,435,945
Unavailable revenue - other	353,307	-	-	383,262	736,569
Total deferred inflows of resources	4,846,615	-	-	383,262	5,229,877
Fund Balances					
Nonspendable:					
Prepaid expenses and inventory	161,817	1,715	-	181,845	345,377
Unclaimed monies	17,854	-	-	-	17,854
Permanent Funds - Bullock Endowment	-	-	-	50,000	50,000
Restricted:					
Security of persons and property	-	-	-	528,393	528,393
Public health services	-	147,307	-	-	147,307
Leisure time activities	-	-	-	393,999	393,999
Community environment	-	-	-	5,671	5,671
Transportation	-	-	-	734,659	734,659
Municipal court activities	-	-	-	207,606	207,606
Committed:					
Capital projects fund	3,528,665	-	-	3,080,055	6,608,720
Assigned:					
General government for future appropriations	437,606	-	-	-	437,606
Unassigned:					
General fund	9,992,781	-	-	-	9,992,781
Total fund balances	14,138,723	149,022	-	5,182,228	19,469,973
Total liabilities, deferred inflows of resources and fund balances	$ 20,035,430	$ 157,116	$ 939,792	$ 5,648,125	$ 26,780,463

See accompanying notes to the basic financial statements.

CITY OF OAKWOOD, OHIO

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Fund balance - total governmental funds		$ 19,469,973
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.		32,629,147
Some receivables are not available to pay for current-period expenditures therefore, related revenues are deferred in the funds:		
Property and other taxes	18,516	
Income taxes	2,057,363	
Intergovernmental	495,507	
Special assessments	151,691	
Charges for services	52,729	
Interest	36,642	
		2,812,448
Internal service funds are used to charge the costs of certain activities such as providing insurance as well as the service center to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		2,437,129
The internal balance represents the portion of the internal service funds' assets and liabilities that are allocated to the enterprise funds.		(535,762)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:		
Compensated absences payable	(1,574,218)	
		(1,574,218)
The net pension and other postemployment benefit liabilities other than pension (OPEB) are not due and payable in the current period; therefore, the liabilities and related deferred inflows / outflows are not reported in governmental funds:		
Deferred outflows - pension	3,260,092	
Deferred outflows - OPEB	766,122	
Deferred inflows - pension	(5,009,452)	
Deferred inflows - OPEB	(1,207,152)	
Net pension liability	(9,588,496)	
Net OPEB asset	711,203	
Net OPEB liability	(1,327,263)	
		(12,394,946)
Net position of governmental activities		$ 42,843,771

See accompanying notes to the basic financial statements.

CITY OF OAKWOOD, OHIO

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

	General Fund	Health District Fund	Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Income taxes	$ 10,349,463	$ -	$ -	$ -	$ 10,349,463
Property taxes	2,608,852	116,289	-	-	2,725,141
Intergovernmental	575,499	1,752	-	668,592	1,245,843
Charges for services	2,071,675	-	-	46,295	2,117,970
Fines, licenses and permits	174,836	36,763	-	16,983	228,582
Special assessments	18,235	-	-	254,755	272,990
Investment earnings (loss)	(176,110)	-	-	1,735	(174,375)
Donations	3,293	-	-	13,910	17,203
Miscellaneous	57,894	997	-	110,760	169,651
Total revenues	15,683,637	155,801	-	1,113,030	16,952,468
Expenditures					
Security of persons and property	6,294,031	-	-	174,400	6,468,431
Public health services	-	149,136	-	-	149,136
Leisure time activities	1,045,574	-	-	94,819	1,140,393
Community environment	2,131,812	-	-	500	2,132,312
Transportation	-	-	-	1,168,366	1,168,366
General government	2,054,119	-	-	118,039	2,172,158
Capital outlay	128,754	-	-	2,108,056	2,236,810
Total expenditures	11,654,290	149,136	-	3,664,180	15,467,606
Excess of revenues over (under) expenditures	4,029,347	6,665	-	(2,551,150)	1,484,862
Other financing sources (uses)					
Transfers in	-	-	-	2,819,019	2,819,019
Transfers out	(2,819,019)	-	-	-	(2,819,019)
Total other financing sources (uses)	(2,819,019)	-	-	2,819,019	-
Net change in fund balance	1,210,328	6,665	-	267,869	1,484,862
Fund balance, beginning of year	12,928,395	142,357	-	4,914,359	17,985,111
Fund balance, end of year	$ 14,138,723	$ 149,022	$ -	$ 5,182,228	$ 19,469,973

See accompanying notes to the basic financial statements.

CITY OF OAKWOOD, OHIO

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

Net change in fund balances - total governmental funds		$ 1,484,862
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their useful lives as depreciation expense:		
Capital asset additions	2,123,076	
Current year depreciation	(1,662,389)	
		460,687
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		504,356
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,147,731
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		17,955
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(107,437)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB asset and the net OPEB liability are reported as OPEB expense in the statement of activities.		458,115
Internal service funds are used to charge the costs of certain activities, such as insurance and vehicle maintenance to the individual funds as reported in the Statement of Activities.		(234,897)
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 governmental funds:		
Compensated absences		39,324
Change in net position of governmental activities		$ 3,770,696

See accompanying notes to the basic financial statements.

CITY OF OAKWOOD, OHIO

Statement of Net Position
Proprietary Funds
December 31, 2022

	Enterprise Funds				
	Water	Sanitary Sewer	Stormwater	Total	Internal Service Fund
Assets					
Current assets:					
Pooled cash and investments	$ 1,385,694	$ 2,240,353	$ 776,441	$ 4,402,488	$ 139,137
Receivables:					
Accounts	80,035	178,078	47,753	305,866	1,028
Special assessments	15,277	20,875	6,098	42,250	-
Interest	3,548	5,638	1,875	11,061	-
Intergovernmental	-	-	-	-	3,218
Prepaid expenses	8,798	7,024	4,028	19,850	1,955
Inventory	52,918	976	-	53,894	19,269
Total current assets	1,546,270	2,452,944	836,195	4,835,409	164,607
Noncurrent assets:					
Net other postemployment benefits asset	74,723	53,582	29,007	157,312	32,543
Nondepreciable capital assets	283,820	-	-	283,820	25,840
Depreciable capital assets (net of accumulated depreciation)	1,083,693	1,407,524	128,840	2,620,057	2,464,096
Total noncurrent assets	1,442,236	1,461,106	157,847	3,061,189	2,522,479
Total assets	2,988,506	3,914,050	994,042	7,896,598	2,687,086
Deferred Outflows of Resources					
Pensions	92,182	66,101	35,784	194,067	40,146
Other postemployment benefits	2,131	1,528	827	4,486	928
Total deferred outflows of resources	94,313	67,629	36,611	198,553	41,074
Liabilities					
Current Liabilities:					
Accounts payable	22,188	102,499	306	124,993	4,392
Contracts payable	1,481	454	226	2,161	830
Accrued wages payable	13,733	9,055	4,533	27,321	6,429
Intergovernmental payable	13,535	288,325	2,394	304,254	3,611
Compensated absences payable	34,048	23,227	10,437	67,712	16,696
Total current liabilities	84,985	423,560	17,896	526,441	31,958
Noncurrent liabilities:					
Net pension liability	212,592	152,446	82,526	447,564	92,586
Compensated absences payable	40,827	27,851	12,514	81,192	20,020
Total noncurrent liabilities	253,419	180,297	95,040	528,756	112,606
Total liabilities	338,404	603,857	112,936	1,055,197	144,564
Deferred Inflows of Resources					
Pensions	258,919	185,665	100,509	545,093	112,761
Other postemployment benefits	77,395	55,499	30,044	162,938	33,706
Total deferred inflows of resources	336,314	241,164	130,553	708,031	146,467
Net Position					
Net investment in capital assets	1,367,513	1,407,524	128,840	2,903,877	2,489,936
Unrestricted	1,040,588	1,729,134	658,324	3,428,046	(52,807)
Total net position	$ 2,408,101	$ 3,136,658	$ 787,164	$ 6,331,923	$ 2,437,129

Adjustment to reflect consolidation of internal service fund activities related to enterprise funds	$ 535,762
Total net position from above	6,331,923
	$ 6,867,685

See accompanying notes to the basic financial statements.

CITY OF OAKWOOD, OHIO

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

	Enterprise Funds				
	Water	Sanitary Sewer	Stormwater	Total	Internal Service Fund
Operating Revenues					
Charges for services	$ 1,161,025	$ 1,821,616	$ 463,558	$ 3,446,199	$ 646,848
Special assessments	15,799	22,035	3,742	41,576	-
Miscellaneous	19,742	273	197	20,212	785
Total operating revenues	1,196,566	1,843,924	467,497	3,507,987	647,633
Operating Expenses					
Personnel services	473,811	380,390	101,404	955,605	196,597
Contractual services	341,669	1,288,392	54,540	1,684,601	69,394
Supplies and materials	239,360	31,915	14,973	286,248	449,635
Claims	-	-	-	-	9,366
Miscellaneous	3,399	-	-	3,399	230
Depreciation	76,228	65,883	2,370	144,481	215,560
Total operating expenses	1,134,467	1,766,580	173,287	3,074,334	940,782
Operating income (loss)	62,099	77,344	294,210	433,653	(293,149)
Non-operating revenues					
Investment earnings (loss)	(10,072)	(15,945)	(5,252)	(31,269)	-
Nonoperating income (loss) before contributions	52,027	61,399	288,958	402,384	(293,149)
Change in net position	52,027	61,399	288,958	402,384	(293,149)
Net position, beginning of year	2,356,074	3,075,259	498,206		2,730,278
Net position, end of year	$ 2,408,101	$ 3,136,658	$ 787,164		$ 2,437,129
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				(58,252)	
Change in net position of business-type activities				$ 344,132	

See accompanying notes to the basic financial statements.

CITY OF OAKWOOD, OHIO

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

	Enterprise Funds				
	Water	Sanitary Sewer	Stormwater	Total	Internal Service Fund
Cash flows from operating activities					
Cash received from customers	$ 1,185,270	$ 1,847,348	$ 466,350	$ 3,498,968	$ -
Cash received from quasi-external transactions from other funds	-	-	-	-	643,631
Cash received from other sources	19,743	273	196	20,212	785
Cash payments for employee services and benefits	(593,137)	(405,705)	(194,786)	(1,193,628)	(451,044)
Cash payments for insurance claims	-	-	-	-	(9,395)
Cash payments to suppliers for goods and services	(622,222)	(1,241,351)	(85,785)	(1,949,358)	(305,673)
Cash payments for other operating expenses	(7,236)	-	-	(7,236)	(230)
Net cash provided (used) by operating activities	(17,582)	200,565	185,975	368,958	(121,926)
Cash flows from capital and related financing activities					
Capital Asset Transfer	-	-	-	-	58,344
Acquisition of capital assets	(72,690)	(213,239)	-	(285,929)	-
Net cash provided (used) for capital and related financing activities	(72,690)	(213,239)	-	(285,929)	58,344
Cash flows from investing activities					
Market gain (loss) on investments	(10,072)	(15,945)	(5,252)	(31,269)	-
Net cash provided (used) by investing activities	(10,072)	(15,945)	(5,252)	(31,269)	-
Net increase (decrease) in cash and investments	(100,344)	(28,619)	180,723	51,760	(63,582)
Pooled cash and investments, beginning of year	1,486,038	2,268,972	595,718	4,350,728	202,719
Pooled cash and investments, end of year	$ 1,385,694	$ 2,240,353	$ 776,441	$ 4,402,488	$ 139,137
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	$ 62,099	$ 77,344	$ 294,210	$ 433,653	$ (293,149)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	76,228	65,883	2,370	144,481	215,560
Changes in assets and liabilities:					
Accounts receivable	5,077	(1,671)	(2,759)	647	(3,245)
Prepaid expenses	104	(196)	228	136	201
Inventory	(38,085)	(480)	-	(38,565)	10,295
Net OPEB asset	(33,223)	(29,481)	(9,525)	(72,229)	(13,623)
Deferred outflows of resources - pension and OPEB	(10,188)	(18,775)	2,881	(26,082)	(2,720)
Accounts payable	2,125	102,470	(14,269)	90,326	(2,205)
Contracts payable	(5,734)	(1)	(4)	(5,739)	(192)
Accrued wages payable	1,088	122	233	1,443	967
Intergovernmental payable	5,364	(17,433)	(3,446)	(15,515)	746
Net pension and OPEB liability	(140,635)	(52,685)	(83,295)	(276,615)	(68,455)
Compensated absences payable	1,946	(3,055)	271	(838)	15,110
Deferred inflows of resources - pensions and OPEB	56,252	78,523	(920)	133,855	18,784
Net cash provided (used) by operating activities	$ (17,582)	$ 200,565	$ 185,975	$ 368,958	$ (121,926)

See accompanying notes to the basic financial statements.

CITY OF OAKWOOD, OHIO

Statement of Fiduciary Net Position
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	Custodial Funds
Assets	
Cash in segregated accounts	$ 41,505
Total assets	$ 41,505
Net Position	
Restricted for individuals, organizations, and other governments	41,505
Net Position	$ 41,505

Additions	
Court Receipts	$ 83,235
Permits fees received	1,200
Total additions	84,435
Deductions	
Municipal court disbursements	62,781
Miscellaneous payments	38,759
Total deductions	101,540
Change in net position	(17,105)
Net position, beginning of year	58,610
Net position, end of year	$ 41,505

See accompanying notes to the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Oakwood, Ohio, (the "City") is a home rule municipal corporation operating under the laws of the State of Ohio and under its own charter. The City was incorporated as a village on January 9, 1908 and on January 1, 1931 became a city when the population exceeded 5,000. A charter was first adopted on July 1, 1960.

The municipal government provided by the charter is known as a Council-Manager form of government. Legislative power is vested in a five-member council, each elected to four-year terms. Council selects a Mayor and Vice-Mayor amongst the five elected council members. Council appoints a City Manager. The City Manager is the chief executive officer and the head of the administrative agencies of the City. The City Manager appoints all department heads and employees, except as otherwise provided in the charter.

The reporting entity consists of (a) the primary government, i.e. the City; (b) organizations for which the City is financially accountable, and (c) governmental organizations for which the City is not financially accountable, but for which the nature and significance of their financial relationship with the City are such that exclusion would cause the reporting entity's statements to be misleading or incomplete.

The accompanying financial statements present the primary government and its component units, entities that are legally separate organizations for which the primary government is financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the City's operations. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The component unit has a fiscal year end of December 31.

Blended Component Unit: City of Oakwood Health District

The City of Oakwood Health District was created in 1931 by Oakwood City Council and its governing body, the Oakwood Board of Health, was established on July 1, 1960, when the City adopted its first charter. The Health District addresses all issues related to public health including overseeing the inspections of homes for sale, rental properties, food service operations, retail food establishments, public swimming pools, schools, the municipal jail, and response to public health complaints and nuisances. The financial data of the Health District is reported as part of the primary government because it is fiscally dependent upon the City. The Health District is a separate legal entity for financial reporting purposes. Fund statements are available from the city of Oakwood.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

Basis of Presentation - Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and the business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (a) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The City reports the following major governmental funds:

> The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, 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 and the charter of the City.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Health District Fund* accounts for the City's public health activities, including inspections, issuance of licenses and the operation of a public health district and bureau of vital statistics.

The *Local Fiscal Recovery Fund* accounts for monies received from the American Rescue Plan Act.

The City reports the following major enterprise funds:

The *Water Fund* accounts for the provisions of water treatment and distribution to the residential and commercial users located within the City.

The *Sanitary Sewer Fund* accounts for the provisions of sanitary sewer service to the residents and commercial users located within the city.

The *Stormwater Fund* is not a major enterprise fund; however, it is the only other enterprise fund. The fund accounts for all activities associated with managing stormwater runoff within the city.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for the financing of goods or services provided by one department to other departments in the City. These goods and services include vehicle maintenance and payment of self-insurance vision program deductibles.

The *Custodial Fiduciary Funds* are used to account for the collection and disbursement of monies by the City on behalf of other individuals, organizations or other governmental entities. The following are the City's custodial fiduciary funds. The Martin Luther King Jr. Community Recognition Fund accounts for funds related to Dr. Martin Luther King Jr. holiday celebration events. The Fire Insurance Trust Fund accounts for funds received from a resident's fire insurance policy to insure repairs are made to any structure damaged by fire. The funds are returned to the insured once repairs are completed. The Municipal Court Fund accounts for activity relating to the Oakwood Municipal Court. The Contractor's Permits Fund accounts for monies placed on deposit with the City during the current calendar year and subsequently applied, at the direction of the contractor, to payment of permit fee obligations during the same current calendar year. Monies remaining in the account at the end of the year are transferred to the City's General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured and the basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Custodial fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. A liability to the beneficiaries of a fiduciary activity is recognized in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, income taxes and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds include the cost of these goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal balance amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as "internal balances". The internal balances line item comprises the allocation of the business-type activities interest in the internal service funds that are included within the governmental activities.

Pooled Cash and Investments

Investments are reported at fair value, which is based on quoted market prices. For investments in open-end mutual funds, fair value is determined by the fund's share price. Investments with an original maturity of three months or less at the time of purchase, and investments of the cash management pool are reported as cash equivalents on the financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventory

Inventories consist of consumable supplies and are stated at cost, using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenses / expenditures when consumed rather than purchased.

Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses / expenditures when consumed rather than purchased.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Liabilities and Long-Term Obligations

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

Capital Assets

Capital assets include land, land improvements, buildings, improvements, vehicles, machinery, equipment, infrastructure, construction in progress and all other assets used in operations and that have initial useful lives expending beyond a single reporting period. Infrastructure is defined as long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets.

Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements and are not depreciated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. 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.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Vehicles and equipment	5-25 years
Buildings and land improvements	10-50 years
Infrastructure	15-50 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from government service. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

Fund Balance Classifications

The following classifications of fund balances are used by the City:

- *Nonspendable fund balance* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, donors, and higher levels of government), through constitutional provisions, or by enabling legislation;
- *Committed fund balance* – amounts committed to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- *Assigned fund balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- *Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported in the general fund only.

The City applies restricted resources when an expense is incurred for which both restricted and unrestricted (committed, assigned and unassigned) fund balances are available. The City considers committed, assigned and unassigned fund balances, respectively to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classification could be used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and 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 and 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 and OPEB plans report investments at fair value.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement 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 City, deferred outflows of resources are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities found on page 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 5 and 6).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the City's $2,247,638 in restricted net position, none was restricted by enabling legislation.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants and Other Intergovernmental Revenues

All reimbursement-type grants are recorded as intergovernmental receivables and revenues or deferred inflows of resources when the related expenditures are incurred.

Interfund Transactions and Transfers

During the course of normal operations, the City has numerous transactions among funds, most of which are in the form of transfers used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The accompanying financial statements generally reflect such transactions as transfers, with the exception of the internal service fund which is used to account for various supplies and services which are then charged back to the appropriate fund on an "as used" basis. The internal service fund records such charges as operating revenues; all other City funds record payments to the internal service fund as operating expenditures.

NOTE 2 – POOLED CASH AND INVESTMENTS

The City maintains a cash and investments pool that is available for use by all funds. Money for all funds, including the City of Oakwood Health District, a blended component unit, and proprietary funds, is maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pooled bank account is presented as "pooled cash and investments" on the financial statements.

Investment earnings / losses are distributed to the funds according to charter and statutory requirements. Investment losses reported in the statement of activities for the year ended December 31, 2022 was $170,956. This amount includes an unrealized loss of $400,506 to reflect the market value of the City's investments at December 31, 2022.

The provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code govern the investment and deposit of City monies. In accordance with these provisions, only financial institutions located in Ohio and primary securities dealers are eligible to hold public deposits. The provisions also permit the City to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAR Ohio) and obligations of the United States government or certain agencies thereof. The City may also enter into repurchase agreements with any eligible depository for a period not exceeding five years.

Deposits: At year end, the City's bank balance was $15,269,222. Of the bank balance, $573,347 was insured by federal deposit insurance; the remaining $14,695,875 was collateralized through participation in the Ohio Pooled Collateral System (OPCS). Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured. The City has no deposit policy for custodial credit risk beyond the requirements of State statute.

CITY OF OAKWOOD, OHIO

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

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments: At year-end, the City had the following investments:

	Fair Value	Investment Maturities (in Years) Less than One Year	One to Five Years
Negotiable Certificates of Deposits	$ 1,393,036	$ 204,225	$ 1,188,811
Federal Farm Credit Bank Bonds	247,982	247,982	-
Federal Home Loan Bank Bonds	1,369,987	-	1,369,987
Federal Home Loan Structured Notes	1,881,755	-	1,881,755
Federal Home Loan Mortgage Corp Notes	1,459,853	-	1,459,853
USA Treasury Notes	2,899,335	-	2,899,335
Total	$ 9,251,948	$ 452,207	$ 8,799,741

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

Interest Rate Risk – The City's investment policy states that the maximum maturity for any investment is limited to a final stated maturity of seven years, an expected call of seven years, or an expected average life of seven years, where the average life is estimated by nationally recognized firms independent of the dealer selling the security to the City.

Credit Risk – The City's investment policy states that investment in corporate entities must have a debt rating of AA or better by Standard & Poors' or Moody's rating service.

Concentration of Credit Risk – The City's investment policy does not place any limit on investments in any single issuer. Five percent or more of the City's investments are in the following:

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investment	Percent
Negotiable Certificates of Deposits	15.06%
Federal Farm Credit Bank Bonds	2.68%
Federal Home Loan Bank Bonds	14.81%
Federal Home Loan Structured Notes	20.34%
Federal Home Loan Mortgage Corp Notes	15.78%
USA Treasury Notes	31.33%
	100.00%

NOTE 3 – RECEIVABLES AND PAYABLES

Income Tax

The City levies a municipal income tax of two and one-half percent on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax on income earned outside the City; however, a 100% credit is allowed for income taxes paid to other municipalities prior to December 31, 2017. Effective January 1, 2018, a reduction factor of 0.90% is applied to income taxes paid to other municipalities. Filing is mandatory for all residents of the City. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

Property Taxes

Property taxes include amounts levied against all real, public utility and tangible (used in business) personal property located in the City. Real property taxes are levied each December 31st on the assessed value listed as of the prior December 31st. Assessed values are established by State law at 35% of true value. Property market values are required to be updated every three years and revalued every six years. A revaluation was completed in 2020.

The property tax calendar is as follows:

Levy date	December 31, 2021
Lien date	December 31, 2021
First installment payment due	February 18, 2022
Second installment payment due	July 15, 2022

CITY OF OAKWOOD, OHIO

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

NOTE 3 – RECEIVABLES AND PAYABLES (Continued)

The assessed values for the City at December 31, 2021 were as follows:

	Assessed Value
Real Estate	$369,488,310
Tangible Personal Property	3,243,310
Total	$372,731,620

The County Treasurer collects property taxes on behalf of all taxing districts including the City of Oakwood. The County periodically remits to the City its portion of the taxes collected. Property taxes may be paid on either an annual or semiannual basis.

Receivables / Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivable for revenues that are not considered available to liquidate liabilities of the current period. The balances at December 31, 2022 were:

	Governmental Funds	
	Receivables	Deferred Inflows of Resources
Property taxes	$ 2,435,945	$ 2,435,945
Income taxes	3,237,375	2,057,363
Accounts receivable	202,632	52,729
Special assessments	151,691	151,691
Interest	52,288	36,642
Intergovenmental	566,291	495,507
	$ 6,646,222	$ 5,229,877

Accounts receivable consists of primarily charges for refuse services, sidewalk repair and emergency medical transportation services provided by the City of Oakwood. Special assessments consist of mainly charges for street lighting. Intergovernmental receivables are amounts due to the City from other governmental units, primarily estate and gasoline taxes.

CITY OF OAKWOOD, OHIO

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

NOTE 3 – RECEIVABLES AND PAYABLES (Continued)

Payables

The balances at December 31, 2022 were:

Governmental Funds Payables		
Accounts payable	$	43,374
Contracts payable		37,595
Accrued wages		271,347
Intergovernmental		203,684
	$	556,000

The payables and accrued liabilities were primarily for materials and services, payroll and payroll related liabilities that were expensed but the funds had not been disbursed, both due to the normal lag in processing such transactions at year-end.

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Non-depreciable capital assets:				
Land	$ 5,205,477	$ -	$ -	$ 5,205,477
Construction in progress	400,973	276,098	(400,973)	276,098
Non-depreciable capital assets	5,606,450	276,098	(400,973)	5,481,575
Depreciable capital assets:				
Buildings	15,354,314	287,047	-	15,641,361
Land Improvements	2,938,052	386,073	-	3,324,125
Equipment	2,902,881	111,318	(112,628)	2,901,571
Vehicles	3,252,626	600,829	(390,082)	3,463,373
Infrastructure	39,202,707	804,340	-	40,007,047
Depreciable capital assets	63,650,580	2,189,607	(502,710)	65,337,477

NOTE 4 – CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Less accumulated depreciation:				
Buildings	(8,921,660)	(501,773)	-	(9,423,433)
Land Improvements	(1,331,505)	(132,439)	-	(1,463,944)
Equipment	(1,939,259)	(147,244)	112,628	(1,973,875)
Vehicles	(2,205,058)	(126,612)	390,082	(1,941,588)
Infrastructure	(19,927,247)	(969,882)	-	(20,897,129)
Accumulated depreciation	(34,324,729)	(1,877,950)	502,710	(35,699,969)
Depreciable capital assets, net	29,325,851	311,657	-	29,637,508
Governmental activities capital assets, net	$ 34,932,301	$ 587,755	$ (400,973)	$ 35,119,083

Depreciation expense was charged to governmental functions as follows:

Public works	$ 549,455
General government	553,197
Security of persons and property	103,335
Community environment	76,394
Transportation	308,457
Leisure time activities	71,552
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	215,560
Total depreciation expense - governmental activities	$ 1,877,950

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Non-depreciable capital assets:				
Land	$ 283,820	$ -	$ -	$ 283,820
Depreciable capital assets:				
Buildings	963,952	15,600	-	979,552
Land Improvements	165,034	-	-	165,034
Equipment	2,993,353	242,380	-	3,235,733
Vehicles	880,111	27,949	(36,954)	871,106
Infrastructure	4,818,810	-	-	4,818,810
Depreciable capital assets	9,821,260	285,929	(36,954)	10,070,235

NOTE 4 – CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Less accumulated depreciation:				
Buildings	(663,244)	(13,529)	-	(676,773)
Land Improvements	(117,427)	(6,076)	-	(123,503)
Equipment	(2,695,645)	(46,998)	-	(2,742,643)
Vehicles	(355,608)	(31,115)	36,954	(349,769)
Infrastructure	(3,510,728)	(46,762)	-	(3,557,490)
Accumulated depreciation	(7,342,652)	(144,480)	36,954	(7,450,178)
Depreciable capital assets, net	2,478,608	141,449	-	2,620,057
Business-type Activities capital assets, net	$ 2,762,428	$ 141,449	$ -	$ 2,903,877

NOTE 5 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability and Net Other Postemployment Benefits (OPEB) Liability (Asset)

Pensions and OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

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

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

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

GASB Statements No. 68 and No. 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 may 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 long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 6 for the required OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

Plan Description **-** City employees, other than full-time safety officers, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan 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. While employees may elect the member-directed plan or the combined plan, substantially all employees are in the traditional plan; therefore, the following disclosure focuses on 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

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.00%
Employee (a)	10.00%
2022 Actual Contribution Rates	
Employer:	
Pension (b)	14.00%
Post-employment Health Care Benefits (b)	0.00%
Total Employer	14.00%
Employee	10.00%

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

(a) Member contributions within the combined plan are not used to fund the defined benefit retirement allowances.
(b) These pension and employer health care rates are for traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4% 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 2022, the City's contractually required contribution was $617,950, of this amount $87,409 is reported as an intergovernmental payable.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description **-** City full-time safety officers 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

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

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

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:

	Public Safety Officers
2022 Statutory Maximum Contribution Rates	
Employer	19.50%
Employee	12.25%
2022 Actual Contribution Rates	
Employer:	
Pension	19.00%
Post-employment Health Care Benefits	0.50%
Total Employer	19.50%
Employee	12.25%

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

Employer contributions are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $682,301 for 2022. Of this amount $98,700 is reported as an intergovernmental payable.

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

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

	OPERS Traditional Plan	OP&F	Total
Proportionate share of the Net Pension Liability	$ 2,563,574	$ 7,565,071	$ 10,128,645
Proportion of the Net Pension Liability Current Measurement Date	0.0294650%	0.1210911%	
Proportion of the Net Pension Liability Prior Measurement Date	0.0296000%	0.1237940%	
Change in Proportionate Share	-0.0001350%	-0.0027029%	
Pension Expense	$ (361,494)	$ 463,621	$ 102,127

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

	OPERS Traditional Plan	OP&F	Total
Deferred Outflows of resources:			
Differences between expected and actual experience	$ 130,687	$ 218,132	$ 348,819
Changes in assumptions	320,572	1,382,570	1,703,142
Changes in employer proportionate share of net pension liability	42,374	99,718	142,092
Contributions subsequent to the measurement date	617,950	682,301	1,300,251
Total Deferred Outflows of Resources	$ 1,111,583	$ 2,382,721	$ 3,494,304

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

	OPERS Traditional Plan	OP&F	Total
Deferred Inflows of resources:			
Differences between expected and actual experience	$ 56,226	$ 393,280	$ 449,506
Net difference between projected and actual earnings on pension plan investments	3,049,278	1,983,445	5,032,723
Changes in employer proportionate share of net pension liability	16,705	168,373	185,078
Total Deferred Inflows of Resources	$ 3,122,209	$ 2,545,098	$ 5,667,307

$1,300,251 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OP&F	Total
2023	$ (372,844)	$ 5,106	$ (367,738)
2024	(1,053,654)	(541,030)	(1,594,684)
2025	(717,009)	(242,839)	(959,848)
2026	(485,069)	(195,953)	(681,022)
2027	-	130,038	130,038
Total	$ (2,628,576)	$ (844,678)	$ (3,473,254)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB Statement No. 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	OPERS Traditional Plan
Wage Inflation	2.75%
Future Salary Increases, including inflation	2.75% - 10.75% (including wage inflation)
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00%, simple
Post-January 7, 2013 Retirees	3.00%, simple through 2022, then 2.05%, simple
Investment Rate of Return	6.90%
Actuarial Cost Method	Individual Entry Age

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

	OPERS Traditional Plan
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% - 10.75% (including wage inflation)
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00%, simple
Post-January 7, 2013 Retirees	0.50%, simple through 2021, then 2.15%, simple
Investment Rate of Return	7.20%
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	$ 6,758,976	$ 2,563,574	$ (927,558)

CITY OF OAKWOOD, OHIO

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

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OP&F

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

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.25%
Projected Salary Increases	3.75% - 10.50%
Payroll Growth	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost-of-Living Adjustments	2.20% simple per year

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

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

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

Age	Safety Officer
67 or less	77.00%
68 - 77	105.00%
78 and up	115.00%

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	Safety Officer
59 or less	35.00%
60 - 69	60.00%
70 - 79	75.00%
80 and up	100.00%

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	0.00%
Domestic Equity	21.00%	3.60%
Non-US Equity	14.00%	4.40%
Private Markets	8.00%	6.80%
Core Fixed Income*	23.00%	1.10%
High Yield Fixed Income	7.00%	3.00%

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private Credit	5.00%	4.50%
U.S. Inflation Linked Bonds*	17.00%	0.80%
Midstream Energy Infrastructure	5.00%	5.00%
Real Assets	8.00%	5.90%
Gold	5.00%	2.40%
Private Real Estate	12.00%	4.80%
Total	125.00%	

Note: Assumptions are geometric
* Levered 2x

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	$ 11,218,896	$ 7,565,072	$ 4,522,338

NOTE 6 – POST EMPLOYMENT BENEFITS

See Note 5 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System OPEB

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.

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

The 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.

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets. the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced 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 www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary.

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $0 for 2022.

<u>Ohio Police and Fire Pension Fund OPEB</u>

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.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

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

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

The City's contractually required contribution to OP&F was $17,955 for 2022.

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS Traditional Plan	OP&F	Total
Proportionate share of the			
Net OPEB (Asset)	$ (901,058)	$ -	$ (901,058)
Net OPEB Liability	-	1,327,263	1,327,263
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.02876800%	0.12109110%	
Prior Measurement Date	0.02890500%	0.12379400%	
Change in Proportionate Share	-0.00013700%	-0.00270290%	
OPEB Expense	$ (739,314)	$ 131,943	$ (607,371)

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

	OPERS Traditional Plan	OP&F	Total
Deferred Outflows of resources:			
Differences between expected and actual experience	$ -	$ 60,379	$ 60,379
Changes in assumptions	-	587,487	587,487
Changes in employer proportionate share of net OPEB liability (asset)	25,698	80,018	105,716
Contributions subsequent to the measurement date	-	17,955	17,955
Total Deferred Outflows of Resources	$ 25,698	$ 745,839	$ 771,537

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

	OPERS Traditional Plan	OP&F	Total
Deferred Inflows of resources:			
Differences between expected and actual experience	$ 136,677	$ 175,416	$ 312,093
Changes in assumptions	364,738	154,154	518,892
Net difference between projected and actual earnings on OPEB plan investments	429,561	119,896	549,457
Changes in employer proportionate share of net OPEB liability (asset)	2,305	21,049	23,354
Total Deferred Inflows of Resources	$ 933,281	$ 470,515	$ 1,403,796

$17,955 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OP&F	Total
2023	$ (551,571)	$ 76,312	$ (475,259)
2024	(200,463)	58,512	(141,951)
2025	(93,857)	61,318	(32,539)
2026	(61,692)	11,040	(50,652)
2027	-	26,949	26,949
Thereafter	-	23,238	23,238
Total	$ (907,583)	$ 257,369	$ (650,214)

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding.

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75%	3.25%
Projected Salary Increases, including inflation	2.75% - 10.75% (including wage inflation)	3.25% - 10.75% (including wage inflation)
Single Discount Rate	6.00%	6.00%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	1.84%	2.00%
Health Care Cost Trend Rate	5.50% initial 3.50%, ultimate in 2034	8.50% initial 3.50%, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

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

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

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00%	3.78%
Real Estate Investment Trust	7.00%	3.71%
International Equities	25.00%	4.88%
Risk Parity	2.00%	2.92%
Other investments	7.00%	1.93%
Total	100.00%	3.45%

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

Discount Rate **-** A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (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:

	1.00% Decrease (5.00%)	Current Discount Rate (6.00%)	1.00% Increase (7.00%)
Proportionate share of the net OPEB (asset)	$ (529,907)	$ (901,058)	$ (1,209,119)

Sensitivity of the Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate **–** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditure

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1.00% Decrease	Current Health Care Cost Trend Rate Assumption	1.00% Increase
Proportionate share of the net OPEB (asset)	$ (910,795)	$ (901,058)	$ (889,507)

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

Actuarial Assumptions – OP&F

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

Age	Safety Officer
67 or less	77.00%
68 - 77	105.00%
78 and up	115.00%

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

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

Age	Safety Officer
59 or less	35.00%
60 - 69	60.00%
70 - 79	75.00%
80 and up	100.00%

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

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

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

Note: Assumptions are geometric
* Levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments.

NOTE 6 – POST EMPLOYMENT BENEFITS (Continued)

From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

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

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

	1.00% Decrease (1.84%)	Current Discount Rate (2.84%)	1.00% Increase (3.84%)
Proportionate share of the net OPEB liability	$ 1,668,399	$ 1,327,263	$ 1,046,848

Sensitivity of the 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 6 – POST EMPLOYMENT BENEFITS (Continued)

Other Employee Benefits – Compensated Absences:

Accumulated Unpaid Vacation and Sick Leave

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or their estate) is paid for the unused vacation leave. The total obligation for vacation leave for the City amounted to $620,341 at December 31, 2022.

City employees earn sick leave at a rate of 10 hours per month. A maximum of 150 days of sick leave can be carried forward from year to year.

All employees who retire under the provisions of the Ohio Public Employees Retirement System or the Ohio Police and Fire Pension Fund, or any other plan of the State of Ohio or the City of Oakwood, will be compensated for accumulated sick leave of sixty (60) days or more, upon the basis of one day's pay for every three (3) days sick leave. If an employee has accumulated one hundred twenty (120) days of sick leave or more, the employee or his beneficiary will be compensated at retirement or death at one day's pay for each two (2) days of sick leave, on the same terms as outlined above, but in place of the formula outlined above.

The total obligation for the sick leave accrual for the City amounted to $1,139,497 at December 31, 2022.

NOTE 7 – OTHER COMMITMENTS

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:

General fund	$ 187,740
Health district fund	582
Other governmental funds	775,944
Fiduciary funds	-
Internal Service Funds	14,137
Enterprise Funds	773,282
Total	$ 1,751,685

NOTE 8 – TRANSFERS

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

Fund	Transfers-in	Transfers-out
General	$ -	$ 2,819,019
Health district	$ -	$ -
Other governmental	2,819,019	-
Total transfers	$ 2,819,019	$ 2,819,019

All interfund transfers are routine in nature and are to subsidize the operations of the applicable fund.

NOTE 9 – CONTINGENT LIABILITIES

Amounts received or receivables from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal or State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is named in a variety of lawsuits in the course of its normal governmental operations. Liability, if any, which might result from these proceedings would not, in the opinion of management and legal counsel, have a material effect on the position of the City.

NOTE 10–LONG-TERM OBLIGATIONS AND OTHER FINANCING ARRANGEMENTS

Long-term Obligations

The following is a summary of long-term liability activity for the year ended December 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Compensated Absences Payable	1,635,148	708,334	732,548	1,610,934	732,548
Total	$ 1,635,148	$ 708,334	$ 732,548	$ 1,610,934	$ 732,548

NOTE 10–LONG-TERM OBLIGATIONS AND OTHER FINANCING ARRANGEMENTS (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-Type Activities:					
Compensated Absences Payable	$ 149,742	$ 66,874	$ 67,712	$ 148,904	$ 67,712
Total	$ 149,742	$ 66,874	$ 67,712	$ 148,904	$ 67,712
Net Pension Liability:					
Governmental Activities:					
OPERS	$ 3,658,937	$ -	$ 1,542,926	$ 2,116,011	
OP&F	8,439,148	-	874,077	7,565,071	
Total	$ 12,098,085	$ -	$ 2,417,003	$ 9,681,082	
Business-Type Activities:					
OPERS	$ 724,179	$ -	$ 276,615	$ 447,564	

Net Other Postemployment Benefits Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
OP&F	1,311,618	15,645	-	1,327,263
Total	$ 1,311,618	$ 15,645	$ -	$ 1,327,263

Compensated absences will be paid from the fund in which the employee who has earned the leave is paid.

There is no repayment schedule for the net pension and OPEB liabilities; however, employer contributions are made from the fund benefiting from related employees' services.

Legal Debt Margin

The City Charter provides that the total net debt of the municipal corporation, whether or not approved by the electors, shall not exceed 7.50% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of the municipal corporation cannot exceed 2.50% of the total value of all property in the municipal corporation as listed and assessed for taxation. As of December 31, 2022, the City had legal debt margin for total debt of $27,954,872 and a legal debt margin for unvoted debt of $9,318,291.

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City secures general liability, property and automobile coverage through the Ohio Plan Risk Management, Inc. (OPRM). OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012, the OPRM increased its retention to 50% of the first $250,000 casualty treaty. Effective November 1, 2014, the OPRM's retention decreased to 47% of the first $250,000 casualty treaty. Effective November 1, 2016, the OPRM's casualty retention increased to 50% of the first $250,000 casualty treaty.

Also, effective November 1, 2016, the Plan's property retention increased to 30% of the first $1,000,000 property treaty. Corresponding with the property retention increase, the OPRM also elected to purchase a complementary excess layer within the property quota share treaty. The complementary excess will respond by reimbursing the OPRM 30% of the loss value that exceeds $200,000. Effective November 1, 2017 the OPRM's retention decreased to 47% of the first $250,000 casualty treaty. Effective November 1, 2018 the OPRM's retention increased to 100% of the first $250,000 casualty treaty. The Plan's property retention remained unchanged from the prior 2 years. Effective November 1, 2019, the Plan's casualty retention remained unchanged. The Plan's property retention increased to 33% of the first $1,000,000 property treaty from 30% the prior two treaties.

A complementary excess treaty will respond by reimbursing the OPRM 33% of the loss value between $200,000 and $1,000,000. Effective November 1, 2020, the Plan's casualty retention remains unchanged and the Plan's property retention increased to 55% of the first $1,000,000 property treaty. A complementary excess treaty will respond by reimbursing the OPRM 55% of the loss value between $200,000 and $1,000,000. Effective November 1, 2021, the Plan's casualty retention remains unchanged and the Plan's property retention increased to 65% of the first $1,000,000 property treaty. A complementary excess treaty will respond by reimbursing the OPRM 65% of the loss value between $200,000 and $1,000,000. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2022, the Plan's casualty retention remains unchanged and the Plan's property retention increased to 100% of the first $200,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

OPRM had 773 members as of December 31, 2022.

NOTE 11 – RISK MANAGEMENT (Continued)

The City pays an annual premium to OPRM for this coverage. Insurance will cover up to the limits as stated below:

	Per Occurrence	Annual Aggregate	Deductible
General liability	$ 6,000,000	$ 8,000,000	$ 1,000
Employers liability	$ 6,000,000	$ 6,000,000	N/A
Employee benefits liability	$ 6,000,000	$ 8,000,000	N/A
Law enforcement officers liability	$ 6,000,000	$ 8,000,000	$ 2,500
Public official liability	$ 6,000,000	$ 8,000,000	$ 2,500
Automobile liability	$ 6,000,000	N/A	Comprehensive - $500
			Collision - $1,000
Cyber liability	$ 1,000,000	$ 1,000,000	$ 25,000
Malicious act liability	$ 1,000,000	$ 1,000,000	$ 25,000

There were no reductions in insurance coverage during the year in any category of risk. Settled claims did not exceed insurance coverage in each of the past three years.

The City pays the State Workers' Compensation System a premium based on salaries paid. The City also provides medical, dental, vision and life insurance to all full-time employees. In 2022, the City paid approximately 90% of the premiums for medical coverage, approximately 80% of the premiums for dental insurance, and 100% of the premiums for life insurance. The City is self-insured for vision insurance. Vision payments were $9,366, $8,978 and $8,821 for the years ended December 31, 2022, 2021 and 2020, respectively.

NOTE 12 – IMPLEMENTATIONS OF NEW ACCOUNTING PRINCIPLES

For fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases;* GASB Statement No. 91, *Conduit Debt Obligations;* GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans;* and portions of GASB Statement No. 99, *Omnibus* 2022.

GASB Statement No. 87 provides accounting and financial reporting guidance for leases by lessees and lessors. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the City.

NOTE 12 – IMPLEMENTATIONS OF NEW ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 97 clarifies certain component unit criteria and provides accounting and financial reporting guidance for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the City.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics are effective for future fiscal years and have not been implemented by the City.

Required Supplementary Information

CITY OF OAKWOOD, OHIO

Schedule of The City's Proportionate Share of the Net Pension Liability
Last Nine Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Ohio Public Employees Retirement System									
City's proportion of the net pension liability	0.029465%	0.029600%	0.028686%	0.028756%	0.029184%	0.029075%	0.029559%	0.029810%	0.029810%
City's proportionate share of the net pension liability	$ 2,563,574	$ 4,383,116	$ 5,669,982	$ 7,875,685	$ 4,328,740	$ 6,602,438	$ 5,119,991	$ 3,595,419	$ 3,514,211
City's covered-employee payroll	$ 4,276,236	$ 4,168,979	$ 4,036,029	$ 3,884,000	$ 3,856,408	$ 3,758,758	$ 3,891,075	$ 3,666,814	$ 4,149,576
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.95%	105.14%	140.48%	202.77%	112.25%	175.65%	131.58%	98.05%	84.69%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
Ohio Police & Fire Pension Fund									
City's proportion of the net pension liability	0.1210911%	0.1237940%	0.1239443%	0.1221710%	0.1219430%	0.1180120%	0.1246640%	0.1261940%	0.1261940%
City's proportionate share of the net pension liability	$ 7,565,071	$ 8,439,148	$ 8,349,550	$ 9,972,383	$ 7,484,193	$ 7,474,762	$ 8,019,723	$ 6,537,381	$ 6,146,049
City's covered-employee payroll	$ 3,433,516	$ 3,357,100	$ 3,237,600	$ 3,073,479	$ 2,943,342	$ 2,822,505	$ 2,799,400	$ 2,779,544	$ 2,811,710
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	220.33%	251.38%	257.89%	324.47%	254.28%	264.83%	286.48%	235.20%	218.59%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) This schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note: Amounts presented as of the City's measurement date which is the prior fiscal year end.

See notes to required supplementary information.

CITY OF OAKWOOD, OHIO

Schedule of The City's Proportionate Share of the Net Postemployment Benefits Other Than Pension (OPEB) Liability / (Asset)
Last Six Fiscal Years (1)

	2022	2021	2020	2019	2018	2017
Ohio Public Employees Retirement System						
City's proportion of the net OPEB liability	0.02890500%	0.02890500%	0.02812000%	0.02832100%	0.02881000%	0.02886127%
City's proportionate share of the net OPEB liability/(asset)	$ (901,058)	$ (514,966)	$ 3,884,103	$ 3,692,390	$ 3,128,554	$ 2,807,899
City's covered-employee payroll	$ 4,276,236	$ 4,168,979	$ 4,036,029	$ 3,884,000	$ 3,856,408	$ 3,758,758
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	-21.07%	-12.35%	96.24%	95.07%	81.13%	74.70%
Plan fiduciary net position as a percentage of the total OPEB liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.04%
Ohio Police & Fire Pension Fund						
City's proportion of the net OPEB liability	0.12109110%	0.12379400%	0.12394430%	0.12217100%	0.12194300%	0.11801200%
City's proportionate share of the net OPEB liability	$ 1,327,263	$ 1,311,618	$ 1,224,288	$ 1,112,554	$ 6,909,120	$ 5,601,764
City's covered-employee payroll	$ 3,433,516	$ 3,357,100	$ 3,237,600	$ 3,073,479	$ 2,943,342	$ 2,822,505
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	38.66%	39.07%	37.81%	36.20%	234.74%	198.47%
Plan fiduciary net position as a percentage of the total OPEB liability	46.90%	45.42%	47.10%	46.57%	14.13%	15.96%

(1) This schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note: Amounts presented as of the City's measurement date which is the prior fiscal year end.

See notes to required supplementary information.

CITY OF OAKWOOD, OHIO

Schedule of The City's Contributions for Net Pension Liability
Last Nine Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Ohio Public Employees Retirement System									
Contractually required contributions to net pension	$ 617,950	$ 598,673	$ 583,657	$ 565,044	$ 543,760	$ 501,333	$ 451,051	$ 466,929	$ 440,018
Contributions to net pension in relation to the contractually required contributions	(617,950)	(598,673)	(583,657)	(565,044)	(543,760)	(501,333)	(451,051)	(466,929)	(440,018)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 4,413,929	$ 4,276,236	$ 4,168,979	$ 4,036,029	$ 3,884,000	$ 3,856,408	$ 3,758,758	$ 3,891,075	$ 3,666,814
Contributions to net pension as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
Ohio Police & Fire Pension Fund									
Contractually required contributions to net pension	$ 682,301	$ 653,368	$ 637,849	$ 615,144	$ 583,961	$ 559,235	$ 536,276	$ 531,886	$ 528,114
Contributions to net pension in relation to the contractually required contributions	(682,301)	(653,368)	(637,849)	(615,144)	(583,961)	(559,235)	(536,276)	(531,886)	(528,114)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 3,591,058	$ 3,433,516	$ 3,357,100	$ 3,237,600	$ 3,073,479	$ 2,943,342	$ 2,822,505	$ 2,779,400	$ 2,779,544
Contributions to net pension as a percentage of covered-employee payroll	19.00%	19.03%	19.00%	19.00%	19.00%	19.00%	19.00%	19.14%	19.00%

(1) This schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

See notes to required supplementary information.

CITY OF OAKWOOD, OHIO

Schedule of The City's Contributions to Postemployment Benefits Other Than Pension (OPEB)

Last Seven Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016
Ohio Public Employees Retirement System							
Contractually required contributions to OPEB	$ -	$ -	$ -	$ -	$ -	$ 42,244	$ 79,738
Contributions to OPEB in relation to the contractually required contributions	-	-	-	-	-	(42,244)	(79,738)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 4,413,929	$ 4,276,236	$ 4,168,979	$ 4,036,029	$ 3,884,000	$ 3,856,408	$ 3,758,758
Contributions to OPEB as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.10%	2.12%
Ohio Police & Fire Pension Fund							
Contractually required contributions to OPEB	$ 17,955	$ 17,168	$ 16,785	$ 16,188	$ 15,367	$ 14,458	$ 14,294
Contributions to OPEB in relation to the contractually required contributions	(17,955)	(17,168)	(16,785)	(16,188)	(15,367)	(14,458)	(14,294)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 3,591,058	$ 3,433,516	$ 3,357,100	$ 3,237,600	$ 3,073,479	$ 2,943,342	$ 2,822,505
Contributions to OPEB as a percentage of covered-employee payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.49%	0.51%

(1) This schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See notes to required supplementary information.

CITY OF OAKWOOD, OHIO

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

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Income taxes	$ 9,725,000	$ 9,725,000	$ 10,469,460	$ 744,460
Property taxes	2,802,113	2,802,113	2,974,757	172,644
Intergovernmental	249,416	249,416	328,039	78,623
Charges for services	92,275	92,275	96,143	3,868
Fines, licenses and permits	200,950	200,950	174,869	(26,081)
Investment earnings	50,000	50,000	108,754	58,754
Donations	1,800	1,800	1,960	160
Miscellaneous	37,050	37,050	45,439	8,389
Total revenues	13,158,604	13,158,604	14,199,421	1,040,817
Expenditures				
Current:				
Security of persons and property	6,460,414	6,460,414	6,261,729	198,685
Community environment	895,563	895,563	802,748	92,815
General government	2,297,778	2,297,778	2,058,130	239,648
Total expenditures	9,653,755	9,653,755	9,122,607	531,148
Excess of revenues over (under) expenditures	3,504,849	3,504,849	5,076,814	1,571,965
Other financing sources (uses)				
Transfers out	(5,316,529)	(5,316,529)	(4,866,704)	449,825
Total other financing sources (uses)	(5,316,529)	(5,316,529)	(4,866,704)	449,825
Net change in fund balance	(1,811,680)	(1,811,680)	210,110	2,021,790
Fund balance, beginning of year	9,094,949	9,094,949	9,094,949	-
Fund balance, end of year	$ 7,283,269	$ 7,283,269	$ 9,305,059	$ 2,021,790

See notes to required supplementary information.

CITY OF OAKWOOD, OHIO

Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual Budgetary (Non-GAAP) Basis
Health Fund
For the Year Ended December 31, 2022

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 116,289	$ 116,289	$ 116,289	$ -
Intergovernmental	1,726	1,726	1,752	26
Charges for services	1,000	1,000	997	(3)
Fines, licenses and permits	41,180	41,180	36,863	(4,317)
Total revenues	160,195	160,195	155,901	(4,294)
Expenditures				
Current:				
Public health	173,250	173,250	145,345	27,905
Total expenditures	173,250	173,250	145,345	27,905
Excess of revenues over (under) expenditures	(13,055)	(13,055)	10,556	23,611
Net change in fund balance	(13,055)	(13,055)	10,556	23,611
Fund balance, beginning of year	144,263	144,263	144,263	-
Fund balance, end of year	$ 131,208	$ 131,208	$ 154,819	$ 23,611

See notes to required supplementary information.

CITY OF OAKWOOD

Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual Budgetary (Non-GAAP) Basis
Local Fiscal Recovery Fund
For The Year Ended December 31, 2022

	Budget Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Intergovernmental	468,030	468,030	471,765	3,735
Charges for services	-	-	-	-
Fines, licenses and permits	-	-	-	-
Total revenues	468,030	468,030	471,765	3,735
Expenditures				
Current:				
Public health	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	468,030	468,030	471,765	3,735
Net change in fund balance	468,030	468,030	471,765	3,735
Fund balance, beginning of year	468,028	468,028	468,028	-
Fund balance, end of year	$ 936,058	$ 936,058	$ 939,793	$ 3,735

See notes to required supplementary information.

CITY OF OAKWOOD, OHIO

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

Note 1 – Net Pension Plan Liability

Ohio Public Employees Retirement (OPERS) System Changes in Benefit Terms and Assumptions

Changes in assumptions:

- 2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Decrease in wage inflation from 3.25% to 2.75%
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%

2021-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this period.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

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

- 2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

Changes in benefit terms:

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

Ohio Police and Fire Pension Fund (OP&F) Changes in Benefit Terms and Assumptions

Changes in assumptions:

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date.

Note 1 – Net Pension Plan Liability (Continued)

Ohio Police and Fire Pension Fund (OP&F) Changes in Benefit Terms and Assumptions

- Reduction in actuarial assumed investment rate of return from 8.00% to 7.50%

2021-2019: There have been no OP&F pension plan amendments adopted or changes in assumptions used in the calculation of actuarial determined contributions.

- 2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date.
- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

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

Changes in benefit terms:

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

Note 2 – Net Other Post Employment Benefits (OPEB) Liability / (Asset)

Ohio Public Employees Retirement System (OPERS) Changes in Benefit Terms and Assumptions

Changes in assumptions:

- 2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The municipal bond rate decreased from 2.00% to 1.84%.
- The initial health care cost trend rate decreased from 8.50% to 5.50%.
- Decrease in wage inflation from 3.25% to 2.75%.
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%.

Note 2 – Net Other Post Employment Benefits (OPEB) Liability / (Asset) (Continued)

Ohio Public Employees Retirement System (OPERS) Changes in Benefit Terms and Assumptions

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16% to 6.00%.
- The municipal bond rate decreased from 2.75% to 2.00%.
- The initial health care cost trend rate decreased from 10.50% to 8.50%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96% to 3.16%.
- The municipal bond rate decreased from 3.71% to 2.75%.
- The initial health care cost trend rate increased from 10.00% to 10.50%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85% to 3.96%.
- The investment rate of return decreased from 6.50% to 6.00%.
- The municipal bond rate increased from 3.31% to 3.71%.
- The initial health care cost trend rate increased from 7.50% to 10.00%.

2018: The single discount rate changed from 4.23% to 3.85%.

Changes in benefit terms:

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

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

2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan.

Note 2 – Net Other Post Employment Benefits (OPEB) Liability / (Asset) (Continued)

Ohio Public Employees Retirement System (OPERS) Changes in Benefit Terms and Assumptions

These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

2019-2018: There were no changes in benefit terms for the period.

Ohio Police and Fire Pension Fund (OP&F) Changes in Benefit Terms and Assumptions

Changes in assumptions:

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- The single discount rate changed from 2.96% to 2.84%

2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 3.56% to 2.96%.

2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 4.66% to 3.56%.

2019: Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%. The single discount rate increased from 3.24% to 4.66% and the municipal bond rate from 3.16% to 4.13%.

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

Note 2 – Net Other Post Employment Benefits (OPEB) Liability / (Asset) (Continued)

Ohio Police and Fire Pension Fund (OP&F) Changes in Benefit Terms and Assumptions

Changes in benefit terms:

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

2019: See above regarding change to stipend-based model.

2018: There were no changes in benefit terms for the period.

Note 3 – 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 the basis of cash receipts, disbursements, and encumbrances. The schedule of revenues, expenditures and changes in fund balances – budget and actual budgetary (non-GAAP) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance for general fund (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The general fund (GAAP basis) includes several funds required to be combined as opposed to the general fund (budget basis) which is just the general fund.

Additionally, all annual appropriations lapse at year-end to the extent they have been expended or lawfully encumbered. The ending fund balances shown are unencumbered cash balances. This basis is utilized for all interim financial statements issued during the year.

Note 4 – Budgetary Process

All funds, except for custodial fiduciary funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation 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 appropriation 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 personal services and other expenditures level within each office, department and division within a fund. Council must approve any revisions that alter total fund appropriations. The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary schedules 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 schedules reflect the amounts on the amended certificate at the time final appropriations were adopted.

The appropriation resolution is subject to amendment by Council throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covers 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.

Note 5 – Reconciliation of Budget Basis to Governmental GAAP Basis

The following table summarizes the adjustments necessary to reconcile the Governmental GAAP basis statements to the budgetary basis statements:

	General Fund	Health Fund	Local Fiscal Recovery Fund
GAAP Basis	$ 1,210,328	$ 6,665	$ -
Adjustments:			
Other fund balances included in governmental GAAP basis	(1,429,834)	-	-
Revenue accruals	379,656	100	471,765
Expenditure accruals	130,187	4,373	-
Encumbrances	(80,227)	(582)	-
Transfers	-	-	-
Budgetary Basis	$ 210,110	$ 10,556	$ 471,765

CITY OF OAKWOOD

1908

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

Honorable Mayor and the City Council,
City of Oakwood, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oakwood, Ohio (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Dayton, Ohio
April 28, 2023

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF OAKWOOD

MONTGOMERY 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 5/18/2023

88 East Broad Street, Columbus, Ohio 43215
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